

**September 25, 2019**

**ANNUAL DISCLOSURE REPORT  
FOR THE FISCAL YEAR ENDED MARCH 31, 2019**

**OF THE**

**CITY OF WEST PLAINS, MISSOURI**

**IN CONNECTION WITH**

**TAXABLE CERTIFICATES OF PARTICIPATION  
(CITY OF WEST PLAINS, MISSOURI, LESSEE),  
SERIES 2010**

**CERTIFICATES OF PARTICIPATION  
(CITY OF WEST PLAINS, MISSOURI, LESSEE),  
SERIES 2012**

**CERTIFICATES OF PARTICIPATION  
(CITY OF WEST PLAINS, MISSOURI, LESSEE),  
SERIES 2015**

**SEWERAGE SYSTEM REFUNDING REVENUE BONDS  
SERIES 2011**

**And**

**WATERWORKS SYSTEM REFUNDING REVENUE BONDS  
SERIES 2014**

No dealer, broker, salesman, or other person has been authorized by the City to give any information or to make any representations, other than those contained in this Annual Disclosure Report, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Annual Disclosure Report does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds or the Certificates by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

The information set forth herein has been furnished by the City and from other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. This Annual Disclosure Report is not to be construed as a contract or agreement between the City and the purchasers or owner of any of the Bonds or the Certificates. The information and expressions of opinion contained herein are subject to change without notice, and the delivery of the Annual Disclosure Report is not under any circumstances, to create any implication that there has been no change in the affairs of the City since the date hereof.

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# **THE CITY OF WEST PLAINS**

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## **MAYOR**

Jack Pahlmann

## **COUNCILMEN**

Mike Topliff, Mayor Pro-Tem  
Jessica Nease  
Josh Cotter  
Cary Stewart

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## **CITY ADMINISTRATOR**

Tom Stehn

## **DIRECTOR OF FINANCE**

Todd Harman, CPA

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## **FINANCIAL ADVISOR**

WM Financial Strategies  
St. Louis, Missouri

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**ANNUAL DISCLOSURE REPORT  
OF THE  
CITY OF WEST PLAINS, MISSOURI  
Relating to**

**TAXABLE CERTIFICATES OF PARTICIPATION  
(CITY OF WEST PLAINS, MISSOURI, LESSEE),  
SERIES 2010**

**CERTIFICATES OF PARTICIPATION  
(CITY OF WEST PLAINS, MISSOURI, LESSEE),  
SERIES 2012**

**CERTIFICATES OF PARTICIPATION  
(CITY OF WEST PLAINS, MISSOURI, LESSEE),  
SERIES 2015**

**SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2011**

**And**

**WATERWORKS SYSTEM REFUNDING REVENUE BONDS  
SERIES 2014**

**INTRODUCTION**

This Annual Disclosure Report is provided by the City of West Plains, Missouri (the “City”) to furnish information in connection with its outstanding Taxable Certificates of Participation (City of West Plains, Missouri, Lessee), Series 2010 (the “Series 2010 COPs”), Certificates of Participation (City of West Plains, Missouri, Lessee), Series 2012 (the “Series 2012 COPs”), Certificates of Participation (City of West Plains, Missouri, Lessee), Series 2015 (the “Series 2015 COPs”), Waterworks System Refunding Revenue Bonds, Series 2014 (the “Series 2014 Bonds”) and Sewerage System Refunding Revenue Bonds, Series 2011 (the “Series 2011 Bonds”). The Series 2014 Bonds and Series 2011 Bonds are referred to collectively herein as the “Bonds” and the Series 2010 COPs, the Series 2012 COPs and the Series 2015 COPs are referred to collectively herein as the “Certificates”.

At the time of issuance of the Bonds and Certificates, the City agreed, in accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission, to provide: (i) with respect to the Series 2010 COPs information generally consistent with the information contained in the Official Statement under the captions: “THE CITY OF WEST PLAINS”, “THE CITY’S FINANCES”, “SOURCES OF REVENUE”, “DEBT OF THE CITY” and “THE WATERWORKS SYSTEM (ii) with respect to the Series 2012 COPs information generally consistent with the information contained in the Official Statement under the captions: “THE CITY OF WEST PLAINS”, “THE CITY’S FINANCES”, “SOURCES OF REVENUE” and “DEBT OF THE CITY” (iii) with respect to the Series 2015 COPs information generally consistent with the information contained in the Official Statement under the caption “SOURCES OF REVENUES” subcaptioned “General Sales Taxes,” “Capital Improvement Sales Taxes,” “Property Taxes – *Tax Rates*” and “Property Taxes – *Assessed Valuation*,” (iv) with respect to the Series 2011 Bonds information substantially in the form and scope contained in

the Official Statement for the Series 2011 Bonds under the caption “THE SEWERAGE SYSTEM” (other than in the table under the subsection captioned “Projected Debt Service Coverage”) and (v) with respect to the Series 2014 Bonds information contained in the Official Statement for the Series 2014 Bonds under caption THE WATERWORKS SYSTEM - “Service Area and Customers,” “Rates and Charges” and “Operating Results.”

## **THE CITY OF WEST PLAINS**

### **General**

The City is located in and is the county seat of Howell County (the “County”). The City encompasses approximately 12.31 square miles and is located approximately 110 miles southeast of Springfield, Missouri, 210 miles southwest of the City of St. Louis, Missouri and 150 miles north of Little Rock, Arkansas.

The City provides a full range of municipal services including fire and police protection, electric utility service, trash disposal, water, and wastewater treatment. The City owns a municipal airport, a civic center and auditorium, a library, and an 18-hole golf course.

In 2010 the City’s population was 11,986. The City is part of a United States Census Bureau Micropolitan Statistical Area, with a 2010 population of 40,400. A Micropolitan Statistical Area is an urban cluster of 10,000 or more persons.

As the county seat and the largest city within a 100-mile radius (except for Mountain Home, Arkansas, population 12,488) the City serves as a center for commerce, banking, education, agriculture, enterprise and light industry. According to the Greater West Plains Chamber of Commerce, more than 125,000 people shop in the area. In recent years, the City has experienced significant economic growth. The City is home to a wide range of industries such as food processing, engine rebuilding, and woodworking.

### **Government**

West Plains was incorporated in 1883. Until 2014, the City was one of only two cities in Missouri operating under the commission form of government. At an election held on April 8, 2014 the City became a Charter City. The Charter is intended to provide the City all powers afforded to it to rule itself under the Missouri Constitution. The Mayor and the City Council members are elected at-large to serve four year terms. The Mayor has veto power.

The Mayor, with the advice and consent of the City Council, appoints a city administrator. The city administrator is the chief assistant to the Mayor and is responsible for the day-to-day management of the City’s government business and staff. The city administrator is also responsible for the employment of non-elected City officials under policies established by the City Council.

City services and functions are divided into the following departments: administration, safety, engineering, engineering construction, building inspection, city attorney, municipal court, police department, animal control, public safety, fire, airport, street, cemetery, construction, shop, health, marketing, library, transit, Civic Center, planning/zoning, economic development, electric, water, wastewater treatment, sewer, and trash.

The Mayor, with the approval of the City Council, appoints citizens to boards and commissions with responsibility for governmental functions relating to planning and zoning, the library and city parks.

## **Employees**

The City has 177 full-time, 60 regular part-time employees and 12 reserve part-time employees. City employees are not currently represented by a collective bargaining unit . The City has no record of any work stoppages or other labor disputes.

## **Risk Management**

The City is exposed to various risks of losses related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred its risk by obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various education and prevention programs.

The City participates in a self-insurance pool with the Missouri Inter-Risk Management Association (MIRMA). MIRMA provides liability coverage of \$2,000,000 per occurrence, which includes general liability, liability for operation of parks, public official's liability and policy liability. MIRMA provides coverage of all City-owned property at 100% of the replacement cost thereof. The City also maintains a separate liability insurance policy with a commercial provider for the City's operation of the Airport with a limit of \$1,000,000 per occurrence.

## **Pension Plan**

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), a multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan that provides retirement, disability and death benefits to plan members and beneficiaries.

Full-time employees do not contribute to the plan. The City is required by state statute to contribute at an actuarially determined rate. For additional information regarding the City's pension plan see Note L to the financial statements that accompany this Disclosure Report.

## **Community Services**

### *Utilities*

Natural gas service is provided by Summit Natural Gas of Missouri. The City provides water, sewer, electric service and trash collection.

The City's waterworks facilities include a treatment plant, distribution facilities and storage facilities. Storage facilities consist of storage tanks with a combined capacity of 6.25 million gallons including a 1,000,000 gallon storage tank that was completed in the fall of 2011. The City's treatment plant has a maximum capacity to treat 3.75 million gallons per day. Average daily demand is 3.0 million gallons per day and peak demand is 4 million gallons per day.

The City's sewerage system includes a collection and distribution system and a sewerage treatment plant. The treatment plant has a design capacity to treat an average of 3.0 million gallons of wastewater per day with peak loads up to 7.25 million gallons per day.

The City purchases electricity and distributes power to residents through the City owned distribution system. In addition, the City has two 25MW peaking generators.

### *Communications and Media*

Telecommunication services are provided by Century Link and Fidelity Communications. Two commercial broadcast radio stations are located in the City, as well as a public access television station. Most public city meetings are broadcast on public access television as a method of keeping the citizens informed. A daily newspaper, *The West Plains Daily Quill*, provides local news coverage. Cable television is provided by Fidelity Communications. The City owns a 23,500 square foot library that was constructed in 1998. The library has over 63,000 volumes, along with many audiotapes, videotapes, DVDs and periodicals. The library offers a weekly children's program, weekly basic computer classes and has a book club. In addition, the library has a community room for meetings and exhibits that is equipped with video conferencing equipment and has capacity for 150 people.

### *Fire Protection*

The City's Fire Department (the "Department") provides fire protection throughout the corporate limits of the City. Services are provided from three fire stations manned by 12 paid firefighters including three part-time firefighters, the assistant chief and the fire chief, and 12 volunteer firefighters. The Department has an insurance rating of "4" among ratings ranging from 1 to 10 with 1 as the highest. This rating is based on several factors including the number of firefighters and their training, response time, firefighting equipment and fire prevention programs of the Department. The Department offers fire prevention programs at schools, day care facilities and nursing homes.

### *Police Protection*

The City's Police Department provides police protection throughout the corporate limits of the City. Services are provided by 22 officers, 3 school resource officers, 4 dispatchers, and 3 reserve officers. Community programs offered by the Police Department include the DARE drug prevention program, palm printing, safety programs at schools and day care facilities, Shop with a Cop-at-Christmas and Bike-A-Thon for St. Jude's Research Hospital.

### *Recreation Activities*

The City owns and operates 21 parks encompassing 189 acres. Facilities available at City parks include picnic facilities, walking trails and two tracks, playgrounds, seven ball-fields and a 40-acre nature park.

The City also owns a civic center, a golf course, an aquatic center ("Aquatic Park") and a winter sports complex known as the Jimmie Carroll Sports Complex (formerly, Winter Sports Complex). The Civic Center contains 30,000 square feet of exhibit space, 7,400 square feet of meeting rooms, a 2,900-seat arena, a 450-seat theater, a collegiate-sized swimming pool, hot tub, sauna, and a professionally designed fitness room. The City's Civic Center hosts expos and conventions, athletic events, stage shows, concerts and sporting events including Missouri State University-West Plains men's basketball and women's volleyball teams. The West Plains Municipal Golf Course is an 18-hole course which covers 187 acres and includes a pro shop, numerous golf carts and cart sheds (which are available for rent) and practice putting greens. The Aquatic Park has a collegiate-sized swimming pool, leisure pool, water slides, sunbathing area and pavilion. The Jimmie Carroll Sports Complex includes two indoor basketball courts and a stage.

Mark Twain National Forest, located five miles from the City, is a 1.5 million acre forest, that has more than 40 designated campgrounds and picnic sites, over 50 miles of floatable streams and lakes and more than 63,000 acres of wilderness. The forest also has 145 miles of trails designated for trail bike and ATV use, hundreds of miles of trails for hiking, biking and horseback riding (including three national recreation trails) and literally thousands of hunting, fishing, sightseeing and bird watching opportunities.

### *Medical*

Within the City is the Ozarks Medical Center (OMC), a 114-bed not-for-profit medical center employing approximately 1,200 people in an 11-county area. OMC is accredited by the Joint Commission on Accreditation of Healthcare Organizations and licensed by the Missouri Department of Health.

OMC's medical staff consists of more than 70 active and associate physicians. Specialties include anesthesiology, cardiology, cancer treatment (radiation oncology, medical oncology, and hematology), child psychiatry, emergency medicine, family practice, gastroenterology, general practice, general surgery, geriatrics, internal medicine, neurology, obstetrics/gynecology, oncologic surgery, ophthalmology, orthopedics, pathology, pediatrics, podiatry, pulmonology, psychiatry, radiology and urology.

In addition, there are numerous physicians with private practices within the City. The health care needs of senior citizens are provided by three nursing homes.

### *Education*

The public school system within the City is operated under the administration and control of the West Plains R-VII School District (the "District"). The District is independent of the City, having its own elected or appointed officials, budgets and administrators. The District is empowered to levy taxes, separate and distinct from those levied by the City.

The District has two elementary schools, a middle school, a senior high school and a career center. Total enrollment for the 2018-2019 school year was 2,518. There are also 3 private elementary schools and 2 private high schools in the City. In addition, the City is home to a branch of Missouri State University-West Plains (formerly Southwest Missouri State University) and a vocational-technical school. Also available to students in the area is a branch of William Wood University in West Plains, a branch of Southwest Baptist University located in Mountain View, Missouri, 30 miles from the City and a branch of Drury College located in Cabool, also 30 miles from the City. Drury University opened an office in West Plains in 2014 that offers academic advising, financial aid assistance, and career counseling.

## **Economic and Demographic Data**

### *Transportation*

U.S. Highway 63, US Highway 160, State Highway 14, and State Highway 17 intersect the City. Charter air service is available at the City-owned West Plains Regional Airport that has a 5,102-foot by 75-foot paved instrument approachable, lighted runway located north of the City limits in the town of Pomona. Regularly scheduled air passenger and freight service is available at the Springfield Branson Regional Airport located approximately 110 miles from the City. The Burlington-Northern Railroad provides service for rail freight.

*Population*

The following table sets forth population statistics for the City and for the County:

<u>Year</u>	<u>West Plains</u>		<u>Howell County</u>	
	<u>Population</u>	<u>Change From Prior Census</u>	<u>Population</u>	<u>Change From Prior Census</u>
1970	6,893	—	23,521	—
1980	7,741	12.30%	28,807	22.47%
1990	8,913	15.14	31,447	9.16
2000	10,866	21.91	37,238	18.42
2010	11,986	10.31	40,400	8.49
2018	12,257	na	40,076	na

*Source: Official Census of the United States Department of Commerce, Bureau of Census except for 2018 which is an unofficial estimate as of July 1.*

*Major Employers*

The following is a list of largest employers located within the City:

<u>Name</u>	<u>Product or Service</u>	<u>Number of Employees</u>
Ozarks Medical Center	Hospital	1,600
DRS Technologies	Electromechanical systems	410
Air Evac Lifeteam	Air Ambulance	400
West Plains R-VII School District	Public education	382
Missouri State University-West Plains	College	282
City of West Plains	Government	237
Caterpillar, Inc.	High Pressure Hose	194
Regal Beloit	Electric motors	180
Armstrong Hardwood Flooring LLC	Flooring	160
Arlee Home	Textiles	109

*Source: 2020 Survey of Employers by the City of West Plains Economic Development Director and other sources believed to be reliable.*

*Employment*

According to the United States Bureau of Census, American Community Survey, 2013-2017 5-Year Estimates, the total civilian labor force of the City was 5,590 and 109 people were unemployed. This represented a 1.9% unemployment rate.

*Building and Construction Data*

The following table sets forth the number and value of building permits issued by the City for the past five Fiscal Years:

Fiscal Year	Residential		Commercial		Total	
	Units	Value	Number	Value	Number	Value
2015	30	\$1,853,700	37	\$9,383,613	67	\$11,237,313
2016	34	1,849,129	32	8,997,005	66	10,846,134
2017	5	1,240,000	29	6,012,746	34	7,252,746
2018	48	2,664,874	37	6,418,623	85	9,083,497
2019	23	3,679,000	32	10,333,981	55	14,012,981

Note: The table excludes commercial renovations.

Source: *Office of the City Building Inspector.*

*Housing*

The following table sets forth certain housing statistics for the City and, for comparative purposes, Howell County and the State of Missouri:

	Median Value of Owner Occupied Housing	% Built In 2000 or Later	Units Built Before 1940
The City	\$94,600	23.2%	7.0%
Other Entities:			
Howell County	102,200	20.5	8.2
State of Missouri	145,400	16.9	14.0

Source: *U.S. Bureau of Census, 2013-2017 American Community Survey, 5 year estimates.*

*Income*

The following table sets forth certain income statistics for the City and, for comparative purposes, Howell County and the State of Missouri:

	Per Capita Income	Median Family Income	Below Poverty Level
The City	\$21,401	\$47,656	24.8%
Other Entities:			
Howell County	20,274	43,849	22.9
State of Missouri	28,282	64,776	14.6

Source: *U.S. Bureau of Census, 2013-2017 American Community Survey, 5 year estimates.*

## THE CITY'S FINANCES

### Accounting and Reporting Practices

The City operates on a fiscal year beginning April 1 of each year and ending March 31 of the following year (the "Fiscal Year").

The accounts of the City are organized on the basis of funds and account groups.

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are generally recognized when they become measurable and available and expenditures are recognized when the related fund liability is incurred.

The City Council annually engages an independent certified public accountant for the purpose of performing an audit of the books of account, financial records, and transactions of the City.

### Budget Process

The City Administrator prepares an annual budget for the ensuing fiscal year. The budget is based upon information provided by the various City departments and employees. After a proposed budget is prepared, it is submitted to the City Council for review and comment. The City Council may revise, alter, increase or decrease the items contained in the proposed budget, provided that total authorized expenditures from any fund do not exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year. The budget is legally enacted by ordinance following a public hearing on the proposed budget.

Pursuant to the Missouri Revised Statutes, the annual budget must present a complete financial plan for the ensuing fiscal year, and must include at least the following information:

- (1) A budget message describing the important features of the budget and major changes from the preceding year;
- (2) Estimated revenues to be received from all sources for the budget year, with a comparative statement of actual or estimated revenues for the two years next preceding, itemized by year, fund and source;
- (3) Proposed expenditures for each department, office, commission, and other classifications for the budget year, together with a comparative statement of actual or estimated expenditures for the two years next preceding, itemized by year, fund, activity and object;
- (4) The amount required for the payment of interest, amortization and redemption charges on debt; and
- (5) A general budget summary.

The City is in compliance in the preparation of the budget except that the budget includes only the results of the previous year.

## **Investments**

The City has a formal investment policy. The City maintains a cash and investment pool that is available for use by all funds. Earnings from pooled accounts are allocated monthly to each participating fund based on a formula that takes into account each fund's average balance in the pool. Presently, all of the City governmental funds are in demand deposits earning interest at a set percentage over prime or certificates of deposit.

## **The General Fund**

In accordance with established accounting procedures for governmental units, the City records its financial transactions under various funds. The General Fund, is the City's primary operating fund from expenses are paid and to which taxes and all other revenues not specifically allocated by law or contractual agreement to other funds are deposited.

The following table sets forth information extracted from the City's audited financial statements for the Fiscal Years 2017 through 2019:

**SUMMARY OF OPERATIONS  
GENERAL FUND**

	Fiscal Year Ended March 31		
	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>REVENUES</b>			
Taxes	\$ 9,510,239	\$ 9,699,129	\$10,570,132
Licenses and permits	82,363	71,687	97,905
Intergovernmental <sup>(1)</sup>	1,586,769	1,230,086	1,752,179
Charges for Services	1,438,059	1,428,888	1,403,615
Miscellaneous	141,074	134,484	375,732
Total Revenues	<u>12,758,504</u>	<u>12,564,274</u>	<u>14,199,563</u>
<b>EXPENDITURES</b>			
Administrative	842,728	1,050,007	947,988
Safety	17,253	18,182	18,013
Information Technology	—	110,163	42,091
Engineering	337,738	365,805	260,411
Building Official	109,909	111,177	113,156
City attorney	99,724	99,774	103,047
Court	125,056	114,631	112,969
Police	1,912,773	1,925,125	1,855,382
Animal Control	54,915	55,848	55,192
Emergency Management	37,514	39,456	44,819
Fire <sup>(2)</sup>	2,373,430	1,099,461	1,222,429
Airport	917,372	314,129	562,346
Street <sup>(3)</sup>	2,430,249	2,422,069	4,808,313
Cemetery	112,489	97,007	73,009
Construction	154,023	156,912	163,867
Shop	95,330	85,795	92,843
Health	25,074	25,064	19,806
City Hall Complex	217,456	126,461	115,821
Economic Development	193,396	143,173	141,819
Tourist Development	179,494	180,184	150,844
Parks and Recreation	855,697	1,092,413	762,379
Golf	445,886	422,395	442,322
Transit	160,878	159,700	229,642
Library	612,096	586,328	570,346
Civic Center	715,550	695,169	724,242
Senior Citizens	20,182	27,126	19,251
GOCAT project <sup>(4)</sup>	546,857	—	—
Miscellaneous	109,515	26,178	13,857
Total	<u>13,702,584</u>	<u>11,549,732</u>	<u>13,666,204</u>
Debt Service <sup>(5)</sup>	929,790	930,413	931,596
Total Expenditures	<u>14,632,374</u>	<u>12,480,145</u>	<u>14,597,800</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,873,870)	84,129	(398,237)
Lease purchase proceeds	107,443	—	85,575
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES</b>	(1,766,427)	84,129	(312,662)
<b>Fund Balance, April 1</b>	<u>11,785,743</u>	<u>10,019,316</u>	<u>10,103,445</u>
<b>Fund Balance, March 31<sup>(6)</sup></b>	<u>\$10,019,316</u>	<u>\$10,103,445</u>	<u>\$ 9,790,783</u>

Footnotes to Prior Page

- (1) Intergovernmental revenue includes grants.
- (2) The large 2017 expense was attributable to construction of a new Fire Station.
- (3) Large variances in street expenditures are due to substantial year to year variances in grants received for street projects.
- (4) Reflects a onetime expenditure for a training facility completed as a joint venture with local schools and a college.
- (5) The City pays principal and interest on its Certificates of Participation from the General Fund.
- (6) The Fund Balance includes funds that are restricted in use including funds from capital improvement sales taxes, transportation sales taxes and proceeds from Certificates of Participation. For the 2019 Fiscal Year, the unassigned fund balance was \$3,663,194. (See the audited financial statement that accompany this Annual Disclosure Report.)

Source: The figures in the foregoing table were derived from the annual financial statements of the City.

**SOURCES OF REVENUE**

**General**

The City derives its revenues from a variety of sources. The following list sets forth the primary sources of City revenues for the general fund for the 2019 Fiscal Year:

<u>Revenue Source</u>	<u>Revenues</u>	<u>Percentage of Total Revenues</u>
<b>TAXES:</b>		
Property Taxes	\$ 896,983	6.32%
Motor Vehicle Sales Taxes	161,051	1.13
General Sales Tax	3,245,072	22.85
Capital Improvement Sales Tax <sup>(1)</sup>	1,640,102	11.55
Transportation Sales Tax <sup>(2)</sup>	1,573,370	11.08
State Motor Fuel Tax	321,709	2.27
Franchise Tax	2,369,100	16.68
Hotel/Motel Taxes	99,518	0.70
Other	<u>263,227</u>	<u>1.86</u>
	<u>10,570,132</u>	<u>74.44</u>
LICENSES AND PERMITS	97,905	0.69
INTERGOVERNMENTAL	1,752,179	12.34
CHARGES FOR SERVICES	1,403,615	9.88
MISCELLANEOUS	<u>375,732</u>	<u>2.65</u>
	<u>\$14,199,563</u>	<u>100.00%</u>

- (1) The capital improvement sales tax is deposited in the General Fund; however, its use is restricted to capital expenditures.
- (2) The transportation sales tax is deposited in the General Fund; however, its use is restricted to transportation expenditures.

Source: Audited Financial Statements.

The following is a summary of some of the significant sources of City revenue:

**Property Taxes**

General: Property taxes are levied against the following classifications of property: real property, personal property, railroads and utilities. For the 2019 Fiscal Year property taxes represented approximately 6.32% of total General Fund receipts.

Tax Procedures: Assessment of real property pursuant to the Constitution of Missouri requires such property to be classified in subclasses consisting of agricultural, residential or commercial, permits different assessment ratios for each subclass and requires uniformity in taxation of real property within each subclass. Pursuant to the Constitution, agricultural property is assessed at 12% of its productivity value, residential property is assessed at 19% of true value, and commercial property is assessed at 32% of true value.

Personal property is generally assessed at 1/3 (33.3%) of book value; however, subclasses of tangible personal property are assessed at different percentages. These percentages are as follows: ½% for grain and other agricultural crops in an unmanufactured condition, 12% for livestock, farm machinery and poultry, and 5% for historic motor vehicles.

The State Tax Commission is responsible for the assessment of the distributable property of railroads, railroad cars, rolling stock, street railroads, bridges, telegraph, telephone, electric power and light companies, electric transmission lines, pipeline companies, express companies and other similar public utility corporations, companies and firms, and of the aircraft of airline companies. All other real property within the City is assessed by the County Assessor. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

In 1986, the State Legislature passed a bill requiring reassessment of all real properties every two years, beginning in 1985. A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the state legislature adopted a maintenance law in 1986. On January 1 in every odd-numbered year, each county assessor must adjust the assessed valuation of all real property located within the county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The following tables set forth the assessed valuation for the City for the past five tax years excluding property in Tax Increment Financing Redevelopment Areas:

<u>Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total</u>
2014	\$114,076,374	\$35,880,256	\$149,956,630
2015	115,749,621	39,231,814	154,981,435
2016	115,155,940	35,010,611	150,166,551
2017	117,822,790	39,310,562	157,133,352
2018	117,648,560	39,099,986	156,748,546

*Source: Office of the County Clerk.*

The following table sets forth the estimated market value of taxable property for 2018 based on the 2018 assessed valuation and the assessment ratios described hereinbefore:

<u>Subclass</u>	<u>Assessed Valuation</u>	<u>Assessment Ratio</u>	<u>Estimated Market Value</u>
Residential Property	\$ 68,338,430	19.0%	\$359,675,947
Commercial Property	48,830,130	32.0	152,594,157
Agricultural Property	480,000	12.0	4,000,000
Personal Property	39,099,986	33.3	117,299,958
Total	156,748,546		633,570,062
Incremental TIF Value	4,353,380		13,060,140 <sup>(1)</sup>
Total	<u>\$161,101,926</u>		<u>\$646,630,202</u>

(1) Represents property within Tax Increment Financing Redevelopment Areas as described under the subcaption "Tax Increment Financing" hereinafter. For purposes of the above table, all property is treated as commercial property.

*Source: Assessed Valuations were provided by the office of the County Clerk.*

Tax Levies and Collection: Not later than August 31 of each year, the City Council sets the rate of tax for the City and files the tax rate with the County Clerk by September 1. The Missouri State Auditor is responsible for reviewing the rate of tax to insure that it does not exceed constitutional rate limits.

Taxes are levied on all taxable real and personal property owned as of January 1 in each year. Certain properties, such as those used for charitable, education, and religious purposes, are excluded from ad valorem taxes for both real and personal property.

Payment of tax on real and personal property is due by December 31 after which date they become delinquent and accrue a penalty of one percent per month.

Tax Rates: The following table sets forth the City's tax rates per \$100 of equalized assessed valuation for the tax years 2014 through 2018:

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Government	\$ .2972	\$ .2988	\$ .3163	\$ .3163	\$ .3180
Library	.2000	.2000	.2000	.2000	.2000
Total	<u>\$ .4972</u>	<u>\$ .4988</u>	<u>\$ .5163</u>	<u>\$ .5163</u>	<u>\$ .5180</u>

*Source: Missouri State Auditor annual review of property taxes report.*

Collections: The following table sets forth information regarding tax collections for the City for the tax years 2014 through 2018:

<u>Levy Year</u>	<u>Total Taxes Levied</u>	<u>Collected</u>	<u>% Collected</u>
2014	\$745,584	\$765,877	102.72%
2015	773,047	779,522	100.83
2016	775,309	793,924	102.40
2017	811,280	837,714	103.26
2018	811,456	825,105	101.68

(1) Collections for the levy year represent collections through March 31 of the following calendar year and include fees and penalties for late payments.

*Source: Office of the Finance Director.*

Major Taxpayers: The following table sets forth information regarding the top ten taxpayers in the City based on 2018 real and personal property tax assessment:

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>% of Total Assessed Valuation</u>
Bruce Hardwood Flooring	\$4,055,340	2.59%
Southern Hill Shopping Center	3,661,590	2.34
Southwest Mobile System	3,546,010	2.26
Air Evac Ems	2,284,210	1.46
Marathon Electric Manufacturing	2,034,170	1.30
Cessna Financial Corp	1,621,260	1.03
Hoover Brothers	1,232,280	0.79
Guffey West Plains Properties LLC	1,092,070	0.70
Burton Creek Medical Complex	775,170	0.49
Summit Natural Gas	765,180	0.49

*Source: Office of the County Assessor.*

## General Sales Tax

A 1% City sales tax for general revenue was authorized by the State Legislature and was imposed following a favorable vote at an election held in 1974. The following table sets forth the total sales tax receipts from the 1% general sales tax of the City for the past five Fiscal Years:

<u>Fiscal Year</u>	<u>General Sales Tax Receipts</u>	<u>Change</u>
2015	\$2,988,080	—
2016	3,103,512	3.78%
2017	3,018,500	-2.75
2018	3,101,002	2.73
2019	3,245,072	4.65

*Source: Audited Financial Statements.*

## Franchise Tax

The gross receipts tax is a 5% tax applied to the sale of commercial and domestic natural gas, telephone, and cable service and 10% for city electricity and 7% for rural electricity.

## Capital Improvement Sales Tax

In 1990 voters in the City authorized a ½% sales tax for capital improvements with a sunset date of December 2005. On April 5, 2005 the tax was extended to December 31, 2012 and on April 3, 2012, the tax was extended to December 31, 2023. The following table sets forth the capital improvement sales tax received by the City for the past five Fiscal Years:

<u>Fiscal Year</u>	<u>Capital Improvement Sales Tax Receipts</u>
2015	\$1,510,034
2016	1,569,076
2017	1,526,486
2018	1,566,277
2019	1,640,102

*Source: Audited Financial Statements.*

## Transportation Sales Tax

On April 2, 2002 voters authorized a ½% sales tax for transportation purposes that was to expire in five years and was extended three times since it was first authorized. In August 2016 voters approved extending the tax without a sunset date. This tax may be used exclusively for funding transportation improvements such as resurfacing of roadways, upgrading roads, construction of new roadways, sidewalks, and community owned parking lots. The following table sets forth the transportation sales tax received by the City for the past five Fiscal Years:

Fiscal <u>Year</u>	Transportation <u>Sales Tax Receipts</u>
2015	\$1,441,804
2016	1,514,381
2017	1,469,234
2018	1,503,494
2019	1,573,370

*Source: Audited Financial Statements.*

### **Tax Increment Financing**

Pursuant to the Real Property Tax Increment Allocation Redevelopment Act (the “Act”), cities and counties may implement Tax Increment Financing in order to induce the development of an area which has been lacking growth and development and to eliminate conditions which have caused an area to become a conservation or blighted area as such terms are defined in the Act. Tax Increment Financing provides a source of funds by which a city may pay for Redevelopment Project Costs (as defined by the Act) over a period not longer than twenty-three years from the date in which Tax Increment Financing was adopted.

Pursuant to the Act, a city designates Tax Increment Financing by adopting an ordinance approving a Redevelopment Plan and designating a Redevelopment Area. The certified total assessed valuation of all real property within a Redevelopment Area, as determined by the Assessor immediately following passage of the ordinance designating the Redevelopment Area, is considered the initial equalized assessed valuation. All taxes collected by applying the tax rate of all taxing bodies having the power to tax real property in the Redevelopment Area upon any increase in the equalized assessed valuation over the initial equalized assessed valuation is deposited in a Special Allocation Fund for the Redevelopment Area. Such incremental taxes are referred to as “Payments in Lieu of Taxes.” In addition, fifty percent (50%) of the total additional revenue from taxes which are imposed by a city or other taxing districts and which are generated by economic activities (“EATs”) in the Redevelopment Area over the amount of such taxes generated by economic activities within the Redevelopment Area prior to the passage of the ordinance by the City, are deposited in the Special Allocation Fund. Monies in the Special Allocation Fund may be used for payment of Redevelopment Project Costs or for payment of principal and interest on obligations issued to finance Redevelopment Project Costs.

The City has two Redevelopment Areas established pursuant to the Act known as TIF #2 and TIF #3. TIF #2 expires in October 2028 and TIF #3 expires in November 2029.

### **DEBT OF THE CITY**

#### **General**

Neither the City nor the political subdivisions overlapping the City have any outstanding general obligation bonds. Any general obligation bonds issued by the City would require voter approval as described below.

On August 2, 1988, an amendment to the Missouri Constitution was approved which decreased the vote required to pass a proposition to issue general obligation bonds payable from unlimited ad valorem taxes from two-thirds (2/3) to four-sevenths (4/7) of the qualified voters voting thereon for elections held at the general municipal election day, primary or general elections. A vote of two-thirds (2/3) of the qualified voters voting on the specific general obligation bond proposition is required at all other elections.

The Missouri Constitution provides that the amount of bonds payable out of tax receipts shall not exceed 10% of the total assessed valuation of the taxable property of the City. The Missouri Constitution permits the City to become indebted for an additional 10% of the value of taxable, tangible property for the purpose of acquiring rights-of-way, constructing, extending, and improving streets and avenues; and constructing, extending and improving a sanitary or storm sewer system. Lease revenue bonds payable from annual appropriations do not require voter approval and do not count against the constitutional debt limitation.

### Legal Debt Limit and Debt Margin

The following table sets forth the City’s legal debt limit and debt margin:

	<u>City Purposes Basic Limit</u>	<u>Street and Sewer Additional Limit</u>
2018 Assessed Value	<u>\$161,101,926</u>	<u>\$161,101,926</u>
Debt Limit - 10% of Assessed Value	\$16,110,193	\$16,110,193
Less: General Obligation Bonds	<u>-0-</u>	<u>-0-</u>
Legal Debt Margin	<u>\$16,110,193</u>	<u>\$16,110,193</u>

### Lease and Other Obligations

The following is a list of the City’s outstanding certificates of participation as of March 31, 2019:

<u>Issue</u>	<u>Date</u>	<u>Amount</u>
Taxable Certificates of Participation, Series 2010	March 4, 2010	\$ 2,210,000
Certificates of Participation, Series 2012	August 30, 2012	2,350,000
Certificates of Participation, Series 2015	March 18, 2015	<u>2,625,000</u>
		<u>\$7,185,000</u>

As noted above, although the City’s outstanding lease obligations may be paid, subject to annual appropriation, from any available revenues and are not secured by a specific fund or revenue source, the City intends to pay for the Certificates of Participation, Series 2010 (the “Series 2010 Certificates”) with funds from the City’s Waterworks System, a U.S. Treasury Interest Subsidy and, to the extent required, general sales taxes.

The City intends to pay for the Series 2012 Certificates and the Series 2015 Certificates with funds from the Capital Improvement Sales Tax and General Fund revenue.

The City periodically enters into leases for facilities and office equipment. See Note J to the Financial Statements that accompany this Disclosure Report.

## Debt Service Requirements

The following table sets forth the debt service on the City's outstanding Certificates of Participation:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>US Treasury Interest Subsidy<sup>(1)</sup></u>	<u>Total Debt Service</u>
2020	\$ 820,000	\$ 241,013	\$ (60,338)	\$ 1,000,675
2021	980,000	224,038	(60,338)	1,143,700
2022	1,055,000	198,513	(56,999)	1,196,514
2023	1,080,000	167,868	(52,094)	1,195,774
2024	1,115,000	134,598	(46,928)	1,202,670
2025	905,000	101,391	(41,365)	965,026
2026	230,000	78,943	(35,524)	273,419
2027	235,000	64,683	(29,107)	270,576
2028	245,000	49,878	(22,445)	272,433
2029	255,000	34,198	(15,389)	273,809
2030	265,000	17,623	(7,930)	274,693
Total	<u>\$7,185,000</u>	<u>\$1,312,746</u>	<u>\$(428,457)</u>	<u>\$8,069,289</u>

- (1) Interest is net of a 45% US Treasury subsidy in connection with the Series 2010 Certificates. Under the sequestration provisions of the Budget Control Act of 2011, the US Treasury subsidy may be reduced. However, the reductions are not known at this time and are not reflected in the figures above.

## Future Obligations

The City is considering constructing a new railroad overpass at an estimated cost of \$9,000,000. Details regarding the method of financing and timing have not yet been determined. The City is planning to expand the water treatment plant; however, the cost and method of financing are not yet known.

## THE WATERWORKS AND SEWERAGE SYSTEMS

### Service Area and Customers

Water is provided to all residents of the City and approximately 163 customers located outside the City limits. Wastewater collection and treatment is provided to residents of the City and approximately 10 customers located outside the City limits.

The following table sets forth the number of customers for the Waterworks and Sewerage Systems and the gallons of water sold for the past five Fiscal Years:

<u>Fiscal Year</u>	<u>Number of Water Customers</u>	<u>Number of Sewer Customers</u>	<u>Gallons of Water Sold<sup>(1)</sup></u>
2015	5,586	5,211	499,756,100
2016	5,613	5,243	474,986,900
2017	5,725	5,223	560,470,400
2018	5,666	5,265	480,805,700
2019	5,748	5,256	596,494,400

- (1) Yearly variance in water sold is primarily attributable to changes in weather conditions.  
*Source: Utility Billing Register*

The following table sets forth information regarding the top ten customers of the Waterworks System and the Sewerage System based on water usage for the 2019 Fiscal Year:

<u>Customer</u>	<u>Gallons Consumed</u>	<u>% of Total Gallons Billed</u>	<u>Total Billed for Sewer</u>	<u>Total Billed for Water</u>
Ozarks Medical Center	\$15,953,300	2.67%	\$26,400.24	\$32,545.07
Armstrong Hardwood Flooring LLC	15,275,600	2.56	21,998.07	24,537.09
DRS Technologies	13,323,000	2.23	19,668.52	24,139.53
Ozarks Regional Stockyard <sup>(1)</sup>	5,935,800	1.00	N/A	19,062.01
West Vue Nursing Home	5,635,500	0.94	8,294.91	10,423.33
TKN Ridge Crest Inn	4,447,300	0.75	6,502.59	8,494.80
West Plains Country Club	4,183,800	0.70	5,137.25	7,746.67
Brooke Haven Health Care	4,046,200	0.68	5,839.33	7,755.98
NHC Health Care	3,845,500	0.64	5,554.31	7,949.75
Ozarks Development Corporation <sup>(2)</sup>	N/A	N/A	19,655.65	N/A

(1) Out of City limits. Billed for water only.

(2) The company uses a private water well that the City meters for purposes of sewer billings.

Source: Utility Billing Register.

## Rates and Charges

### General

Rates and charges for the services of the Waterworks System and the Sewerage System are established by the City Council and are not subject to regulation by any other jurisdiction. The current charges were established by ordinance and became effective for bills issued after December 1, 2013 and replaced rates that had been in effect since May 1, 2012. The sewer bills are based on a minimum monthly charge and charges based on water usage. In addition, on July 21, 2004 the City approved a surcharge to be effective until all the Bonds are retired.

### Water Rates

The following table sets forth the current water rates for customers within the City's corporate limits:

<u>Water Consumption</u>	<u>Charge</u>
1,000 Gallons or Less	\$8.61 - Minimum Billing
1,001-30,000 Gallons	\$2.21 Per 1,000 Gallons
30,001-100,000 Gallons	\$2.10 Per 1,000 Gallons
100,001-300,000 Gallons	\$1.80 Per 1,000 Gallons
All Additional Gallons	\$1.37 Per 1,000 Gallons

The following table sets forth the current water rates for customers located outside the City's corporate limits:

<u>Water Consumption</u>	<u>Charge</u>
1,000 Gallons or Less	\$23.57 - Minimum Billing
1,001-100,000 Gallons	\$3.92 Per 1,000 Gallons
All Additional Gallons	\$2.60 Per 1,000 Gallons

Commercial customers pay an additional charge based on the size of meter ranging from \$26.37 for a 2" meter to up to \$190.94 for a meter greater than 4".

The City also charges a tap on fee for water service to each new single family dwelling equal to \$650.

*Sewer Rates*

**Current Rates**

The following table sets forth the current sewer rates for customers within the City's corporate limits:

	<u>Residents Charge</u>	<u>Non-Resident Charge</u>
Minimum Monthly Charge	\$7.81	\$8.96
Per 1,000 Gallons of Water Used	\$1.42	\$1.87

**Additional "Surcharge"**

	<u>Residents Charge</u>	<u>Non-Resident Charge</u>
Additional Surcharge Per Household or Business	\$9.20	\$7.70
Plus Per 1,000 Gallon Surcharge	\$ .10	\$ .13

**Outstanding Revenue Bonds**

As of March 31, 2018, the City's only outstanding revenue bonds that have a lien on the revenues of the Waterworks System were \$490,000 principal amount of Series 2014 Bonds.

As of March 31, 2018, the City's only outstanding revenue bonds that have a lien on the revenues of the Sewer System consisted of \$3,420,000 principal amount of the Series 2011 Bonds.

**Debt Service Requirements**

The following table shows the yearly principal and interest requirements for the Sewer System Revenue Bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 435,000	\$ 107,865	\$ 542,865
2021	450,000	95,243	545,243
2022	465,000	81,053	546,053
2023	480,000	65,453	545,453
2024	495,000	48,630	543,630
2025	1,095,000	19,984	1,114,984
Totals	<u>\$3,420,000</u>	<u>\$418,228</u>	<u>\$3,838,228</u>

## Operating Results

### Waterworks System

The following table sets forth certain financial information for the Waterworks System for the Fiscal Years 2017 through 2019:

	Fiscal Year Ending March 31		
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Operating Revenue <sup>(1)</sup>	<u>\$2,124,776</u>	<u>\$2,127,993</u>	<u>\$2,149,298</u>
Operating Expenses: <sup>(2)</sup>			
Wages and benefits	468,402	489,207	438,814
Engineering	90,161	71,484	225
Utilities	168,346	163,019	161,627
Other Operating Expenses	263,123	323,477	261,944
Insurance	<u>13,928</u>	<u>15,700</u>	<u>14,953</u>
Total Operating Expenses	<u>1,003,960</u>	<u>1,062,887</u>	<u>877,563</u>
Revenues Available for Debt Service	<u>\$1,120,816</u>	<u>\$1,065,106</u>	<u>\$1,271,735</u>
Annual Debt Service on Outstanding Waterworks Revenue Bonds	\$ 498,980	\$ 499,780	\$ 500,380
Debt Coverage	2.25x	2.13x	2.54x

(1) Excludes interest income.

Source: The revenues and expenses set forth above were derived from the City's audited financial statements and the City's Director of Finance.

The following table sets forth certain financial information for the Sewerage System for the Fiscal Years 2017 through 2019:

	<b>Sewerage System</b>		
	<u>Fiscal Year Ending March 31</u>		
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Operating Revenue <sup>(1)</sup>	<u>\$1,795,661</u>	<u>\$1,806,889</u>	<u>\$1,624,577</u>
Operating Expenses (Excluding Depreciation and Amortization)			
Wages and Benefits	514,005	519,196	482,370
Utilities	108,487	108,212	109,248
Other Operating Expenses	141,511	205,749	230,307
Insurance	<u>11,938</u>	<u>11,775</u>	<u>13,533</u>
Total Operating Expenses	<u>775,941</u>	<u>844,932</u>	<u>835,458</u>
Revenues Available for Debt Service	<u>\$1,019,720</u>	<u>\$961,957</u>	<u>\$ 789,119</u>
Annual Debt Service	\$748,366	\$747,991	\$549,113
Debt Coverage	1.36x	1.29x	1.44x

(1) Excludes interest income.

Source: The revenues and expenses set forth above were derived from the City's audited financial statements and City's Director of Finance.

#### **NO LITIGATION**

The City represents that there is no controversy, suit or other proceeding of any kind pending or to their knowledge, threatened in any court that would materially affect the finances of the City.

#### **ADDITIONAL INFORMATION**

For clarification of information contained in this Annual Disclosure Report contact the following:

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