

**CITY OF MONETT,  
MISSOURI**

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**ANNUAL  
FINANCIAL REPORT**

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**FOR THE YEAR ENDED  
MARCH 31, 2008**

## CITY OF MONETT, MISSOURI

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## INTRODUCTION SECTION

City of Monett, Missouri  
List of Elected and Appointed Officials  
March 31, 2008

Elected Officials

Mayor  
Commissioner  
Commissioner

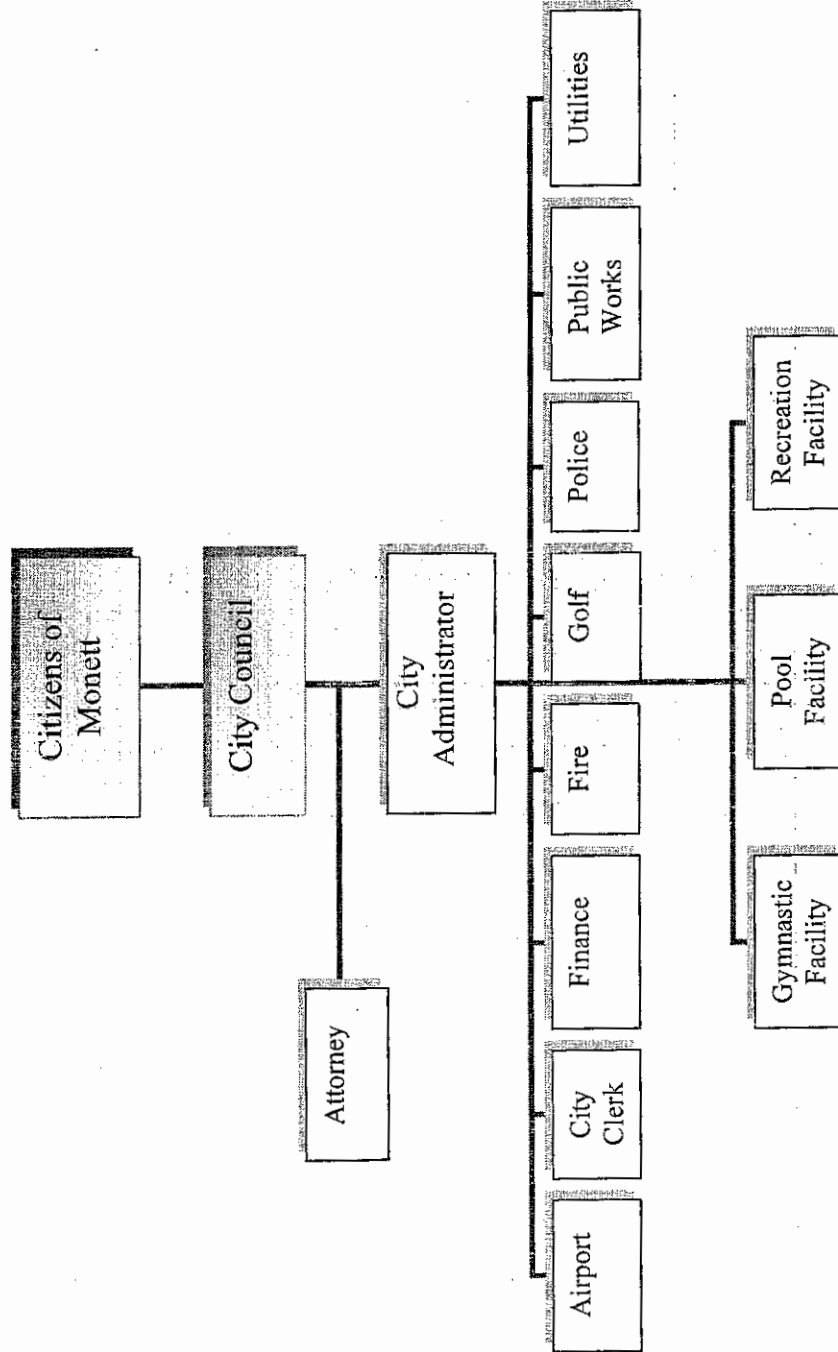
James Orr  
Jerry Dierker  
Michael Brownsberger

Appointed Officials

City Administrator  
Airport Superintendent  
City Clerk/Treasurer  
Fire Chief  
Golf Superintendent  
Police Chief  
Public Works Superintendent  
Utilities General Manager

Dennis Pyle  
Howard Frazier  
Janie Knight  
Tom Jones  
Mike Knight  
Tim Schweder  
Russ Balmas  
Pete Rauch

City of Monett, Missouri  
Organization Chart



# City of Monett, Missouri

## THIRD CLASS CITY - COMMISSION FORM OF GOVERNMENT

James Orr, Mayor • Michael Brownsberger, Commissioner • Jerry Dierker, Commissioner  
217 Fifth Street • P.O. Box 110 • Monett, Missouri 65708

City Clerk - (417) 235-3763  
City Collector - (417) 235-3544  
Council - (417) 235-3355  
Fax - (417) 235-4608

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August 21, 2008

### **Members of the Governing Council Citizens of the City of Monett, Missouri**

The Administrative Department is pleased to present the Annual Financial Report for the City of Monett, Missouri (the City), for fiscal year ended March 31, 2008. This report is submitted to you in compliance with state law requiring that all political subdivisions in the state shall cause to be prepared an annual report of the financial transactions in such summary form as the state auditor shall prescribe (105.145, RSMO) and the state auditor shall receive a copy of the financial report (15 CRS 40-3.030).

Responsibility to report financial data that is complete and accurate rests with the City. It is our belief that the information reported in this document fairly presents the financial position of the City in all material aspects, on a Government-wide and a Fund basis. To enhance the reader's understanding of these financial statements, note disclosures have been included as an integral part of this document.

To ensure reliability of the accounting data upon which the City's financial statements are based, internal controls are utilized to provide reasonable assurance that transactions are accounted for properly and City assets are safeguarded. Additionally, the Administrative Department staff has prepared this report in conformity with accounting principles generally accepted in the United States of America (GAAP) which are standard guidelines for financial reporting, further ensuring that the financial position of the City is presented fairly.

The City of Monett, Missouri's financial statements have been audited by The CPA Group, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Monett, Missouri for the fiscal year ended March 31, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Monett, Missouri was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on

internal controls and legal requirements involving the administration of federal awards

The Annual Report is presented in three sections: introductory, financial, and statistical. The **introduction section** is designed to introduce the reader to the report and includes the transmittal letter, the City's organization chart, and a list of principal officials.

The **financial section** begins with the independent auditors' report. The auditors' report discloses the opinion of the independent auditors with regard to the presentation of the financial statements and internal controls. This section also includes the Management's Discussion and Analysis, the Financial Statements and Notes that provide an overview of the City's financial position and operating results, the Combining Statement of non-major funds and other schedules that provide detailed information relative to the Basic Financial Statements.

The **statistical section** includes selected financial information, generally presented on a multiyear basis. This section is designed to provide the user with a broader and more complete understanding of the City and its financial affairs than is possible from only the financial statements and supporting schedules presented in the financial section.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Monett, Missouri's MD&A can be found immediately following the report of the independent auditors'.

### **Profile of the Government**

The City of Monett, Missouri, incorporated in 1888, is a third class city located in the southwestern part of the state. The City currently occupies a land area of 9 square miles and has a population of 7,396. The City is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City operates under a commission form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and two commissioners. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and appointing the heads of the various departments. The various departments are responsible for carrying out the policies and ordinances of the governing council, and for overseeing the day-to-day operations of the government. Council members serve four-year terms that expire in April of 2012.

The City of Monett provides a full range of services normally associated with a municipality, including police and fire protection, emergency communication center, public works services, municipal airport, parks and other recreation facilities, and general administrative services. The City also operates water, electric, sewer, sanitation and fiber optic services, all of which are accounted for in the financial statements as business-type funds.

This report presents data for the financial reporting entity, which includes all departments, funds,



boards, and commissions of the primary government (the City, as legally defined), as well as all of its component units. Component units are legally separate entities for which the City is financially accountable. The one component unit of the City is the East Highway 60 Community Improvement District, which is a blended component unit. The financial reporting entity is discussed further in Note 1 of the financial statements.

The annual budget serves as the foundation for the City of Monett, Missouri's financial planning and control. All departments of the City of Monett, Missouri are required to submit requests for appropriation to the City Administrator in January each year. The City Administrator uses these requests as the starting point for developing a proposed budget. The City Administrator then presents a proposed budget to the council for review prior to March 10th. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than March 31, the close of the City of Monett, Missouri's fiscal year. The appropriated budget is prepared by fund (e.g., general fund), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the governing council.

#### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Monett, Missouri operates.

**Local economy** - The City of Monett, Missouri currently enjoys a favorable economic environment and local indicators point to continued stability. The region has a varied manufacturing and industrial base that adds to the relative stability of the unemployment rate. Major industries with headquarters or divisions located within the government's boundaries or in close proximity include several computer software providers, several window manufacturers, playground equipment manufacturer, food manufacturer, cheese processors, dairy processors and poultry processors, and several financial and insurance institutions. Meanwhile, there continues to be a discernable trend toward steady residential growth.

**Long-term financial planning** - The next transportation-related project is expected to be improvements to the Monett Municipal Airport as a result of the 2008-2009 update of the Airport's Master Plan and Airport Layout Plan (ALP). The details of the long-range plan and the anticipated costs of these capital improvements are unknown at this time.

The City is a member of the Tri-State Water Coalition which is currently reviewing options for a large-scale reservoir which would provide potable water for several communities in southwest Missouri. The coalition has received a \$50,000 grant from the Missouri Department of Natural Resources which will be matched 100% by coalition members. The total cost of the study is estimated to be \$200,000 with the costs equally divided between the state and the coalition.

In conjunction with the study commissioned by the Tri-State Water Coalition, the City of Monett is independently reviewing the need to construct a water treatment facility. An engineering study is being prepared by the city's consulting engineers, Allgeier, Martin & Associates. It is

anticipated that voters will be asked to approve a multimillion dollar revenue bond issue in 2009 to pay for future improvements to the water treatment and distribution system.

***Cash management policies and practices*** - Cash temporarily idle during the year was invested in money market accounts, certificates of deposit, and U.S. agency securities. The maturities of the investments range from 12 months to 4 years, with an average maturity of 36 months. For the last fiscal year the average yield on investments was 5.79 percent.

***Risk management*** - During 1998, the government initiated a safety program for workers' compensation. This program strives to emphasize the importance of practicing sound loss prevention techniques, the refinement of work safety policies and procedures and the creation and maintenance of a safe working environment. In addition, various control techniques, including employee accident prevention training, have been implemented to minimize accident-related losses.

### **Acknowledgements**

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the administration department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Monett, Missouri's finances.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "James Orr", is written over several horizontal lines.

James Orr,  
Mayor

## FINANCIAL SECTION

## **INDEPENDENT AUDITORS' REPORT**



**A Professional Corporation**  
*BIG FIRM QUALITY, SMALL FIRM VALUES*  
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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor James Orr,  
Councilman Jerry Dierker and Councilman Michael Brownsberger  
City of Monett, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Monett, Missouri as of and for the year ended March 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Monett, Missouri's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of Monett as of March 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2008, on our consideration of the City of Monett, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information and combined financial statements, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and

presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Monett, Missouri's basic financial statements. The introductory section, combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of City of Monett. The combining and individual fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*THE CPA GROUP, P.C.*

The CPA Group, P.C.

September 19, 2008

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# City of Monett, Missouri

THIRD CLASS CITY – COMMISSION FORM OF GOVERNMENT

James Orr, Mayor • Michael Brownsberger, Commissioner • Jerry Dierker, Commissioner

217 Fifth Street • P.O. Box 110 • Monett, Missouri 65708

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## Management's Discussion and Analysis

As management of the City of Monett, Missouri, we offer readers this narrative overview and analysis of the financial activities of the City of Monett, Missouri (the City) for the fiscal year ended March 31, 2008. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's financial statements and footnotes, which follow this section.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$29,178,051 (*net assets*). Of this amount, \$4,766,126 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased \$2,586,758. Of this amount, \$2,305,383 was from the City's "governmental activities" with an increase in net assets of \$281,375 from the "business-type activities".
- The City total debt increased by \$8,238,947 during the current fiscal year. The key factor in this increase was the issuance of \$9,100,000 in revenue bonds for the Highway 60 expansion project and \$759,000 Police Station project. The City's fiscal year started with existing debt of \$20,300,223, principal payments of \$1,899,160 were made during the year, also, new debt issuance of \$10,138,106, which created ending fiscal year debt balance of \$28,539,170.

### Overview of the Financial Statements

This discussion and analysis is intended to provide an introduction to the basic financial statements. The basic financial statements comprise three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are a broad overview of the City's finances, in a manner similar to a private business.

The *statement of net assets* presents all of the City's assets and liabilities with the difference between the two reported as *net assets*. Net assets are an important measure of the City's overall financial health. The increases or decreases in net assets can be monitored to determine whether the City's financial position is improving or deteriorating.



**CITY OF MONETT, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2008**

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements report functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) and from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include policy development and administration, public safety, public works, parks and recreation, and municipal airport. The business-type activities of the City of Monett, Missouri include water, electric, sewer, sanitation and fiber optic operations.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure compliance with finance-related legal requirements. These funds are divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

**Proprietary funds.** The City uses two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, electric, sewer, sanitation and fiber optic operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its hazardous material, safety, and mechanic operations. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

**CITY OF MONETT, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2008**

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions.

**Government-wide Financial Analysis**

Net assets may serve as a useful indicator of the City's financial position. As of March 31, 2008, assets exceeded liabilities by \$29,178,051. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**NET ASSETS**

The following table reflects the condensed schedule of net assets as of March 31, 2008 and 2007:

**City of Monett Net Assets**

	Governmental Activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$13,692,432	\$8,793,173	\$ 6,874,195	\$ 5,736,758	\$ 20,566,627	\$ 4,529,931
Capital assets	17,375,570	11,344,151	22,245,035	23,387,780	39,620,605	34,731,931
Total assets	31,068,002	20,137,324	29,119,230	29,124,538	60,187,232	49,261,862
Long-term debt outstanding	18,171,107	9,773,764	8,924,756	9,335,193	27,095,863	19,108,957
Other liabilities	1,705,687	1,477,735	2,207,631	2,055,000	3,913,321	3,532,735
Total liabilities	19,876,794	11,251,499	11,132,387	11,390,193	31,009,181	22,641,692
Net assets:						
Invested in capital assets, net of related debt	7,767,846	853,770	13,198,691	13,638,798	20,966,537	14,492,568
Restricted	2,229,396	7,753,455	1,215,992	1,300,834	3,445,388	9,054,289
Unrestricted	1,193,966	278,600	3,572,160	2,794,713	4,766,126	3,073,313
Total net assets	\$11,191,208	\$8,885,825	\$17,986,843	\$ 17,734,345	\$ 29,178,051	\$26,620,170

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The City's combined net assets increased to \$29,178,051 from \$26,620,170 as a result of the increase in net assets reflected in the next table.

The largest portion of the City's net assets, \$20,966,537 (72%), reflects its investment in capital assets (e.g. land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. An additional portion of the City's net assets, \$3,445,388 (12%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net assets,

**CITY OF MONETT, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2008**

\$4,766,126 (16%), represents unrestricted net assets that may be used to meet the City's ongoing obligations to citizens and creditors.

***Change in Net Assets***

The following table reflects the revenues and expenses from the City's activities:

**City of Monett Changes in Net Assets**

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,360,178	\$1,484,915	\$22,128,935	\$ 19,934,661	\$23,489,113	\$ 21,419,576
Capital grants and contributions	1,492,579	1,024,622	-	9,755	1,492,579	1,034,375
General revenues:						
Sales taxes	2,726,868	2,134,821	-	-	2,726,868	2,134,821
TIF taxes	1,304,998	1,117,325	-	-	1,304,998	1,117,325
Franchise fees	295,305	272,904	-	-	295,305	272,904
Other taxes	126,130	113,993	-	-	126,130	113,993
Other revenues	262,272	279,036	404,876	638,005	667,148	917,041
<b>Total revenues</b>	<b>7,568,330</b>	<b>6,427,616</b>	<b>22,533,811</b>	<b>20,582,419</b>	<b>30,102,141</b>	<b>27,010,035</b>
<b>Expenses:</b>						
Policy development and administration	737,943	276,242	-	-	774,880	276,242
Public works	3,101,434	3,081,528	-	-	3,314,798	3,081,528
Public safety	1,563,160	1,441,999	-	-	1,374,431	1,441,999
Parks and recreation	1,077,859	1,046,234	-	-	1,095,516	1,046,234
Interest on long-term debt	603,927	420,614	-	-	515,427	420,614
Airport	439,608	515,003	-	-	448,880	515,003
Waterworks	-	-	1,568,458	1,567,362	1,745,665	1,724,480
Electric	-	-	15,116,987	13,908,842	15,116,987	13,908,842
Wastewater-sewer	-	-	2,680,219	2,593,346	2,902,863	2,814,751
Sanitation	-	-	526,084	501,379	526,084	501,379
Fiber optics	-	-	99,704	127,838	99,704	127,838
<b>Total expenses</b>	<b>7,523,932</b>	<b>6,781,620</b>	<b>19,991,452</b>	<b>18,698,767</b>	<b>27,515,383</b>	<b>25,480,387</b>
Increase in net assets before transfers	44,399	(354,004)	2,542,359	1,883,652	2,586,758	1,529,648
Transfers – Payments in lieu of taxes	2,110,984	1,925,805	(2,110,984)	(1,925,805)	-	-
Transfers	150,000	200,000	(150,000)	(200,000)	-	-
<b>Total transfers</b>	<b>2,260,984</b>	<b>2,125,805</b>	<b>(2,260,984)</b>	<b>(2,125,805)</b>	<b>-</b>	<b>-</b>
Increase in net assets	2,305,383	1,771,801	281,375	(242,153)	2,586,758	1,529,648
Net assets, beginning	8,885,825	7,114,024	17,734,345	17,976,498	26,620,170	25,090,522
Prior period adjustment	-	-	(28,877)	-	(28,877)	-
<b>Net assets, ending</b>	<b>\$ 11,191,208</b>	<b>\$8,885,825</b>	<b>\$17,986,843</b>	<b>\$ 17,734,345</b>	<b>\$29,178,051</b>	<b>\$26,620,170</b>

***Governmental Activities***

**CITY OF MONETT, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2008**

Governmental activities increased the City's net assets by \$2,305,383. Sales tax revenues, the largest governmental category, were \$2,726,868, or 36%. For the fiscal year ended March 31, 2008, revenues totaled \$30,102,141 (governmental and business-type). Revenues from governmental activities total \$7,568,330, or 25%, of the total City revenues. City revenues grew \$1,140,714 within the governmental activities.

Certain revenues are generated that are specific to governmental program activity. These totaled \$1,360,178. The following table shows expenses and program revenues of the governmental activities for the year ended March 31, 2008 and 2007:

**Net Cost of City of Monett Governmental Activities**

	Total cost of service		Net cost of service	
	2008	2007	2008	2007
Policy development and administration	\$ 737,943	\$ 276,242	\$ 15,555	\$ 33,924
Public safety	3,101,434	3,081,528	3,009,765	3,013,012
Public works	1,563,160	1,441,999	157,159	795,386
Parks and recreation	1,077,859	1,046,234	712,920	662,565
Municipal Airport	439,608	420,614	171,848	276,815
Interest on long-term debt	603,927	515,003	603,927	515,003
	<u>\$ 7,523,931</u>	<u>\$ 6,781,620</u>	<u>\$ 4,671,174</u>	<u>\$ 5,296,705</u>

As previously noted, expenses from governmental activities total \$7,523,931 million. However, net costs of these services were \$4,671,174. The difference represents direct revenues received from charges for services of \$1,360,178 and capital grants and contributions of \$1,492,579. Taxes, other revenues and transfers of \$6,976,557 were collected to cover these net costs.

***Business-type Activities***

Business-type activities increased the City's net assets by \$252,497. Key elements of this increase are as follows:

- The water recorded net income of \$193,788 for the year. Revenues relating to charges for services increased \$174,177. Operating expenses increased \$3,371 compared to prior year expenses, payment in lieu of taxes increased \$20,089, which is directly related to the revenue increases.
- The electric recorded net income of \$2,723,992 for the year. Revenues relating to charges for services increased \$1,396,722 due to fee increases and \$552,585 FEMA reimbursement revenue. Operating expenses increased \$1,208,145 due to higher electric purchases. Payments in lieu of taxes increased \$157,191 compared to the prior year.

**CITY OF MONETT, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2008**

- The sewer recorded a net loss of \$522,003 for the year. Revenues relating to charges for services increased \$36,818. Increases in cost included \$133,443 in supplies, repair and maintenance over prior year expenses.

***Financial Analysis of the City's Funds***

As of the end of the fiscal year, the City's governmental funds report a combined fund balance of \$11,191,208 (an increase of approximately 26%). The majority of the increase is attributable to the planned capital outlay in the Highway 60 project of \$9,100,000.

The fund balance of the General Fund decreased to \$2,225,454 at the end of the fiscal year due to capital expenditures.

The net assets in the E-911 Fund increased to \$134,910 (increase of \$20,630 or 18%) in the fiscal year due to retention of restricted revenues for 911 purposes.

The Electric Fund's net assets increased \$882,091 (39%) in the current year as a result of the 2006 increase in electric service fees charged to residential and commercial customers.

The Sewer Fund's net assets decreased \$744,648 (0.7%) in the current year as a result of operating expenses and debt service payments in excess of operating revenues.

***General Fund Budgetary Highlights***

Differences between the original and the final amended budget can be summarized as follows:

- The original revenue budget of \$31.5 million was increased to \$32.0 million.
- The total original expenditure budget of \$34.2 million was increased to \$36.8 million.

Actual revenues were \$552,703 more than originally budgeted.

***Capital Assets and Debt Administration Capital Assets***

The City's investment in capital assets for its governmental and business-type activities as of March 31, 2008, amounts to \$39.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and infrastructure.

Capital events during the current fiscal year included the following:

- Fire turbo jet nozzle \$7,670.
- Police station construction \$2,613,896, (8) computers in vehicles \$22,840, surveillance equipment \$127,650, 200' communication tower \$174,953, (2) 2004 Ford explorers \$34,588, 2008 Ford \$23,565 and a 1952 police car \$15,000 (acquired by donation).

**CITY OF MONETT, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2008**

- Cemetery 72' Kubota deck mower \$14,495.
- TIF #1 \$1,522,493 and TIF #2 \$1,584,449 infrastructure improvements.
- Street trailer – pro patch \$59,180, street infrastructure improvements \$508,192.
- Golf (24) golf carts \$83,477, (2) utility carts \$15,500, mower \$23,342.
- South park festival of light displays \$18,939.
- Airport taxi way construction \$12,648.
- Sanitation truck \$174,144.
- Electric infrastructure \$ 81,150 and fence \$21,140.
- Sewer wastewater treatment plant for \$83,568.
- Water Scada system \$4,000 and wells #21, 4, 17 for \$13,511.
- Fiber infrastructure \$40,610.

	(net of accumulated depreciation)					
	Governmental		Business-type		Total	
	activities		activities			
	2008	2007	2008	2007	2008	2007
Land	\$ 939,344	\$ 939,344	\$ 210,160	\$ 210,160	\$ 1,149,504	\$ 1,149,504
Construction in progress	-	117,600	-	-	-	117,600
Buildings and improvements	4,584,323	1,957,679	694,325	747,463	5,278,648	2,705,142
Machinery and equipment	1,797,188	1,474,443	736,861	690,570	2,534,049	2,165,013
Infrastructure	10,054,713	6,855,085	20,603,687	21,739,587	30,658,400	28,594,672
Total	<u>\$ 17,375,568</u>	<u>\$ 11,344,151</u>	<u>\$ 22,245,033</u>	<u>\$ 23,387,780</u>	<u>\$ 39,620,601</u>	<u>\$ 34,731,931</u>

For additional information on capital assets, see note 2(c) in the notes to financial statements.

**CITY OF MONETT, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2008**

***Debt Administration***

The City, at the end of fiscal 2008, had a total of \$28,539,170 of outstanding long-term debt. This was an increase of \$8,235,947 from the previous year. During the fiscal year 2007-2008, the City issued \$9,100,000 million governmental activity revenue bonds, \$759,000 capital lease purchase obligations related to the police station project, \$174,143 sanitation truck and \$105,963 for (24) golf carts and (2) golf utility carts.

**City of Monett Outstanding Debt**

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 122,271	\$ 135,051	\$ 350,000	\$ 365,000	\$ 472,271	\$ 500,051
Revenue bonds	14,510,000	6,350,000	8,470,000	8,805,000	22,980,000	15,155,000
Notes payable	100,000	150,000	-	-	100,000	150,000
Capital leases and participation obligations	4,400,557	3,916,190	586,342	578,982	4,986,899	4,495,172
Total	\$ 19,132,828	\$ 10,551,241	\$ 9,406,342	\$ 9,748,982	\$ 28,539,170	\$ 20,300,223

For Additional information on debt administration, see note 2(d) in the notes to financial statements.

***Requests for Information***

This financial report is designed to provide the reader a general overview of the City's finances. Questions or requests for more information concerning any of the information provided in this report should be directed to Janie Knight, City Clerk of the City of Monett, PO Box 110, 217 5<sup>th</sup> Street, Monett, MO 65708.

## BASIC FINANCIAL STATEMENTS



**CITY OF MONETT, MISSOURI**  
**STATEMENT OF NET ASSETS**  
**MARCH 31, 2008**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 53,038	\$ 1,092,165	\$ 1,145,203
Investments	1,009,451	-	1,009,451
Accounts receivable	848,107	2,059,701	2,907,808
Prepaid health insurance	61,607	-	61,607
Prepaid workmen's compensation	62,374	39,672	102,046
Prepaid sales tax	-	63,437	63,437
Premium on bond issuance	432,633	463,037	895,670
Restricted assets:			
Cash and cash equivalents	11,225,222	1,940,191	13,165,413
Investments	-	1,215,992	1,215,992
Capital assets:			
Non depreciable	922,438	210,160	1,132,598
Depreciable, net	16,453,132	22,034,875	38,488,007
<b>Total Assets</b>	<b>31,068,002</b>	<b>29,119,230</b>	<b>60,187,232</b>
<b>LIABILITIES</b>			
Accounts payable	181,913	1,136,542	1,318,455
Accrued payroll and payroll taxes	107,753	31,856	139,609
Accrued interest payable	88,500	-	88,500
Due to depositors	13,160	335,282	348,442
Accrued compensated absences liabilities:			
Due within one year	317,376	200,128	517,504
Due in more than one year	35,264	22,237	57,501
Long-term debt liabilities:			
Due within one year	1,028,189	481,586	1,509,775
Due in more than one year	18,104,639	8,924,756	27,029,395
<b>Total Liabilities</b>	<b>19,876,794</b>	<b>11,132,387</b>	<b>31,009,181</b>
<b>NET ASSETS</b>			
Reserved:			
Invested in capital assets, net of related debt	7,767,846	13,198,691	20,966,537
Restricted for:			
Debt service	-	-	-
Capital projects	1,970,505	1,215,992	3,186,497
Other purposes	258,891	-	258,891
Unrestricted	1,193,966	3,572,160	4,766,126
<b>Total Net Assets</b>	<b>\$ 11,191,208</b>	<b>\$ 17,986,843</b>	<b>\$ 29,178,051</b>

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI  
STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2008

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Assets		
		Charges for Service	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>						
Policy development and administration	\$ 737,943	\$ 626,249	\$ 96,139	\$ (15,555)	\$ -	\$ (15,555)
Public safety	3,101,434	82,773	8,896	(3,009,765)	-	(3,009,765)
Public works	1,563,160	28,957	1,377,044	(157,159)	-	(157,159)
Parks and recreation	1,077,859	364,939	-	(712,920)	-	(712,920)
Municipal Airport	439,608	257,260	10,500	(171,848)	-	(171,848)
Interest on long-term debt	603,927	-	-	(603,927)	-	(603,927)
<b>Total governmental activities</b>	<b>7,523,931</b>	<b>1,360,178</b>	<b>1,492,579</b>	<b>(4,671,174)</b>	<b>-</b>	<b>(4,671,174)</b>
<b>Business-type activities:</b>						
Waterworks	1,568,458	1,752,569	-	-	184,111	184,111
Electric	15,116,987	17,802,191	-	-	2,685,204	2,685,204
Wastewater-sewer	2,680,219	1,811,328	-	-	(868,891)	(868,891)
Sanitation	526,084	570,534	-	-	44,450	44,450
Fiber optics	99,704	192,313	-	-	92,609	92,609
<b>Total business-type activities</b>	<b>19,991,452</b>	<b>22,128,935</b>	<b>-</b>	<b>-</b>	<b>2,137,483</b>	<b>2,137,483</b>
<b>Total City</b>	<b>\$ 27,515,383</b>	<b>\$ 23,489,113</b>	<b>\$ 1,492,579</b>	<b>(4,671,174)</b>	<b>2,137,483</b>	<b>(2,533,691)</b>
<b>General revenues</b>						
Sales and use taxes				2,018,812	-	2,018,812
Sales and use taxes - police station				407,164	-	407,164
Motor fuel sales tax				300,892	-	300,892
M & M Surcharge Tax				36,820	-	36,820
Emergency Telephone Tax				89,310	-	89,310
Sales tax - TIF				952,731	-	952,731
Real Estate Tax - TIF				352,267	-	352,267
Franchise fees				295,305	-	295,305
Investment revenue				262,272	399,876	662,148
Miscellaneous				-	5,000	5,000
Transfers - Payments in lieu of taxes				2,110,984	(2,110,984)	-
Transfers				150,000	(150,000)	-
<b>Total general revenues and transfers</b>				<b>6,976,557</b>	<b>(1,856,108)</b>	<b>5,120,449</b>
Change in net assets				2,305,383	281,375	2,586,758
Net assets - beginning				8,885,825	17,734,345	26,620,170
Prior period adjustment				-	(28,877)	(28,877)
Net assets - ending				<b>\$ 11,191,208</b>	<b>\$ 17,986,843</b>	<b>\$ 29,178,051</b>

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI  
GOVERNMENTAL FUNDS BALANCE SHEET  
MARCH 31, 2008

	Major Funds				Total Governmental Funds
	General	E-911	Tax Increment Finance - 1	Tax Increment Finance - 2	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 53,038	\$ -	\$ -	\$ -	\$ 53,038
Investments	1,009,451	-	-	-	1,009,451
Accounts receivable	773,664	-	39,142	35,300	848,107
Due from other funds	-	-	-	-	-
Prepaid health insurance	61,607	-	-	-	61,607
Prepaid workmen's compensation	62,374	-	-	-	62,374
Restricted assets:					
Cash and cash equivalents	568,145	134,910	9,432,202	1,089,965	11,225,222
Investments	-	-	-	-	-
<b>Total assets</b>	<u>\$ 2,528,280</u>	<u>\$ 134,910</u>	<u>\$ 9,471,344</u>	<u>\$ 1,125,265</u>	<u>\$ 13,259,799</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 181,913	\$ -	\$ -	\$ -	\$ 181,913
Accrued payroll and payroll taxes	107,753	-	-	-	107,753
Due to depositors	13,160	-	-	-	13,160
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<u>302,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>302,826</u>
<b>FUND BALANCE</b>					
Reserved:					
Reserved for E-911	-	134,910	-	-	134,910
Reserved for Tax Increment Financing	-	-	9,471,344	1,125,265	10,596,610
Reserved for prepaid items	123,981	-	-	-	123,981
Undesignated	2,101,473	-	-	-	2,101,473
<b>Total fund balances</b>	<u>2,225,454</u>	<u>134,910</u>	<u>9,471,344</u>	<u>1,125,265</u>	<u>12,956,974</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2,528,280</u>	<u>\$ 134,910</u>	<u>\$ 9,471,344</u>	<u>\$ 1,125,265</u>	<u>\$ 13,259,799</u>

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**MARCH 31, 2008**

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance - total governmental funds	\$ 12,956,974
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Capital assets used in governmental activities are not current financial resource, and therefore, are not reported in the governmental funds.

Governmental capital assets	\$ 29,754,810	
Less accumulated depreciation	<u>(12,379,240)</u>	17,375,570

Long-term liabilities: including certificates of participation, capital lease obligations, and accrued compensated absences, are not due and payable in the current period, and therefore, are not reported as liabilities in the governmental funds.

General obligation bonds	(122,271)	
Revenue bonds	(14,510,000)	
Notes payable	(100,000)	
Capital lease obligations	(4,400,557)	
Accrued compensated absences	(352,640)	
Unamortized issuance cost of bonds	432,633	
Accrued interest liability	<u>(88,500)</u>	(19,141,335)

Net assets of Governmental Activities

\$ 11,191,208

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI**  
**GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES**  
**YEAR ENDED MARCH 31, 2008**

	Major Funds				Total Governmental Funds
	General	E-911	Tax Increment Finance - District 1	Tax Increment Finance - District 2	
<b>REVENUES</b>					
Business license and permits	\$ 45,161	\$ -	\$ -	\$ -	\$ 45,161.00
Federal and state grants	878,488	-	614,092	-	1,492,580
Fines and forfeitures	221,332	-	-	-	221,332
Franchise fees	295,305	-	-	-	295,305
Sales tax	2,726,867	-	614,991	337,741	3,679,599
Investment income	138,789	-	76,717	46,766	262,272
Intergovernmental	-	-	-	-	-
Other revenue	939,819	13,826	-	-	953,646
Other taxes and assessments	36,820	89,310	264,786	87,481	478,397
Rental revenue	140,038	-	-	-	140,038
Total Revenues	<u>5,422,621</u>	<u>103,136</u>	<u>1,570,585</u>	<u>471,988</u>	<u>7,568,329</u>
<b>EXPENDITURES</b>					
Current					
Policy development and administration	696,160	-	-	-	696,160
Public safety	2,850,716	82,506	-	-	2,933,222
Public works	1,183,664	-	178,759	94,943	1,457,367
Parks and recreation	818,133	-	-	-	818,133
Municipal airport	286,929	-	-	-	286,929
Capital outlay	3,755,947	-	1,522,493	1,584,449	6,862,889
Debt service:					
Principal	442,376	-	940,000	-	1,382,376
Interest and other charges	155,292	-	88,247	271,889	515,428
Total Expenditures	<u>10,189,217</u>	<u>82,506</u>	<u>2,729,500</u>	<u>1,951,281</u>	<u>14,952,504</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,766,596)</u>	<u>20,630</u>	<u>(1,158,915)</u>	<u>(1,479,293)</u>	<u>(7,384,174)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from financing	857,977	-	9,100,000	-	9,957,977
Transfers - Payments in lieu of taxes (PILOTS)	2,110,984	-	-	-	2,110,984
Transfers in	533,551	-	58,754	(442,305)	150,000
Total Other Financing Sources (Uses)	<u>3,502,512</u>	<u>-</u>	<u>9,158,754</u>	<u>(442,305)</u>	<u>12,218,962</u>
Net Change in Fund Balances	<u>(1,264,084)</u>	<u>20,630</u>	<u>7,999,840</u>	<u>(1,921,598)</u>	<u>4,834,787</u>
Fund balance - beginning	3,489,538	114,280	1,471,505	3,046,863	8,122,187
Fund balance - ending	<u>\$ 2,225,454</u>	<u>\$ 134,910</u>	<u>\$ 9,471,344</u>	<u>\$ 1,125,265</u>	<u>\$ 12,956,974</u>

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI  
RECONCILIATION OF THE CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2008**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds	\$ 4,834,787
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives.	6,862,889
In the Statement of Activities cost of capital outlay assets is allocated over their estimated useful lives and reported as depreciation expense.	(831,470)
In the Statement of Activities cost of accrued compensated absences are expenses as salary costs.	(20,269)
Governmental funds report unamortized bond premium as expenditures. However, in the statement of activities the cost of those premiums is allocated over their debt repayment lives.	123,547
In the Statement of Activities cost of accrued interest expenses of tax increment financing district are expensed as interest costs.	(88,500)
Governmental funds report proceeds from financing as revenue. However, in the statement of activities the proceeds of those loans are balance sheet items and not reported on the Statement of Activities.	(9,957,977)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	1,382,376
<b>Change in net assets of governmental activities</b>	<b><u>\$ 2,305,383</u></b>

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI**  
**PROPRIETARY FUNDS STATEMENT OF NET ASSETS**  
**MARCH 31, 2008**

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ -	\$ 932,147	\$ -	\$ 159,947	\$ 71	\$ 1,092,165
Investments	-	-	-	-	-	-
Accounts receivable	133,099	1,444,906	426,323	40,788	14,585	2,059,701
Prepaid workmen's compensation	9,342	16,296	4,702	9,332	-	39,672
Prepaid sales tax	-	63,437	-	-	-	63,437
Due from other funds	-	444,390	-	-	-	444,390
Unamortized bond issue costs/investments	-	-	463,037	-	-	463,037
Total current assets	142,441	2,901,176	894,062	210,067	14,656	4,162,402
Restricted assets:						
Cash and cash equivalents	299,846	-	1,640,344	-	-	1,940,191
Investments	-	-	1,215,992	-	-	1,215,992
Total restricted assets	299,846	-	2,856,337	-	-	3,156,183
Capital assets:						
Land	56,932	58,400	94,828	-	-	210,160
Building and Improvements	908,946	751,127	6,721	84,878	-	1,751,672
Machinery and equipment	412,557	585,499	312,783	1,012,379	-	2,323,218
Infrastructure	6,685,017	5,218,869	24,870,595	61,189	631,324	37,466,994
Construction in progress	-	-	-	-	-	-
Less: accumulated depreciation	(3,281,873)	(4,874,503)	(10,577,430)	(660,184)	(113,020)	(19,507,010)
Total capital assets (net of accumulated depreciation)	4,781,579	1,739,392	14,707,497	498,262	518,304	22,245,034
Total noncurrent assets	4,781,579	1,739,392	14,707,497	498,262	518,304	22,245,034
<b>Total Assets</b>	<b>5,223,866</b>	<b>4,640,567</b>	<b>18,457,896</b>	<b>708,329</b>	<b>532,960</b>	<b>29,563,619</b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	25,064	1,072,560	11,966	26,950	-	1,136,541
Accrued payroll and payroll taxes	8,392	13,214	7,811	2,439	-	31,856
Due to other funds	-	-	-	-	444,390	444,390
Current maturities of long-term debt	-	-	-	-	-	-
Total current liabilities	33,456	1,085,775	19,777	29,389	444,390	1,612,788
Long-term liabilities, less current maturities:						
Due to depositors	28,504	306,778	-	-	-	335,282
Accrued compensated absences	47,210	118,793	46,157	10,206	-	222,366
Notes and capitalized lease obligations payable	515,134	-	-	71,208	-	586,342
Neighborhood improvement bonds	-	-	360,000	-	-	360,000
Revenue bonds payable, net	-	-	8,460,000	-	-	8,460,000
Total noncurrent liabilities	590,848	425,571	8,866,157	81,414	-	9,963,990
<b>Total Liabilities</b>	<b>624,304</b>	<b>1,511,346</b>	<b>8,885,934</b>	<b>110,804</b>	<b>444,390</b>	<b>11,576,778</b>
<b>NET ASSETS</b>						
Reserved:						
Invested in capital asset, net of related debt	4,266,445	1,739,392	6,247,497	427,054	518,304	13,198,691
Restricted for:						
Capital projects	-	-	1,215,992	-	-	1,215,992
Unrestricted	333,117	1,389,830	2,108,473	170,472	(429,734)	3,572,158
<b>Total Net Assets</b>	<b>\$ 4,599,563</b>	<b>\$ 3,129,222</b>	<b>\$ 9,571,963</b>	<b>\$ 597,525</b>	<b>\$ 88,570</b>	<b>\$ 17,986,843</b>

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI**  
**PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND NET ASSETS**  
**YEAR ENDED MARCH 31, 2008**

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
<b>OPERATING REVENUES</b>						
Charges for services	\$ 1,735,495	\$ 17,237,736	\$ 1,811,208	\$ 556,534	\$ 161,724	\$ 21,502,697
<b>OPERATING EXPENSES</b>						
Salaries	437,490	726,484	415,393	124,062	-	1,703,429
Payroll taxes	33,124	52,727	31,550	8,770	-	126,171
Depreciation	257,427	156,394	1,012,908	75,727	29,536	1,531,991
Computer	6,555	6,238	4,613	-	2,009	19,415
Education	3,612	4,237	6,346	-	30,590	44,785
Electric purchases	-	13,312,839	-	-	-	13,312,839
Health and life insurance	42,589	53,976	38,908	23,878	-	159,452
Insurance	15,884	64,612	19,455	4,297	-	104,251
Landfill and recycling	-	-	-	171,696	-	171,696
Miscellaneous	1,216	887	754	517	-	3,373
Professional and consulting service	30,513	17,942	73,204	-	10,373	132,031
Repairs and maintenance	220,499	193,289	236,322	82,966	7,004	740,080
Retirement	48,698	80,211	48,011	14,717	-	191,636
Supplies	177,630	419,325	104,684	6,596	20,015	728,250
Telephone	3,419	5,948	2,735	-	176	12,278
Utilities	258,043	437	259,886	215	-	518,581
Workman's compensation	11,838	21,442	8,734	12,543	-	54,556
Total Operating Expenses	1,548,535	15,116,987	2,263,505	526,084	99,704	19,554,814
Operating Income (Loss)	186,961	2,120,748	(452,297)	30,450	62,020	1,947,882
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income	14,200	38,789	346,887	-	-	399,876
Federal and state grants	-	552,585	-	10,721	-	563,306
Miscellaneous income	17,073	11,870	121	8,279	30,590	67,933
Interest expense and fees	(19,924)	-	(416,714)	-	-	(436,638)
Total Nonoperating Revenues (Expenses)	11,349	603,244	(69,706)	19,000	30,590	594,477
Income (Loss) Before Contributions and Transfers	198,310	2,723,992	(522,003)	49,450	92,610	2,542,359
Payments in lieu of taxes (PILOTS)	(177,207)	(1,691,902)	(222,644)	-	(19,231)	(2,110,984)
Transfers out	-	(150,000)	-	-	-	(150,000)
Change in Net Assets	21,103	882,091	(744,648)	49,450	73,379	281,375
Net assets - beginning	4,578,459	2,247,131	10,316,611	548,076	44,068	17,734,345
Prior period adjustment	-	-	-	-	(28,877)	(28,877)
Net assets - ending	\$ 4,599,563	\$ 3,129,222	\$ 9,571,963	\$ 597,525	\$ 88,570	\$ 17,986,843

See accompanying notes to the financial statements.



**CITY OF MONETT, MISSOURI**  
**PROPRIETARY FUNDS STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2008**

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
<b>Cash flows from operating activities:</b>						
Cash received from customers	\$ 1,739,269	\$ 17,087,626	\$ 1,844,394	\$ 563,418	\$ 159,714	\$ 21,394,421
Cash received from other sources	17,073	11,870	121	8,279	30,590	67,932
Cash payments to suppliers	(177,630)	(13,732,164)	(104,684)	(6,596)	(20,015)	(14,041,089)
Cash payments to employees	(434,287)	(732,252)	(428,757)	(126,953)	-	(1,722,249)
Cash payments to employee benefits and payroll taxes	(124,411)	(186,914)	(118,469)	(47,465)	-	(477,259)
Cash payments for other expenses	(540,454)	(274,566)	(598,341)	(230,123)	(50,153)	(1,693,637)
Net cash provided by (used in) operating activities	479,560	2,173,600	594,263	160,560	120,136	3,528,118
<b>Cash flows from non-capital financing activities:</b>						
Transfers - Payments in lieu of taxes (PILOTS)	(177,207)	(1,691,902)	(222,644)	-	(19,231)	-
Transfers from (to) other funds	-	(150,000)	-	-	-	(150,000)
Due (from) to other funds	-	61,000	-	-	(61,000)	-
Net cash provided by (used in) non-capital financing activities	(177,207)	(1,780,902)	(222,644)	-	(80,231)	(2,260,984)
<b>Cash flows from capital and related financing activities:</b>						
Interest expense & fees	(19,924)	-	(416,714)	-	-	(436,638)
Principal payment on capital lease	(63,848)	-	-	(102,935)	-	(166,783)
Purchase of capital acquisitions	(17,511)	(102,290)	(83,568)	(174,143)	(40,610)	(418,122)
Federal and state grants	-	552,585	-	10,721	-	563,306
Financing proceeds	-	-	-	174,143	-	174,143
Redemption of bonds payable	-	-	(350,000)	-	-	(350,000)
Net cash provided by (used in) capital and related financing activities	(101,283)	450,295	(850,282)	(92,214)	(40,610)	(634,094)
<b>Cash flows from investing activities:</b>						
Investment income	14,200	38,789	346,887	-	-	399,876
Premium paid on investment purchases	-	-	(273,914)	-	-	(273,914)
Sale of investments - held to maturity	-	-	84,842	-	-	84,842
Net cash provided by (used in) investing activities	14,200	38,789	157,815	-	-	210,804
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>215,270</b>	<b>881,782</b>	<b>(320,848)</b>	<b>68,346</b>	<b>(705)</b>	<b>843,845</b>
<b>Cash and cash equivalents - beginning</b>	<b>84,576</b>	<b>50,365</b>	<b>1,961,192</b>	<b>91,601</b>	<b>776</b>	<b>2,188,510</b>
<b>Cash and cash equivalents - ending</b>	<b>\$ 299,846</b>	<b>\$ 932,147</b>	<b>\$ 1,640,344</b>	<b>\$ 159,947</b>	<b>\$ 71</b>	<b>\$ 3,032,355</b>
<b>Displayed as:</b>						
Cash and cash equivalents	\$ -	\$ 932,147	\$ -	\$ 159,947	\$ 71	\$ 1,092,165
Restricted - cash and cash equivalents	299,846	-	1,640,344	-	-	1,940,190
Total cash and cash equivalents	\$ 299,846	\$ 932,147	\$ 1,640,344	\$ 159,947	\$ 71	\$ 3,032,355

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating income (loss)	\$ 186,961	\$ 2,120,748	\$ (452,297)	\$ 30,450	\$ 62,020	\$ 1,947,883
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	257,427	156,394	1,012,908	75,727	29,536	1,531,991
Miscellaneous charges	17,073	11,870	121	8,279	30,590	67,933
(Increase) decrease in accounts receivable	3,162	(107,486)	33,186	6,884	(2,010)	(66,264)
(Increase) decrease in prepaid sales tax	-	(63,437)	-	-	-	(63,437)
Increase (decrease) in workmen's compensation	3,483	4,790	1,743	15,163	-	25,179
Increase (decrease) in accounts payable	7,639	35,675	11,966	26,948	-	82,228
Increase (decrease) in accrued payroll	8,392	(12,665)	(9,121)	(2,395)	-	(15,789)
Increase (decrease) in customer deposits	612	20,813	-	-	-	21,425
Increase (decrease) in accrued compensated absences	(5,189)	6,897	(4,243)	(496)	-	(3,031)
Net cash provided by (used in) operating activities	\$ 479,560	\$ 2,173,600	\$ 594,263	\$ 160,560	\$ 120,136	\$ 3,528,118

**NONCASH CAPITAL FINANCING ACTIVITIES**

Capital assets of \$174,143 were acquired through capital lease.

See accompanying notes to the financial statements.

## NOTES TO FINANCIAL STATEMENTS

**CITY OF MONETT, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2008**

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**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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*(A) Reporting Entity*

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The City of Monett, Missouri, was incorporated as a town in 1888 and, as a city on March 3, 1914, under the provisions of the State of Missouri. The City operates under a Mayor-Board of Commission form of government as a Third Class City. The Mayor and the two Commissioners serve four-year terms that expired in April 2008, and to which they were re-elected for another four-years. The City provides a variety of general governmental services to residents including general administrative services, public safety, public works, parks and recreation, and airport operations. Other services include water, electric, sewer, fiber optic, and sanitation operations.

The financial reporting entity consists of the primary government and its component units, which are entities that the government is considered financially accountable for. The determination of financial accountability includes consideration of a number of criteria, including: (1) the appointment of a voting majority of an entity's governing authority and the ability of the primary government to impose its will on the entity, (2) the potential for the entity to provide specific financial benefits to, or impose specific financial burdens on, the primary government, and (3) the entity's fiscal dependency on the primary government.

**Blended Component Unit** - The following legally separate entity is a component unit, which is, in substance, a part of the City's general operations. This component unit provides services entirely, or almost entirely, to the primary government or provides services which exclusively, or almost exclusively, benefit the primary government. Data from this unit is combined with data of the primary government for financial reporting purposes.

*The East Highway 60 Community Improvement District (CID)* - The CID, a political subdivision of the State of Missouri under Section 67.1401 to 67.1571 of the Revised Statutes of Missouri 2000, was created under Ordinance No. 7577 of the City adopted July 14, 2006. The purpose of the District shall be those purposes stated in Section 67.1401 to 67.1571 RSMo. 2000. The CID was established to impose a sales tax of one-half of one percent of all retail sales within the district for a period of four years from the date on which the tax is first imposed for the purpose of providing revenues to support a revenue bond issue in the City of Monett, Missouri to correct the blight conditions within the district.

The board of directors of the district consists of five persons appointed by the Mayor with the advice and consent of the City Council. Financial information for the CID has been included within the governmental activities and governmental funds. Although it is legally separate from the City, the CID is reported as if it were part of the primary government because its sole purpose is to finance the construction of various capital

**CITY OF MONETT, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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projects within the City. No separately issued financial statements are prepared for the CID.

No other entities met the criteria for inclusion as component units of the City.

***(B) Government-wide and Fund Financial Statements***

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The basic financial statements include both the government-wide (the Statement of Net Assets and the Statement of Activities) and fund financial statements.

*Government-wide Financial Statements:* The government-wide statements display information about the primary government and its component unit. For the most part, the interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Assets, both the governmental and business-type activities are each consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides valuable information for greater analysis and comparability.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for the business-type activities. Direct expenses are those that are specifically associated with a program or a function.

Program revenues include (a) charges paid by recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meet operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. Program revenues are typically restricted to a specific function or activity.

*Fund Financial Statements:* Separate fund financial statements report information on the City's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds in their respective categories.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are

**CITY OF MONETT, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrued accounting. However, debt service expenditures, as well as expenditures relating to compensated absences are recorded only when payment is due. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities, and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. Since the accounting differs significantly between the governmental funds and the proprietary funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the governmental funds balance sheet and the statement of revenues, expenditures and changes in fund balance identifying categories that required conversion from the fund statements.

In the governmental funds, sales taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of taxes received within 30 days is considered to be susceptible to accrual as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Operating activities of the proprietary funds include all transactions and other events that are not defined as capital and related financing, non-capital financing, or investing activities. More specifically, operating revenues consist of sales and charges for services. Operating expenses of the proprietary funds include personnel services, operating supplies, and services incurred in conducting daily business.

The City reports the following major governmental funds:

**General Fund** — This fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**E-911** — The purpose of this fund accounts for revenues and expenditures relating to 911 emergency dispatching services. Cash and investment for this fund are restricted by state statute.

**Tax Increment Finance** — The purpose of this fund accounts for revenues and expenditures relating to tax increment financing projects. Cash and investments for this fund are restricted by state statute.

The City reports the following major proprietary funds:

**Water System** — This fund accounts for the operations, maintenance and improvement activities of the existing water system and capital improvements pertaining to the City wells, facilities, equipment and infrastructure.

**CITY OF MONETT, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Electric System** — This fund accounts for the operations, maintenance and improvement activities of the existing electric system and capital improvements pertaining to the City substations, facilities, equipment and infrastructure.

**Sewer System** — This fund accounts for the operations, maintenance and improvement activities of the existing sewer system and capital improvements pertaining to the treatment plant, lift stations, equipment, and infrastructure.

**Sanitation System** — This fund accounts for the operations, maintenance and improvement activities of the existing sanitation collection system and capital improvements pertaining to the recycling center, sanitation equipment and facilities.

**Fiber Optic System** — This fund accounts for the operations, maintenance and improvement activities of the existing fiber optics system and capital improvements pertaining to the equipment, and infrastructure.

The City reports the following fund types:

**Internal Service Funds** — These funds account for the costs of the Hazardous Material, Safety, and Mechanic Funds on a cost-reimbursement basis.

***(C) Assets, Liabilities, and Net Assets or Equity***

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**a. Deposits and Investments**

City monies are deposited in FDIC-insured banks. Funds in excess of FDIC insurable limits are secured with collateral pledged by the banks. Permissible investments include obligations of the U.S. Government, State of Missouri, bonds, bills or notes guaranteed by the U.S., state or city governments, certificates of deposit, repurchase agreements, bankers acceptances, and commercial paper. The City purchases investments from SEC-registered broker-dealers and banks. Investments are carried at cost, less purchase premiums which are amortized over the life of the investment. Cost approximates fair market value at year end.

**b. Receivables and Payables**

Activity between funds that are representative of borrowing/lending arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**c. Inventories and Prepaid Items**

Purchase of various operating supplies are regarded as expenditures at the time purchased and inventories of such supplies (if any) are not recorded as assets at

**CITY OF MONETT, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2008**

the close of the fiscal year. Supplies purchased are accounted for using the purchase method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Health insurance premiums and workmen's compensation are accounted for using the consumption method.

**d. Restricted Assets**

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the applicable balance sheets and statement of net assets because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

**e. Capital Assets**

Capital assets include land, construction in progress, buildings and improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed.

Building and improvements, equipment and infrastructure is depreciated using the straight-line method over the following estimated lives:

	<u>Years</u>
Primary government:	
Buildings	5 to 40
Improvements	5 to 40
Machinery and equipment	3 to 40
Infrastructure	20 to 40

**CITY OF MONETT, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**f. Compensated Absences**

All vested or accumulated vacation, scheduled holiday leave and vested accumulated sick leave is accrued when incurred in the government-wide and proprietary financial statements. Compensated absences for the years ended March 31, 2008 and 2007 are \$575,005 and \$557,769, respectively.

**g. Long-Term Obligations**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and obligations are reported in the Statements of Net Assets as liabilities in the applicable governmental and business-type categories. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**h. Fund Balances**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purposes. Designation of fund balances represent tentative plans for future use of financial resources that are subject to change.

**i. Capitalization of Interest**

Net interest costs related to acquisition or construction is capitalized as part of the cost of the related asset for the business type and proprietary activities of the City, and component unit. Total interest costs incurred by the City were \$952,066, of which none was capitalized.

**j. Interfund and Related Party Transactions**

Transactions between the City's various funds are accounted for as revenues and expenditures or expenses in the funds involved if they are similar to transactions with organizations external to City government. Certain transactions between City



**CITY OF MONETT, MISSOURI**  
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Utilities and the City are also treated in this manner. The operations of City Utilities for the year ended March 31, 2008 reflect payments in lieu of taxes (PILOTS) to the City of \$2,110,984.

In addition, City Utilities also provides services such as energy for street lighting and other electric, water and sewer services without charge to the City. The cost of providing such services was approximately \$194,857 in 2008.

**k. Net Assets**

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

*Invested in Capital Assets, Net of Related Debt* - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted*— This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

*Unrestricted* - This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**l. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America (GAAP) requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

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**(2) DETAILED NOTES ON ALL FUNDS**

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***(A) Deposits***

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The City pools idle cash from all funds for the purpose of increasing income through investment activities. The cash and investment pool is available for use by all funds and is comprised of deposits and other investments. At March 31, 2008, the bank balance of the City's deposits was \$1,798,016, which was covered by federal depository insurance or by collateral held by the City's agent in the City's name. A difference exists between bank and book balances of \$401,610 due to deposits in transit and other reconciling items.

**CITY OF MONETT, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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The City also maintains separate cash accounts restricted for specific purposes. At March 31, 2008, the bank balance of the City's restricted deposits was \$11,145,573, which was covered by federal depository insurance or by collateral held by the City's agent in the City's name.

**(B) Investments**

Statutes authorize the City to invest in investments, which are:

- a. Obligations of the United States government, the State of Missouri, this city, or;
- b. In bonds, bills, notes, debentures or other obligations guaranteed as to payment of principal and interest by the government of the United States or any agency or instrumentality thereof, the State of Missouri or this city, or;
- c. In revenue bonds of the City, or;
- d. In certificates of deposit, savings accounts as defined in Chapter 369, Revised Missouri Statutes or in interest bearing time deposits when such funds are held in United States banks, state banks, savings and loan associations operating under Chapter 369, Revised Missouri Statutes, or savings and loan associations authorized by the United States government so long as such deposits, savings accounts, and interest bearing deposits are secured by one or more of the types of securities described in subparagraphs (a), (b), or (c) of this section.
- e. Banker's acceptances issued by domestic commercial banks possessing the highest rating issued by a nationally recognized rating agency, or Commercial paper issued by domestic corporations which has received the highest rating issued by a nationally recognized rating agency.

The City also maintains an investment pool that is available for use by all funds and separate investments accounts which are restricted for specific purposes. At March 31, 2008, the City held the following investments, all of which have maturities of more than 24 months:

<u>Investment Type</u>	<u>Fair Value</u>
U.S. Agency:	
GNMA	\$ 1,958,685
FNMA	242,315
FHMA	24,443
Total	<u>\$ 2,225,443</u>

The following is a listing of cash and investments held by the City as of March 31, 2008:

**CITY OF MONETT, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Money market funds	\$	885,826
Deposits		2,321,599
Investments		2,225,443
Trustee accounts		<u>11,103,191</u>
Total	\$	<u>16,536,059</u>

For purposes of the financial statements, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Deposits and investments of the City at year end are reflected as follows:

Cash and cash equivalents	\$	1,145,203
Investments		1,009,451
Restricted cash and cash equivalents		13,165,413
Restricted investments		<u>1,215,992</u>
Total	\$	<u>16,536,059</u>

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All fixed income securities shall be perfected in the name or for the account of the City.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value of the City's investments will decrease as a result of increase in interest rates. The City minimizes the risk that the market value of fixed income securities in the portfolio will fall due to changes in the general interest rates by structuring the investment portfolio so that fixed income securities mature to meet cash requirements for ongoing operations.

**Credit Risk**

Credit risk is the risk that the City will not recover its investments due to the ability of the counterparty to fulfill their obligation. The City minimizes credit risk by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business and by diversifying the portfolio so that potential losses on individual fixed income securities will be minimized. As of March 31, 2008, the City's investments were rated by Moody's Investment Service or Standard & Poor's as follows:

<u>Investment Type</u>	<u>Rating</u>
U.S. Agency Securities	AAA

**CITY OF MONETT, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2008**

***(C) Capital Assets***

Capital asset activity for the year ended March 31, 2008, was as follows:

	Balance March 31, 2007	Additions	Deductions	Balance March 31, 2008
<b>Governmental Activities</b>				
Non-Depreciable Capital Assets:				
Land	\$ 939,346	\$ -	\$ -	\$ 939,346
Construction in Progress	117,599	-	(117,599)	-
Total Non-Depreciable Capital Assets	1,056,945	-	(117,599)	939,346
Depreciable Capital Assets:				
Buildings and Building Improvements	3,197,085	2,731,495	-	5,928,580
Machinery and Equipment	4,890,945	621,199	-	5,512,144
Infrastructure	13,746,947	3,627,794	-	17,374,741
Total Depreciable Capital Assets	21,834,977	6,980,488	-	28,815,464
Less Accumulated Depreciation:				
Buildings and Building Improvements	(1,239,406)	(104,851.00)	-	(1,344,257)
Machinery and Equipment	(3,416,502)	(298,453)	-	(3,714,955)
Infrastructure	(6,891,862)	(428,166)	-	(7,320,028)
Total Accumulated Depreciation	(11,547,770)	(831,470)	-	(12,379,240)
Total Depreciable Capital Assets, Net	10,287,207	6,149,017	-	16,436,224
Total Governmental Activities Capital Assets	<u>\$ 11,344,152</u>	<u>\$ 6,149,017</u>	<u>\$ (117,599)</u>	<u>\$ 17,375,570</u>

Depreciation expense was charged to functions as follows:

Policy Development and Administrative	\$ 34,878
Public Safety	161,768
Public Works	226,851
Parks and Recreations	257,404
Municipal Airport	150,569
Total depreciation expense-governmental activities	<u>\$ 831,470</u>

**CITY OF MONETT, MISSOURI**  
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	Balance March 31, 2007	Additions	Deductions	Balance March 31, 2008
<b>Business Type Activities</b>				
<b>Water Fund:</b>				
Non-Depreciable Capital Assets:				
Land	\$ 56,932	\$ -	\$ -	\$ 56,932
Construction in Progress	-	-	-	-
Total Non-Depreciable Capital Assets	56,932	-	-	56,932
Depreciable Capital Assets:				
Buildings and Building Improvements	908,946	-	-	908,946
Machinery and Equipment	408,557	4,000	-	412,557
Infrastructure	6,671,506	13,511	-	6,685,017
Total Depreciable Capital Assets	7,989,009	17,511	-	8,006,520
Less Accumulated Depreciation:				
Buildings and Building Improvements	(482,965)	(26,603)	-	(509,569)
Machinery and Equipment	(248,233)	(34,463)	-	(282,696)
Infrastructure	(2,293,247)	(196,361)	-	(2,489,608)
Total Accumulated Depreciation	(3,024,446)	(257,427)	-	(3,281,873)
Total Depreciable Capital Assets, Net	4,964,563	(239,916)	-	4,724,647
Total Water Fund Business-Type Capital Assets	\$ 5,021,495	\$ (239,916)	\$ -	\$ 4,781,579
<b>Electric Fund:</b>				
Non-Depreciable Capital Assets:				
Land	\$ 58,400	\$ -	\$ -	\$ 58,400
Construction in Progress	-	-	-	-
Total Non-Depreciable Capital Assets	58,400	-	-	58,400
Depreciable Capital Assets:				
Buildings and Building Improvements	751,127	-	-	751,127
Machinery and Equipment	564,359	21,140	-	585,499
Infrastructure	5,137,719	81,150	-	5,218,869
Total Depreciable Capital Assets	6,453,205	102,290	-	6,555,495
Less Accumulated Depreciation:				
Buildings and Building Improvements	(504,186)	(23,481)	-	(527,667)
Machinery and Equipment	(382,697)	(28,017)	-	(410,714)
Infrastructure	(3,831,226)	(104,896)	-	(3,936,123)
Total Accumulated Depreciation	(4,718,109)	(156,394)	-	(4,874,503)
Total Depreciable Capital Assets, Net	1,735,096	(54,104)	-	1,680,992
Total Electric Fund Business-Type Capital Assets	\$ 1,793,496	\$ (54,104)	\$ -	\$ 1,739,392

**CITY OF MONETT, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2008**

	Balance March 31, 2007	Additions	Deductions	Balance March 31, 2008
<b>Sewer Fund:</b>				
Non-Depreciable Capital Assets:				
Land	\$ 94,828	\$ -	\$ -	\$ 94,828
Construction in Progress	-	-	-	-
Total Non-Depreciable Capital Assets	94,828	-	-	94,828
Depreciable Capital Assets:				
Buildings and Building Improvements	6,721	-	-	6,721
Machinery and Equipment	312,783	-	-	312,783
Infrastructure	24,787,027	83,568	-	24,870,595
Total Depreciable Capital Assets	25,106,531	83,568	-	25,190,099
Less Accumulated Depreciation:				
Buildings and Building Improvements	(896)	(224)	-	(1,120)
Machinery and Equipment	(240,726)	(19,656)	-	(260,382)
Infrastructure	(9,322,900)	(993,028)	-	(10,315,928)
Total Accumulated Depreciation	(9,564,522)	(1,012,908)	-	(10,577,430)
Total Depreciable Capital Assets, Net	15,542,009	(929,340)	-	14,612,669
Total Sewer Fund Business-Type Capital Assets	\$ 15,636,837	\$ (929,340)	\$ -	\$ 14,707,497
<b>Sanitation Fund:</b>				
Non-Depreciable Capital Assets:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-
Total Non-Depreciable Capital Assets	-	-	-	-
Depreciable Capital Assets:				
Buildings and Building Improvements	84,878	-	-	84,878
Machinery and Equipment	919,235	174,144	81,000	1,174,379
Infrastructure	61,189	-	-	61,189
Total Depreciable Capital Assets	1,065,302	174,144	81,000	1,320,445
Less Accumulated Depreciation:				
Buildings and Building Improvements	(16,162)	(2,829)	-	(18,991)
Machinery and Equipment	(642,707)	(70,858)	(81,000)	(794,565)
Infrastructure	(6,588)	(2,040)	-	(8,628)
Total Accumulated Depreciation	(665,457)	(75,727)	(81,000)	(822,184)
Total Depreciable Capital Assets, Net	399,844	98,417	-	498,261
Total Sanitation Fund Business-Type Capital Assets	\$ 399,844	\$ 98,417	\$ -	\$ 498,261

**CITY OF MONETT, MISSOURI**  
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	Balance March 31, 2007	Additions	Deductions	Balance March 31, 2008
<b>Fiber Fund:</b>				
Non-Depreciable Capital Assets:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-
Total Non-Depreciable Capital Assets	-	-	-	-
Depreciable Capital Assets:				
Buildings and Building Improvements	-	-	-	-
Machinery and Equipment	-	-	-	-
Infrastructure	590,714	40,610	-	631,324
Total Depreciable Capital Assets	590,714	40,610	-	631,324
Less Accumulated Depreciation:				
Buildings and Building Improvements	-	-	-	-
Machinery and Equipment	-	-	-	-
Infrastructure	(83,485)	(29,536)	-	(113,020)
Total Accumulated Depreciation	(83,485)	(29,536)	-	(113,020)
Total Depreciable Capital Assets, Net	507,230	11,074	-	518,304
Total Fiber Fund Business-Type Capital Assets	\$ 507,230	\$ 11,074	\$ -	\$ 518,304

Depreciation expense was charged to functions as follows:

Water	\$ 257,427
Electric	156,394
Sewer	1,012,908
Sanitation	75,727
Fiber optics	29,536
Total depreciation expense-business-type activities	\$ 1,531,992

**CITY OF MONETT, MISSOURI**  
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**MARCH 31, 2008**

**(D) Long-Term Obligations**

The following is a summary of changes in long-term debt for the City for the year ended March 31, 2008:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
General obligation bonds	\$ 135,051	\$ -	\$ 12,780	\$ 122,271	\$ 12,975
Revenue bonds	6,350,000	9,100,000	940,000	14,510,000	355,000
Total Bonds Payable	6,485,051	9,100,000	952,780	14,632,271	367,975
Notes Payable	150,000	-	50,000	100,000	50,000
Capital Lease Obligations	3,916,190	863,963	379,596	4,400,557	610,214
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 10,551,241</u>	<u>\$ 9,963,963</u>	<u>\$ 1,382,376</u>	<u>\$ 19,132,828</u>	<u>\$ 1,028,189</u>
<b>Business Type Activities</b>					
Sanitary Sewerage System Fund					
Revenue Bonds	\$ 8,805,000	\$ -	\$ 335,000	\$ 8,470,000	\$ 345,000
General obligation bonds	365,000	-	15,000	350,000	15,000
Water System Fund					
Certificates of Participation	578,982	-	63,848	515,134	66,073
Sanitation System Fund					
Capital Lease Obligations	-	174,143	102,935	71,208	55,512
Total Business Type Activities					
Long-Term Liabilities	<u>\$ 9,748,982</u>	<u>\$ 174,143</u>	<u>\$ 516,783</u>	<u>\$ 9,406,342</u>	<u>\$ 481,585</u>
Total Governmental Activities and Business Type Activities Long-Term Debt	<u>\$ 20,300,223</u>	<u>\$ 10,138,106</u>	<u>\$ 1,899,160</u>	<u>\$ 28,539,170</u>	<u>\$ 1,509,774</u>

The following is a summary of changes in the liability for accrued compensated absences:

<b>Governmental Activities</b>	<u>\$ 322,371</u>	<u>\$ 260,486</u>	<u>\$ 240,217</u>	<u>\$ 352,640</u>	<u>\$ 317,376</u>
<b>Business Type Activities</b>					
Sanitary Sewerage System Fund	50,400	25,587	29,830	46,157	41,541
Water System Fund	52,399	25,869	31,058	47,210	42,489
Sanitation System Fund	10,702	14,587	15,085	10,204	9,184
Electric Fund	111,896	27,645	20,748	118,793	106,914
Total Business Type Activities					
accrued compensated absences	<u>225,397</u>	<u>93,688</u>	<u>96,721</u>	<u>222,364</u>	<u>200,128</u>
Total Governmental Activities and Business Type Activities Long-Term obligations	<u>\$ 547,768</u>	<u>\$ 354,174</u>	<u>\$ 336,938</u>	<u>\$ 575,004</u>	<u>\$ 517,504</u>



**CITY OF MONETT, MISSOURI**  
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Debt service requirements on long-term debt at March 31, 2008 are as follows:

The annual Governmental Activities debt service requirements to maturity, including principal and interest, for long-term debt as of March 31, 2008, are as follows:

Fiscal Year Ended March 31	Governmental Activities					
	General Obligation Bonds		Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 12,975	\$ 6,151	\$ 355,000	\$ 693,906	\$ 50,000	\$ 3,000
2010	13,620	5,506	360,000	600,745	50,000	1,500
2011	14,297	4,829	1,265,000	585,499	-	-
2012	15,007	4,119	3,710,000	473,049	-	-
2013	15,753	3,373	580,000	394,930	-	-
2014-2018	50,620	5,264	3,445,000	1,594,304	-	-
2019-2023	-	-	630,000	1,087,113	-	-
2024-2028	-	-	-	1,072,938	-	-
2029-2033	-	-	4,165,000	214,588	-	-
	<u>\$ 122,271</u>	<u>\$ 29,240</u>	<u>\$14,510,000</u>	<u>\$ 6,717,070</u>	<u>\$ 100,000</u>	<u>\$ 4,500</u>

Fiscal Year Ended March 31	Governmental Activities (Cont'd)		Total	
	Capital Lease Obligations		Governmental Activities	
	Principal	Interest	Principal	Interest
2009	\$ 610,214	\$ 162,911	\$ 1,028,189	\$ 865,968
2010	609,846	142,830	1,033,466	750,581
2011	612,777	119,449	1,892,074	709,777
2012	648,088	95,951	4,373,095	573,119
2013	455,807	72,940	1,051,560	471,243
2014-2018	1,463,825	114,254	4,959,445	1,713,822
2019-2023	-	-	630,000	1,087,113
2024-2028	-	-	-	1,072,938
2029-2033	-	-	4,165,000	214,588
	<u>\$ 4,400,557</u>	<u>\$ 708,334</u>	<u>\$19,132,829</u>	<u>\$ 7,459,149</u>

**CITY OF MONETT, MISSOURI**  
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The annual Business Type Activities debt service requirements to maturity, including principal and interest, for long-term debt as of March 31, 2008, are as follows:

Fiscal Year Ended March 31	Business Type Activities					
	General Obligation Bonds - Sewer		Revenue Bonds - Sewer		Certificates of Participation-Water	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 15,000	\$ 15,946	\$ 345,000	\$ 391,351	\$ 66,073	\$ 17,711
2010	15,000	15,440	355,000	379,678	68,440	15,345
2011	15,000	14,896	370,000	366,611	70,891	12,894
2012	15,000	14,315	385,000	352,141	73,430	10,355
2013	15,000	13,700	400,000	336,673	76,060	7,725
2014-2018	95,000	56,753	2,295,000	1,399,849	160,241	7,180
2019-2023	120,000	30,865	2,930,000	762,919	-	-
2024-2028	60,000	3,060	1,390,000	98,700	-	-
2029-2033	-	-	-	-	-	-
	<u>\$ 350,000</u>	<u>\$ 164,975</u>	<u>\$ 8,470,000</u>	<u>\$ 4,087,921</u>	<u>\$ 515,134</u>	<u>\$ 71,209</u>

Fiscal Year Ended March 31	Business Type Activities (Cont'd)		Total	
	Capital Lease Obligation - Sanitation		Business Type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 55,512	\$ 5,109	\$ 481,586	\$ 430,117
2010	15,696	2,610	454,135	413,073
2011	-	-	455,891	394,401
2012	-	-	473,430	376,811
2013	-	-	491,060	358,098
2014-2018	-	-	2,550,241	1,463,781
2019-2023	-	-	3,050,000	793,784
2024-2028	-	-	1,450,000	101,760
2029-2033	-	-	-	-
	<u>\$ 71,208</u>	<u>\$ 7,719</u>	<u>\$ 9,406,342</u>	<u>\$ 4,331,824</u>

**CITY OF MONETT, MISSOURI**  
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General Obligation Bonds payable at March 31, 2008 are comprised of the following individual issues:

4.15% General Obligation Bonds, Neighborhood Improvement District Bonds Series 2006, due through September 6, 2015	\$	122,271
2.00% to 5.10% General Obligation Bonds, Neighborhood Improvement District Bonds Series 2004 due through September 1, 2024, callable on or after September 1, 2009, at premiums beginning at 102% of the principal amount decreasing to 100% on September 1, 2014. Monies from this bond were utilized for gravity sewer projects in the city.		350,000
Total General Obligation Bonds	\$	<u>472,271</u>

Revenue bonds payable at March 31, 2008 are comprised of the following individual issues:

Tax Increment Financing fund:

1.25% to 3.80% Tax Increment Financing Revenue Bonds Series 2004 (Hwy 60 Redevelopment Project TIF #1) interest due semiannually April 1 and October 1 with principal due annually October 1; bonds maturing on October 1, 2010, shall be subject to redemption beginning bonds maturing in October 1, 2010 are subject to optional redemption on October 1, 2004 at 100% of the principal. Funding was used in combination with funds received from Missouri Department of Transportation to improve safety and usability of the city's infrastructure particularly related to the areas adjoining Highway 60.	\$	1,835,000
3.625% to 3.85% Tax Increment Allocation Bonds, Subordinate Series 2007 (Hwy 60 Amended Redevelopment Project TIF #1) interest due semi-annually October 1 and April 1; bonds mature October 1, 2010 through 2014, optional redemption beginning October 1, 2012 at 100% of the principal. Original issuance of \$6,100,000 in December of 2007 had a partial defeasance of \$590,000 with the issuance of the Series 2008 bonds. Monies generated from these bonds were used in combination with funds received from Missouri Department of Transportation for projects such as added lanes on Highway 60 and also combined with funds from the Burlington Northern Santa Fe Railroad to build an overpass on Eisenhower Street.		5,510,000

**CITY OF MONETT, MISSOURI**  
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Revenue Bonds continued:

4.00% to 4.5% Subordinate Tax Increment Allocation Bonds, Junior Series 2008 (Hwy 60 Amended Redevelopment Project TIF #1) interest due semi-annually April 1 and October 1 with bonds maturing October 1, 2104 through 2018, optional redemption begins October 1, 2012 at 100% of the principal. Funding from this issuance was to further expand and improve the infrastructure of and adjacent to Highway 60. 3,000,000

5.00% Tax Increment Allocation Bonds Series 2006A (East Hwy 60 Infrastructure Project TIF #2) interest due semiannually January 1, and July 1, with principal and bonds maturing January 1, 2028 Optional redemption beginning January 1, 2010, at 100% of the principal. These monies were specifically generated to make improvements on and around Chapel Drive. 1,630,000

5.25% Tax Increment Allocation Bonds Series 2006B ( RPA #1 Infrastructure Improvements Project TIF #2) interest due semiannually January 1, and July 1, with in principal and bonds maturing January 1, 2028 optional redemption beginning January 1, 2010, at 100% of the principal. Specific use of this funding was to redevelop 385 acres in the southeast portion of the city adjacent to Highway 60. 2,535,000

Sewer system fund:

2.00% to 4.70% Combined Waterworks and Sewerage System Revenue Bonds, (State Revolving Funds Program) Series 2003, due through January 1, 2025, callable on or after December 1, 2012 at 100% principal. Monies generated from this debt issuance were combined with funds from the State Environment Improvement and Energy Resources Authority to construct wastewater treatment and clean water facilities for the city (Drinking Water Loan). 8,110,000

5.20% to 6.55% Sewerage Revenues Refunding Bonds, (State Revolving Funds Program) Series 1992A, due through June 1, 2013. Monies generated from this debt issuance were combined with funds from the State Environment Improvement and Energy Resources Authority to construct wastewater treatment and clean 360,000

**CITY OF MONETT, MISSOURI**  
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water facilities for the city (Clean Water Loan).

Total revenue bonds payable	<u>\$ 22,980,000</u>
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Notes payable at March 31, 2008 consisted of the following obligation:

**General fund:**

3.00% Promissory Note (to purchase land for the police station on Business highway 60) payable in four annual payments maturing September 6, 2009.	100,000
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Total notes payable	<u>\$ 100,000</u>
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**Certificates of Participation**

In 2004, the City accepted the Commerce National Bank, N.A. bid to acquire leasehold certificates of participation, and subsequently entered into a Lease Purchase Agreement in 2005, for the purpose of constructing a water tower. Currently the agreement has a present value of lease payments of \$515,087, with interest at 3.52%, and is payable in semiannual installments through December 1, 2014.

**Capital Leases**

**Governmental Activities:**

Wells Fargo Brokerage Services, LLC, Governmental Lease-Purchase Agreement: dated February 25, 2008, the present value of lease payments is \$759,000, with interest at 3.85%, and is payable in annual payments through January 15, 2018. Funds generated from this lease were used for the interior security system and communication tower and equipment at the newly constructed Monett Justice Center.

Yamaha Commercial Customer Finance Lease Agreement: In May of 2007, the City entered into a lease of 24 golf carts. The present value of lease payments is \$78,516 at year end, with interest at 5.25% and is payable in monthly payments through October 2011.

Citi-capital Finance Lease Agreement: in May 2007, the City entered into a Lease of 2 golf utility carts. The present value of lease payments at March 31, 2008 is \$13,041, with interest at 5.25% and is payable monthly through November 2012.

In January 2007, the City entered into a Lease with Option to Purchase Agreement with Wells Fargo Brokerage Services, LLC. The present value of lease payments at

**CITY OF MONETT, MISSOURI**  
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March 31, 2008 is \$2,910,000, with interest at 4.10%, and is payable in annual installments through July 2010. These funds were used to expand the police station and municipal court facilities by building the new Monett Justice Center.

**Legal Debt margin – General Obligation Bonds**

Article VI, Section 26 (b), (c), (d) and (e), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a political subdivision to twenty-percent of the assessed valuation of the political subdivision (excluding state-assessed railroad and utilities). The legal debt margin, computed excluding state-assessed railroad and utilities, of the City at March 31, 2008 was:

Assessed Valuation	
Real Estate	\$ 85,185,474
Personal Property	<u>44,171,005</u>
Total Assessed Valuation	<u>\$129,356,479</u>

The legal debt margin at March 31, 2008, was computed as follows:

General Obligation	
Debt Limit	\$ 25,871,296
General Obligation	
Bonds Payable	<u>472,271</u>
Legal Debt Margin	<u>\$ 25,399,025</u>

As of March 31, 2008, the City of Monett had \$472,271 outstanding general obligation bonds.

***(E) Construction Commitments City of Monett***

A summary of the City's commitments on uncompleted construction contracts:

<u>Fund</u>	<u>Contract Amount</u>
Tax Increment Financing – District #1	\$ 9,124,240
General Fund – Police Department	\$ 2,990,000

***(F) Obligations to Purchase Electric Power***

*Empire District Electric Company* - City has an agreement with the Empire District Electric Company to purchase exclusive electric power and energy for the City of Monett over a 20-year period, which began August 1989 and ends August 2009. The rate paid per kilowatt hour for all scheduled energy is subject to power cost adjustments computed every month.

**CITY OF MONETT, MISSOURI**  
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**(G) Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of March 31, 2008 is as follows:

<u>Receivable fund</u>	<u>Payable Fund</u>		
Electric	Fiber	\$	444,390

Interfund payables and receivables are made for specific purposes for each fund, and for overdraws of cash, both of which are made in the ordinary course of business. Interfund payables and receivables are intended to be repaid in future years.

<u>Interfund Transfers</u>			
<u>General fund</u>	<u>Electric fund</u>		<u>Total</u>
\$ 150,000	\$ (150,000)	\$	-0-

<u>Transfers</u>			
<u>General fund</u>	<u>TIF -- District 2 fund</u>		<u>Total</u>
\$ 442,305	\$ (442,305)	\$	-0-

All interfund transfers provided funding for general operations of each fund. These transfers are permanent in nature, and are not intended to be repaid in future years.

**(3) OTHER INFORMATION**

**(A) Employee Retirement Systems and Plans**

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), a statewide local government retirement system.

**Missouri Local Government Employees Retirement System (LAGERS) Plan**  
**Description**

The City of Monett participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent 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 which provides retirement, disability, and death benefits to plan members and beneficiaries.

**CITY OF MONETT, MISSOURI  
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LAGERS was created and is governed by statute, Section RSMo 70.600-70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

**Funding Status**

The City of Monett's full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 11.4% (general), 11.7% (police), and 13.4% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

**Annual Pension Cost**

For 2007, the political subdivision's annual pension cost of \$523,460 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2005 and/or February 28, 2006 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2007 included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age, attributable to seniority/merit, and (d) pre- and post-retirement mortality based on the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back 1 year for men and 7 years for women.

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfounded actuarial accrued liability is being amortized as a level of percentage of projected payroll on a closed basis. The amortization period at February 28, 2006 was 15 years.



**CITY OF MONETT, MISSOURI**  
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**Three-Year Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost APC</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2005	521,097	100%	\$ -0-
6/30/2006	514,468	100%	-0-
6/30/2007	523,460	100%	-0-

**Contribution Information**

All Monett City full-time employees participate in LAGERS. The payroll for employees covered by LAGERS for the year ended March 31, 2008, was \$4,442,845; the City's total payroll was \$4,811,428. All City full-time employees are eligible to participate in the LAGERS Program. Employees who retire at or after age 60 (55 for police and fire employees) with 5 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 1.60 percent of their final-average salary for each year of credited service. Final-average salary is the employee's monthly average of gross salary paid an employee during the period of sixty months or, if an election has been made in accordance with the plan, thirty-six consecutive months or credited service producing the highest monthly average within the last 120 months of credited service. Benefits fully vest on reaching 5 years of service. Vested employees may retire at or after age 55 (age 50 for police and fire employees) and receive reduced retirement benefits.

***(B) Litigation and Contingent Liabilities***

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor as a result of these audits is not believed to be material.

In the normal course of business, the City is involved in various legal proceedings. Although the outcome of these proceedings is not presently determinable, it is the opinion of the City legal counsel that the resolution of these matters will not have a material adverse effect on the financial position of the City.

***(C) Risk Management***

The City is exposed to various risks, such as property exposures, automobile liability, workers' compensation claims, equipment losses, general liability claims, and the costs associated with an employee health plan. For property exposures, the City

**CITY OF MONETT, MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2008**

purchases an all-risk insurance policy. This property insurance presently carries a primary deductible of \$5,000. While coverage is purchased for City-owned equipment, the comprehensive or collision exposure to City-owned vehicles is self-insured. Neither liability claims nor property losses have exceeded the limits of coverage.

The workers' compensation plan covers all City employees, while the health plan covers all full time City employees.

The City is exposed to various risks of loss related to torts: theft or, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage for property damage and various Missouri Official's bonds. Management believes coverage is sufficient to preclude any significant uninsured losses to the City.

***(D) Prior Period Adjustment***

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During the year ended March 31, 2007, the City omitted depreciation expense for the Fiber Enterprise Fund. Depreciation expense recognized in the prior year would have been increased by \$28,877, which would have reduced the current year's beginning balance of Business-type net assets to \$17,705,468.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF MONETT, MISSOURI**  
**NOTES TO BUDGETARY COMPARISON SCHEDULES**  
**MARCH 31, 2008**

**Budgets and Budgetary Accounting**

The City utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

1. All departments of the City of Monett, Missouri, are required to submit requests for appropriation to the City's Administrator in January each year. The City Administrator uses these requests as the starting point for developing a proposed budget.
2. The City Administrator presents a proposed budget to the City Council for review prior to March 10<sup>th</sup>.
3. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than March 31, the close of the City of Monett, Missouri's fiscal year.
4. Prior to April 1, ordinances are passed by City Council which provide for legally adopted budgets in the City's General and Special Revenue Funds. Plans approved for Capital Projects, Debt Service and Proprietary Fund types provide operating guidance subject to actual activity during the fiscal year.
5. The City operates on a program performance budget system, with legally adopted budgets prepared by fund, program, and department. The legal level of budgetary control is at the department level. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of City Council.
6. Formal budgetary integration is employed as a management control device in the General and Special Revenue Funds.
7. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP.

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2008**

Functions/Programs	Budgeted Amount		March 31, 2008 Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Business license and permits	\$ 42,100	\$ 45,161	\$ 45,161	\$ -
Federal and state grants	1,762,477	878,488	878,488	-
Fines and forfeitures	126,200	221,332	221,332	-
Franchise fees	230,000	295,305	295,305	-
Sales tax	3,014,789	2,726,867	2,726,867	-
Interest income	105,176	138,789	138,789	-
Intergovernmental	-	-	-	-
Other revenue	702,400	939,819	939,819	-
Other taxes and assessments	20,262	36,820	36,820	-
Rental revenue	144,900	140,038	140,038	-
Total revenues	6,148,304	5,422,621	5,422,621	-
<b>Expenditures</b>				
Salaries	2,904,500	2,901,640	2,901,640	-
Payroll taxes	203,800	220,244	220,244	-
Community development block grant	-	13	13	-
Computer	27,400	40,406	40,406	-
Education and travel	29,500	34,303	34,303	-
Election	-	6,744	6,744	-
Health and life insurance	372,100	328,563	328,563	-
Insurance	72,100	93,991	93,991	-
Merchandise	230,000	102,516	102,516	-
Miscellaneous	71,300	361,363	361,363	-
Professional and consulting service	143,300	217,405	217,405	-
Repairs and maintenance	1,190,000	821,349	821,349	-
Retirement	307,800	304,803	304,803	-
Supplies	182,300	234,859	234,859	-
Telephone	32,700	32,716	32,716	-
Utilities	24,100	29,480	29,480	-
Workman's compensation	74,400	105,221	105,221	-
Capital outlay	3,653,965	3,755,934	3,755,934	-
Debt service - principal	(882,600)	442,376	442,376	-
Debt service - interest	98,331	155,292	155,292	-
Total expenditures	8,734,996	10,189,216	10,189,216	-
Excess (deficiency) of revenues over expenditures	(2,586,692)	(6,245,889)	(6,245,889)	-
<b>Other financing sources (uses)</b>				
Due from (to) other funds	-	-	-	-
Proceeds from Financing	-	857,977	857,977	-
Payments in Lieu of Taxes (PILOTS)	1,912,500	2,110,984	2,110,984	-
Transfers	150,000	533,551	533,551	-
Total other financing sources (uses)	2,062,500	3,502,512	3,502,512	-
Revenues and other sources over (under) expenditures and other uses	\$ (524,192)	\$ (2,743,377)	\$ (2,743,377)	\$ -

See accompanying notes to the financial statements

**CITY OF MONETT, MISSOURI**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,**  
**BUDGET AND ACTUAL**  
**E-911 FUND**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2008**

Functions/Programs	Budgeted Amount		March 31, 2008	Variance With
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<b>Revenues</b>				
Business license and permits	\$ -	\$ -	\$ -	\$ -
Federal and state grants	-	-	-	-
Fines and forfeitures	-	-	-	-
Franchise fees	-	-	-	-
Sales tax	-	-	-	-
Interest income	-	-	-	-
Intergovernmental	-	-	-	-
Other revenue	-	13,826	13,826	-
Other taxes and assessments	-	89,310	89,310	-
Rental revenue	-	-	-	-
Total revenues	-	103,136	103,136	-
<b>Expenditures</b>				
Salaries	1,500	37,044	37,044	-
Payroll taxes	100	2,930	2,930	-
Community development block grant	-	-	-	-
Computer	-	-	-	-
Education and travel	900	4,310	4,310	-
Election	-	-	-	-
Health and life insurance	-	7,223	7,223	-
Insurance	100	303	303	-
Miscellaneous	100	111	111	-
Professional and consulting service	-	375	375	-
Repairs and maintenance	4,400	-	-	-
Retirement	-	4,440	4,440	-
Supplies	500	690	690	-
Telephone	-	24,977	24,977	-
Utilities	-	-	-	-
Workman's compensation	-	104	104	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	7,600	82,506	82,506	-
Excess (deficiency) of revenues over expenditures	(7,600)	20,630	20,630	-
<b>Other financing sources (uses)</b>				
Due from (to) other funds	-	-	-	-
Proceeds from Financing	-	-	-	-
Payments in Lieu of Taxes (PILOTS)	-	-	-	-
Transfers	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	\$ (7,600)	\$ 20,630	\$ 20,630	\$ -

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE.**  
**BUDGET AND ACTUAL**  
**TAX INCREMENT FINANCING FUND – District 1**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2008**

Functions/Programs	Budgeted Amount		March 31, 2008	Variance With
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<b>Revenues</b>				
Business license and permits	\$ -	\$ -	\$ -	\$ -
Federal and state grants	614,000	614,092	614,092	-
Fines and forfeitures	-	-	-	-
Franchise fees	-	-	-	-
Sales tax	602,000	614,991	614,991	-
Interest income	40,900	76,717	76,717	-
Intergovernmental	-	-	-	-
Other revenue	-	-	-	-
Other taxes and assessments	260,000	264,786	264,786	-
Rental revenue	-	-	-	-
Total revenues	1,516,900	1,570,585	1,570,585	-
<b>Expenditures</b>				
Salaries	-	-	-	-
Payroll taxes	-	-	-	-
Community development block grant	-	-	-	-
Computer	-	-	-	-
Education and travel	-	-	-	-
Election	-	-	-	-
Health and life insurance	-	-	-	-
Insurance	-	-	-	-
Miscellaneous	3,000	420	420	-
Professional and consulting service	-	178,339	178,339	-
Repairs and maintenance	-	-	-	-
Retirement	-	-	-	-
Supplies	-	-	-	-
Telephone	-	-	-	-
Utilities	-	-	-	-
Workman's compensation	-	-	-	-
Capital outlay	1,475,200	1,522,493	1,522,493	-
Debt service - principal	350,000	940,000	940,000	-
Debt service - interest	71,400	88,247	88,247	-
Total expenditures	1,899,600	2,729,500	2,729,500	-
Excess (deficiency) of revenues over expenditures	(382,700)	(1,158,915)	(1,158,915)	-
<b>Other financing sources (uses)</b>				
Due from (to) other funds	-	-	-	-
Proceeds from Financing	-	9,100,000	9,100,000	-
Payments in Lieu of Taxes (PILOTS)	-	-	-	-
Transfers	-	58,754	58,754	-
Total other financing sources (uses)	-	9,158,754	9,158,754	-
Revenues and other sources over (under) expenditures and other uses	\$ (382,700)	\$ 7,999,840	\$ 7,999,840	\$ -

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,**  
**BUDGET AND ACTUAL**  
**TAX INCREMENT FINANCING FUND – District 2**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2008**

Functions/Programs	Budgeted Amount		March 31, 2008	Variance With
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<b>Revenues</b>				
Business license and permits	\$ -	\$ -	\$ -	\$ -
Federal and state grants	-	-	-	-
Fines and forfeitures	-	-	-	-
Franchise fees	-	-	-	-
Sales tax	349,000	337,741	337,741	-
Interest income	155,700	46,766	46,766	-
Intergovernmental	-	-	-	-
Other revenue	-	-	-	-
Other taxes and assessments	-	87,481	87,481	-
Rental revenue	-	-	-	-
Total revenues	<u>504,700</u>	<u>471,988</u>	<u>471,988</u>	<u>-</u>
<b>Expenditures</b>				
Salaries	-	-	-	-
Payroll taxes	-	-	-	-
Community development block grant	-	-	-	-
Computer	-	-	-	-
Education and travel	-	-	-	-
Election	-	-	-	-
Health and life insurance	-	-	-	-
Insurance	-	-	-	-
Miscellaneous	-	-	-	-
Professional and consulting service	-	94,943	94,943	-
Repairs and maintenance	-	-	-	-
Retirement	-	-	-	-
Supplies	-	-	-	-
Telephone	-	-	-	-
Utilities	-	-	-	-
Workman's compensation	-	-	-	-
Capital outlay	-	1,584,449	1,584,449	-
Debt service - principal	-	-	-	-
Debt service - interest	214,600	271,889	271,889	-
Total expenditures	<u>214,600</u>	<u>1,951,281</u>	<u>1,951,281</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>290,100</u>	<u>(1,479,293)</u>	<u>(1,479,293)</u>	<u>-</u>
<b>Other financing sources (uses)</b>				
Due from (to) other funds	-	-	-	-
Proceeds from Financing	-	-	-	-
Payments in Lieu of Taxes (PILOTS)	-	-	-	-
Transfers	-	(442,305)	(442,305)	-
Total other financing sources (uses)	<u>-</u>	<u>(442,305)</u>	<u>(442,305)</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ 290,100</u>	<u>\$ (1,921,598)</u>	<u>\$ (1,921,598)</u>	<u>\$ -</u>

See accompanying notes to the financial statements.



**CITY OF MONETT, MISSOURI  
SCHEDULE OF FUNDING PROCESS  
RETIREMENT SYSTEM  
MARCH 31, 2007**

<b>Actuarial Valuation Date</b>	<b>(a) Actuarial Value of Assets</b>	<b>(b) Entry Age Actuarial Accrued Liability</b>	<b>(b-a) Unfunded Accrued Liability (UAL)</b>	<b>(a/b) Funded Ratio</b>	<b>(c) Annual Covered Payroll</b>	<b>[(b-a)/c] UAL as a Percentage of Covered Payroll</b>
2/28/2005	7,373,261	7,597,821	224,560	97%	4,030,211	6%
2/28/2006	8,100,173	8,265,211	165,038	98	4,127,969	4
2/28/2007	9,287,107	9,113,567	(173,540)	102	4,314,237	

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

See accompanying notes to the financial statements.

## **OTHER SUPPLEMENTARY INFORMATION**

CITY OF MONETT, MISSOURI  
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES  
IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND  
YEAR ENDED MARCH 31, 2008

Total Policy Development and Administration

Revenues	Total Policy Development and Administration			BOCA Building Enforcement			Public Safety			Municipal Court		
	Prior Year 3/31/2007	Current Year 3/31/2008	Budget ** 3/31/2008	Prior Year 3/31/2007	Current Year 3/31/2008	Budget ** 3/31/2008	Prior Year 3/31/2007	Current Year 3/31/2008	Budget ** 3/31/2008	Prior Year 3/31/2007	Current Year 3/31/2008	Budget ** 3/31/2008
Business license and permits	\$ 12,543	\$ 13,718	\$ 10,000	\$ 23,887	\$ 31,313	\$ 32,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants	-	96,139	86,400	-	-	-	-	-	-	-	-	-
Fines and forfeitures	129,400	213,434	121,500	-	-	-	-	-	-	-	-	-
Franchise fees	272,905	295,305	230,000	-	-	-	-	-	-	-	-	-
Sales tax	2,134,821	2,018,812	2,216,000	-	-	-	-	-	-	-	-	-
Interest income	49,922	38,789	15,000	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	8,235	399,097	4,800	453	375	500	-	-	-	-	-	-
Other taxes and assessments	32,210	36,820	33,000	-	-	-	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	\$ 2,640,036	\$ 3,112,115	\$ 2,716,700	\$ 24,340	\$ 31,688	\$ 32,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Expenditures

Salaries	\$ 68,332	\$ 98,976	\$ 99,700	\$ 79,699	\$ 82,166	\$ 83,400	\$ 48,813	\$ 51,259	\$ 50,400
Payroll taxes	4,926	7,689	7,700	5,468	11,045	-	3,734	3,942	3,700
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	9,984	10,246	7,900	517	108	1,500	277	2,119	800
Education and travel	6,052	9,467	2,000	667	239	1,000	1,351	1,335	1,600
Election	3,204	6,744	-	-	-	-	-	-	-
Health and life insurance	12,450	21,825	20,700	8,133	7,819	9,700	3,874	3,605	4,400
Insurance	7,244	28,657	2,600	2,039	1,651	2,000	455	317	300
Merchandise	-	-	-	-	-	-	-	-	-
Miscellaneous	3,546	341,700	55,000	548	10,580	11,000	444	478	400
Professional and consulting service	71,595	124,038	40,200	18,665	22,353	17,000	2,208	736	2,100
Repairs and maintenance	11,523	5,337	12,000	4,125	4,598	6,000	-	-	-
Retirement	7,845	10,830	11,400	9,484	6,517	6,400	3,978	4,193	5,500
Supplies	20,508	19,287	20,000	4,325	3,289	5,000	2,217	2,383	2,600
Telephone	2,050	2,218	2,000	2,409	2,392	2,000	1,469	1,390	1,400
Utilities	-	-	-	75	-	-	-	-	-
Workman's compensation	13,488	8,945	5,700	2,694	3,222	1,900	139	137	-
Capital outlay	55,325	-	-	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-	-
Debt service - interest	488	-	-	-	-	-	-	-	-
Total expenditures	\$ 298,560	\$ 696,160	\$ 286,900	\$ 138,848	\$ 155,979	\$ 146,900	\$ 68,959	\$ 71,915	\$ 73,200
Excess (deficiency) of revenues over expenditures	\$ 2,341,476	\$ 2,415,955	\$ 2,429,800	\$ (114,508)	\$ (124,291)	\$ (114,400)	\$ (68,959)	\$ (71,915)	\$ (73,200)

Other financing sources (uses)

Due from (to) other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Financing	-	-	-	-	-	-	-	-	-
Payments in Lieu of Taxes (PILOTS)	1,925,804	2,110,984	1,912,500	-	-	-	-	-	-
Transfers	200,000	533,551	150,000	-	-	-	-	-	-
Total other financing sources (uses)	\$ 2,125,804	\$ 2,644,535	\$ 2,062,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues and other sources over (under) expenditures and other uses	\$ 4,467,280	\$ 5,060,490	\$ 4,492,300	\$ (114,508)	\$ (124,291)	\$ (114,400)	\$ (68,959)	\$ (71,915)	\$ (73,200)

See Independent Auditors' Report.

CITY OF MONETT, MISSOURI  
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES  
IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND  
YEAR ENDED MARCH 31, 2008

	E-911				Public Safety				Emergency Management				Communications			
	Prior Year 3/31/2007	Current Year 3/31/2008	Budget ** 3/31/2008		Prior Year 3/31/2007	Current Year 3/31/2008	Budget ** 3/31/2008		Prior Year 3/31/2007	Current Year 3/31/2008	Budget ** 3/31/2008		Prior Year 3/31/2007	Current Year 3/31/2008	Budget ** 3/31/2008	
<b>Revenues</b>																
Business license and permits	-	-	-		-	-	-		-	-	-		-	-	-	
Federal and state grants	-	-	-		-	-	-		-	-	-		-	-	-	
Fines and forfeitures	-	-	-		-	-	-		-	-	-		-	-	-	
Franchise fees	-	-	-		-	-	-		-	-	-		-	-	-	
Sales tax	-	-	-		-	-	-		-	-	-		-	-	-	
Interest income	-	-	-		-	-	-		-	-	-		-	-	-	
Intergovernmental	-	-	-		-	-	-		-	-	-		-	-	-	
Other revenue	17,207	13,826	16,000		-	-	-		-	-	-		-	-	-	
Other taxes and assessments	87,086	89,310	80,000		-	-	-		-	-	-		-	-	-	
Rental revenue	-	-	-		-	-	-		-	-	-		-	-	-	
Total revenues	\$ 104,293	\$ 103,136	\$ 96,000		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
<b>Expenditures</b>																
Salaries	\$ 39,650	\$ 37,044	\$ 39,900		\$ 1,391	\$ 1,393	\$ 1,500		\$ 213,092	\$ 222,216	\$ 222,900		\$ 213,092	\$ 222,216	\$ 222,900	
Payroll taxes	3,005	2,930	2,800		107	108	100		15,891	16,834	16,600		15,891	16,834	16,600	
Community development block grant	-	-	-		-	-	-		-	-	-		-	-	-	
Computer	6,853	-	12,400		-	-	-		5,134	5,433	7,200		5,134	5,433	7,200	
Education and travel	2,049	4,310	4,400		614	875	900		1,739	1,583	1,000		1,739	1,583	1,000	
Election	-	-	-		-	-	-		-	-	-		-	-	-	
Health and life insurance	7,307	7,223	5,000		-	-	-		36,605	31,199	34,900		36,605	31,199	34,900	
Insurance	374	303	400		28	23	100		1,588	1,286	1,600		1,588	1,286	1,600	
Merchandise	-	-	-		-	-	-		-	-	-		-	-	-	
Miscellaneous	75	111	100		-	127	100		159	192	300		159	192	300	
Professional and consulting service	1,046	375	2,500		-	-	-		27	163	500		27	163	500	
Repairs and maintenance	-	-	-		1,181	2,650	4,400		11,980	5,435	8,500		11,980	5,435	8,500	
Retirement	4,718	4,440	4,200		-	-	-		24,997	23,963	24,700		24,997	23,963	24,700	
Supplies	491	690	1,500		-	477	500		933	398	900		933	398	900	
Telephone	27,054	24,977	25,000		-	-	-		-	-	200		-	-	200	
Utilities	-	-	-		-	-	-		-	-	-		-	-	-	
Workman's compensation	112	104	-		70	4	-		1,019	601	-		1,019	601	-	
Capital outlay	-	-	-		14,524	-	-		-	-	-		-	-	-	
Debt service - principal	-	-	-		-	-	-		-	-	-		-	-	-	
Debt service - interest	-	-	-		-	-	-		-	-	-		-	-	-	
Total expenditures	\$ 92,734	\$ 82,506	\$ 98,200		\$ 17,915	\$ 5,656	\$ 7,600		\$ 313,164	\$ 309,303	\$ 319,300		\$ 313,164	\$ 309,303	\$ 319,300	
Excess (deficiency) of revenues over expenditures	\$ 11,559	\$ 20,630	\$ (2,200)		\$ (17,915)	\$ (3,656)	\$ (7,600)		\$ (313,164)	\$ (309,303)	\$ (319,300)		\$ (313,164)	\$ (309,303)	\$ (319,300)	
<b>Other financing sources (uses)</b>																
Due from (to) other funds	-	-	-		-	-	-		-	-	-		-	-	-	
Proceeds from financing	-	-	-		-	-	-		-	-	-		-	-	-	
Payments in Lieu of Taxes (PILOTS)	-	-	-		-	-	-		-	-	-		-	-	-	
Transfers	-	-	-		-	-	-		-	-	-		-	-	-	
Total other financing sources (uses)	-	-	-		-	-	-		-	-	-		-	-	-	
Revenues and other sources over (under) expenditures and other uses	\$ 11,559	\$ 20,630	\$ (2,200)		\$ (17,915)	\$ (3,656)	\$ (7,600)		\$ (313,164)	\$ (309,303)	\$ (319,300)		\$ (313,164)	\$ (309,303)	\$ (319,300)	

See Independent Auditors' Report.

CITY OF MONETT, MISSOURI  
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES  
IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND  
YEAR ENDED MARCH 31, 2008

	Public Safety				Police Department				Total Public Safety			
	Prior Year 3/31/2007	Current Year 3/31/2008	Budget ** 3/31/2008	Prior Year 3/31/2007	Current Year 3/31/2008	Budget ** 3/31/2008	Prior Year 3/31/2007	Current Year 3/31/2008	Prior Year 3/31/2007	Current Year 3/31/2008	Budget ** 3/31/2008	Prior Year 3/31/2007
<b>Revenues</b>												
Business license and permits	-	-	-	-	-	-	-	-	-	-	-	-
Federal and state grants	10,427	-	-	-	8,896	-	-	-	23,887	31,313	-	-
Fines and forfeitures	-	-	-	5,167	7,898	4,700	-	-	10,427	8,896	-	-
Franchise fees	-	-	-	-	-	-	-	-	5,167	7,898	4,700	-
Sales tax	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	7,538	6,555	-	-	22,806	5,400	-	-	-	407,164	440,000	-
Other taxes and assessments	-	-	-	8,961	-	-	-	-	-	100,000	112,500	-
Rental revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	\$ 17,965	\$ 6,555	\$ -	\$ 14,128	\$ 546,764	\$ 562,600	\$ -	\$ -	\$ 160,726	\$ 688,142	\$ 691,100	\$ -
<b>Expenditures</b>												
Salaries	\$ 711,564	\$ 691,486	\$ 689,300	\$ 770,959	\$ 806,679	\$ 795,800	\$ 1,865,168	\$ 1,892,243	\$ 1,865,168	\$ 1,892,243	\$ 1,883,200	\$ 1,865,168
Payroll taxes	51,279	49,907	46,500	57,265	60,232	59,200	136,749	144,998	136,749	144,998	128,900	136,749
Community development block grant	-	-	-	-	-	-	-	-	-	-	-	-
Computer	1,128	920	500	14,591	18,863	7,000	28,500	27,443	28,500	27,443	29,400	28,500
Education and travel	11,030	4,887	7,000	11,881	12,144	10,000	29,331	25,372	29,331	25,372	25,900	29,331
Election	-	-	-	-	-	-	-	-	-	-	-	-
Health and life insurance	68,028	61,657	74,500	90,716	80,018	100,400	214,663	191,522	214,663	191,522	228,900	214,663
Insurance	12,951	11,010	13,600	17,340	14,304	17,700	34,775	28,893	34,775	28,893	35,700	34,775
Merchandise	391	726	1,000	1,039	917	-	2,639	13,131	2,639	13,131	12,900	2,639
Miscellaneous	11	-	-	31,577	17,273	16,500	53,534	40,920	53,534	40,920	38,600	53,534
Professional and consulting service	73,598	71,686	74,100	103,866	120,374	81,800	194,750	204,743	194,750	204,743	174,800	194,750
Repairs and maintenance	86,966	83,271	79,800	83,314	88,390	89,600	213,457	210,773	213,457	210,773	210,200	213,457
Retirement	19,583	16,172	10,000	13,714	25,121	12,000	41,263	48,532	41,263	48,532	32,500	41,263
Supplies	4,773	4,244	3,000	9,387	9,318	10,000	45,292	42,321	45,292	42,321	41,600	45,292
Telephone	1,123	1,750	-	-	-	-	1,198	1,750	1,198	1,750	-	1,198
Utilities	36,018	32,604	25,500	24,296	23,909	17,500	64,348	60,580	64,348	60,580	44,900	64,348
Workman's compensation	46,823	7,670	10,000	116,496	3,012,492	2,371,800	177,843	3,020,162	177,843	3,020,162	2,381,800	177,843
Capital outlay	-	126,190	65,000	50,000	140,000	140,000	50,000	266,190	50,000	266,190	205,000	50,000
Debt service - principal	-	-	-	-	-	-	-	-	-	-	-	-
Debt service - interest	-	7,142	2,500	6,000	114,858	114,900	6,000	122,000	6,000	122,000	117,400	6,000
Total expenditures	\$ 1,125,266	\$ 1,171,322	\$ 1,102,300	\$ 1,402,641	\$ 4,544,893	\$ 3,844,200	\$ 3,159,510	\$ 6,341,574	\$ 3,159,510	\$ 6,341,574	\$ 5,591,700	\$ 3,159,510
Excess (deficiency) of revenues over expenditures	\$ (1,107,301)	\$ (1,164,767)	\$ (1,102,300)	\$ (1,388,513)	\$ (3,998,129)	\$ (3,281,600)	\$ (2,998,784)	\$ (5,653,432)	\$ (2,998,784)	\$ (5,653,432)	\$ (4,900,600)	\$ (2,998,784)
<b>Other financing sources (uses)</b>												
Due from (to) other funds	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Financing	-	-	-	3,000,000	759,000	-	3,000,000	759,000	3,000,000	759,000	-	3,000,000
Payments in Lieu of Taxes (PILOTS)	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	\$ 3,000,000	\$ 759,000	-	\$ 3,000,000	\$ 759,000	\$ 3,000,000	\$ 759,000	\$ -	\$ 3,000,000
Revenues and other sources over (under) expenditures and other uses	\$ (1,107,301)	\$ (1,164,767)	\$ (1,102,300)	\$ 1,611,487	\$ (3,239,129)	\$ (3,281,600)	\$ 1,216	\$ (4,894,432)	\$ 1,216	\$ (4,894,432)	\$ (4,900,600)	\$ 1,216

See Independent Auditors' Report.

CITY OF MONETT, MISSOURI  
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES  
IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND  
YEAR ENDED MARCH 31, 2008

	Cemetery				Public Works			
	Prior Year 3/31/2007	Current Year 3/31/2008	Budget ** 3/31/2008	Prior Year 3/31/2007	Current Year 3/31/2008	Budget ** 3/31/2008	Prior Year 3/31/2007	Current Year 3/31/2008
<b>Revenues</b>								
Business license and permits	-	\$	-	-	\$	-	-	\$
Federal and state grants	-	-	-	-	614,092	614,000	914,623	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	614,991	602,000	300,211	337,741
Interest income	-	-	-	-	76,717	40,900	178,024	46,766
Intergovernmental	-	-	-	-	-	-	-	-
Other revenue	15,706	17,041	17,000	216,586	264,786	260,000	12,738	87,481
Other taxes and assessments	-	-	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-
Total revenues	\$ 15,706	\$ 17,041	\$ 17,000	\$ 891,374	\$ 1,570,585	\$ 1,516,900	\$ 1,403,596	\$ 471,988
<b>Expenditures</b>								
Salaries	\$ 97,030	\$ 97,253	\$ 100,100	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll taxes	6,680	6,603	6,400	-	-	-	-	-
Community development block grant	-	-	-	-	-	-	-	-
Computer	-	-	-	-	-	-	-	-
Education and travel	15	-	-	-	-	-	-	-
Election	-	-	-	-	-	-	-	-
Health and life insurance	20,753	16,152	14,600	-	-	-	-	-
Insurance	1,556	1,260	1,500	-	-	-	-	-
Merchandise	-	-	-	-	-	-	-	-
Miscellaneous	67	167	-	540	420	3,000	-	-
Professional and consulting service	2	175	-	2,208	178,339	-	-	94,943
Repairs and maintenance	17,037	25,712	18,400	-	-	-	-	-
Retirement	10,399	10,050	9,500	-	-	-	-	-
Supplies	1,147	755	2,000	-	-	-	-	-
Telephone	1,770	1,550	-	-	-	-	-	-
Utilities	713	591	3,000	-	-	-	-	-
Workman's compensation	4,590	4,491	-	-	-	-	-	-
Capital outlay	-	14,495	21,000	170,743	1,522,493	1,475,200	1,393,735	1,584,449
Debt service - principal	-	-	-	345,000	940,000	350,000	1,250,000	-
Debt service - interest	-	-	-	91,770	88,247	71,400	265,369	271,889
Total expenditures	\$ 161,799	\$ 179,253	\$ 176,600	\$ 610,261	\$ 2,729,500	\$ 1,899,600	\$ 2,909,104	\$ 1,951,281
Excess (deficiency) of revenues over expenditures	\$ (146,093)	\$ (162,212)	\$ (159,600)	\$ 281,114	\$ (1,158,915)	\$ (382,700)	\$ (1,503,508)	\$ (1,479,293)
<b>Other financing sources (uses)</b>								
Due from (to) other funds	-	-	-	-	-	-	-	-
Proceeds from financing	-	-	-	-	9,100,000	-	-	-
Payments in Lieu of Taxes (PILOTS)	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	58,754	-	-	(442,305)
Total other financing sources (uses)	-	-	-	-	\$ 9,158,754	-	-	\$ (442,305)
Revenues and other sources over (under) expenditures and other uses	\$ (146,093)	\$ (162,212)	\$ (159,600)	\$ 281,114	\$ 7,999,840	\$ (382,700)	\$ (1,503,508)	\$ (1,921,598)
								\$ 290,100

See Independent Auditors' Report.

CITY OF MONETT, MISSOURI  
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES  
IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND  
YEAR ENDED MARCH 31, 2008

	Community Development Block Grant Projects				Public Works				Street Department				Total Public Works			
	Prior Year 3/31/2007	Current Year 3/31/2008	Budget ** 3/31/2008		Prior Year 3/31/2007	Current Year 3/31/2008	Budget ** 3/31/2008		Prior Year 3/31/2007	Current Year 3/31/2008	Budget ** 3/31/2008		Prior Year 3/31/2007	Current Year 3/31/2008	Budget ** 3/31/2008	
<b>Revenues</b>																
Business license and permits		\$ -	\$ -		\$ -	\$ 127	\$ 100		\$ -	\$ 127	\$ 100		\$ -	\$ 130	\$ 100	
Federal and state grants		-	-		-	-	2,238,600		-	-	-		950,531	1,377,044	2,852,600	
Fines and forfeitures		-	-		-	-	-		-	-	-		-	-	-	
Franchise fees		-	-		-	-	-		-	-	-		-	-	-	
Sales tax		-	-		-	-	-		-	-	-		-	-	-	
Interest income		-	-		317,469	-	310,000		-	-	-		1,205,470	1,253,624	1,261,000	
Intergovernmental		-	-		-	-	-		-	-	-		229,113	123,483	196,600	
Other revenue		-	-		-	-	3,000		-	-	-		33,355	-	-	
Other taxes and assessments		-	-		17,649	-	-		-	11,785	-		229,325	28,826	20,000	
Rental revenue		-	-		-	-	-		-	-	-		4,200	352,267	260,000	
Total revenues	\$ -	\$ -	\$ -		\$ 339,445	\$ 1,075,759	\$ 2,555,900		\$ 2,652,121	\$ 3,135,373	\$ 4,594,100		\$ 2,652,121	\$ 3,135,373	\$ 4,594,100	
<b>Expenditures</b>																
Salaries	\$ -	\$ -	\$ -		\$ 399,325	\$ 425,626	\$ 386,800		\$ 496,375	\$ 522,879	\$ 486,900		\$ 496,375	\$ 522,879	\$ 486,900	
Payroll taxes	-	-	-		30,299	32,118	28,400		36,979	38,721	34,800		36,979	38,721	34,800	
Community development block grant	-	13	-		-	-	-		-	-	-		-	-	-	
Computer	-	-	-		197	2,536	2,000		197	2,536	2,000		197	2,536	2,000	
Education and travel	-	-	-		1,189	1,366	4,000		1,204	1,366	4,000		1,204	1,366	4,000	
Election	-	-	-		-	-	-		-	-	-		-	-	-	
Health and life insurance	-	-	-		45,774	51,151	47,900		66,527	67,302	62,500		66,527	67,302	62,500	
Insurance	-	-	-		18,700	15,139	18,700		20,256	16,399	20,300		20,256	16,399	20,300	
Miscellaneous	-	-	-		-	-	-		-	-	-		-	-	-	
Merchandise	-	-	-		498	1,287	1,000		1,105	1,874	4,000		-	-	-	
Professional and consulting service	-	-	-		20,709	4,951	20,000		22,919	278,408	20,000		22,919	278,408	20,000	
Repairs and maintenance	-	-	-		482,603	398,594	828,000		499,660	424,305	846,400		499,660	424,305	846,400	
Retirement	-	-	-		45,192	45,240	42,300		55,591	55,290	51,800		55,591	55,290	51,800	
Supplies	-	-	-		10,314	13,290	10,000		11,461	14,046	10,000		11,461	14,046	10,000	
Telephone	-	-	-		2,744	3,515	4,500		4,514	5,065	6,500		4,514	5,065	6,500	
Utilities	-	-	-		3,059	3,205	3,000		3,772	3,795	3,000		3,772	3,795	3,000	
Workman's compensation	-	-	-		20,808	20,889	14,000		25,398	25,380	17,000		25,398	25,380	17,000	
Capital outlay	-	-	-		76,914	567,372	2,222,000		1,641,392	3,688,809	3,718,200		1,641,392	3,688,809	3,718,200	
Debt service - principal	-	-	-		12,948	12,780	12,400		1,607,948	952,780	362,400		1,607,948	952,780	362,400	
Debt service - interest	-	-	-		-	-	-		-	-	-		-	-	-	
Total expenditures	\$ -	\$ 13	\$ -		\$ 1,176,708	\$ 1,604,662	\$ 3,651,800		\$ 4,857,871	\$ 6,464,708	\$ 5,942,600		\$ 4,857,871	\$ 6,464,708	\$ 5,942,600	
Excess (deficiency) of revenues over expenditures	\$ -	\$ (13)	\$ -		\$ (837,263)	\$ (528,903)	\$ (1,095,900)		\$ (2,205,750)	\$ (3,329,335)	\$ (1,348,100)		\$ (2,205,750)	\$ (3,329,335)	\$ (1,348,100)	
<b>Other financing sources (uses)</b>																
Due from (to) other funds	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
Proceeds from Financing	-	-	-		-	-	-		-	-	-		-	-	-	
Payments in Lieu of Taxes (PILOTS)	-	-	-		-	-	-		-	-	-		-	-	-	
Transfers	-	-	-		-	-	-		-	-	-		-	-	-	
Total other financing sources (uses)	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ (13)	\$ -		\$ (837,263)	\$ (528,903)	\$ (1,095,900)		\$ (2,205,750)	\$ (3,329,335)	\$ (1,348,100)		\$ (2,205,750)	\$ (3,329,335)	\$ (1,348,100)	

See Independent Auditors' Report.

CITY OF MONETT, MISSOURI  
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES  
IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - SPECIAL REVENUE FUNDS  
YEAR ENDED MARCH 31, 2008

	Casino					Parks and Recreation					Golf Course				
	Prior Year		Current Year		Budget **	Recreation		Budget **	Prior Year	Current Year	Golf Course		Budget **	Current Year	Budget **
	3/31/2007	3/31/2008	3/31/2007	3/31/2008		3/31/2007	3/31/2008		3/31/2007	3/31/2008	3/31/2007	3/31/2008		3/31/2008	3/31/2008
<b>Revenues</b>															
Business license and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal and state grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	7,006	314	1,000	-	256,228	-	232,910	-	264,000	-
Rental revenue	23,785	27,381	23,785	27,381	21,000	13,000	12,000	12,000	-	64,460	-	53,128	-	59,000	-
Total revenues	\$ 23,785	\$ 27,381	\$ 23,785	\$ 27,381	\$ 21,000	\$ 20,006	\$ 12,314	\$ 13,000	\$ -	\$ 320,688	\$ -	\$ 286,038	\$ -	\$ 323,000	\$ -
<b>Expenditures</b>															
Salaries	12,709	13,524	12,709	13,524	12,300	8,797	-	-	-	165,288	-	176,144	-	212,100	-
Payroll taxes	972	1,035	972	1,035	900	665	-	-	-	12,569	-	13,289	-	16,200	-
Community development block grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer	-	-	-	-	-	-	-	-	-	269	-	181	-	500	-
Education and travel	-	-	-	-	-	-	-	-	-	-	-	1,141	-	-	-
Election	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health and life insurance	-	-	-	-	1,000	1,778	-	-	-	16,214	-	16,091	-	22,100	-
Insurance	219	177	219	177	200	537	435	500	-	3,086	-	2,498	-	3,100	-
Merchandise	40	24	40	24	200	14	-	-	-	-	-	17,508	-	-	-
Miscellaneous	-	-	-	-	-	30,000	-	-	-	481	-	3,546	-	1,000	-
Professional and consulting service	-	-	-	-	-	5,518	-	-	-	4,926	-	2,453	-	2,000	-
Repairs and maintenance	2,381	3,608	2,381	3,608	3,000	1,047	1,651	4,600	-	57,394	-	61,600	-	48,100	-
Retirement	7,242	8,743	7,242	8,743	5,800	1,235	538	-	-	10,897	-	11,250	-	12,300	-
Supplies	994	936	994	936	1,000	-	-	-	-	114,433	-	125,232	-	95,000	-
Telephone	424	569	424	569	500	4,512	4,588	4,200	-	2,133	-	2,334	-	1,500	-
Utilities	450	433	450	433	-	25	-	-	-	784	-	884	-	400	-
Workman's compensation	-	-	-	-	-	-	-	-	-	2,714	-	2,948	-	1,800	-
Capital outlay	-	-	-	-	-	-	-	-	-	42,932	-	122,319	-	32,200	-
Debt service - principal	-	-	-	-	-	-	-	-	-	123,109	-	123,405	-	110,000	-
Debt service - interest	-	-	-	-	-	-	-	-	-	22,615	-	21,361	-	18,600	-
Total expenditures	\$ 25,431	\$ 29,048	\$ 25,431	\$ 29,048	\$ 24,900	\$ 54,128	\$ 7,211	\$ 9,300	\$ -	\$ 579,844	\$ -	\$ 704,185	\$ -	\$ 576,900	\$ -
Excess (deficiency) of revenues over expenditures	\$ (1,646)	\$ (1,667)	\$ (1,646)	\$ (1,667)	\$ (3,900)	\$ (34,122)	\$ 5,103	\$ 3,700	\$ -	\$ (259,156)	\$ -	\$ (418,148)	\$ -	\$ (253,900)	\$ -
<b>Other financing sources (uses)</b>															
Due from (to) other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from financing	-	-	-	-	-	-	-	-	-	-	-	98,977	-	-	-
Payments in Lieu of Taxes (PILOTS)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	98,977	-	-	-
Revenues and other sources over (under) expenditures and other uses	\$ (1,646)	\$ (1,667)	\$ (1,646)	\$ (1,667)	\$ (3,900)	\$ (34,122)	\$ 5,103	\$ 3,700	\$ -	\$ (259,156)	\$ -	\$ (319,171)	\$ -	\$ (253,900)	\$ -

See Independent Auditors' Report.



CITY OF MONETT, MISSOURI  
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES  
IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - SPECIAL  
YEAR ENDED MARCH 31, 2008

Revenues	North Park				South Park				Pool			
	Prior Year	Current Year	Budget **		Prior Year	Current Year	Budget **		Prior Year	Current Year	Budget **	
	3/31/2007	3/31/2008	3/31/2008		3/31/2007	3/31/2008	3/31/2008		3/31/2007	3/31/2008	3/31/2008	
Business license and permits	\$	\$	\$		\$	\$	\$		\$	\$	\$	
Federal and state grants	3,411	3,451	3,300		5,736	6,971	6,000		291	139		
Fines and forfeitures	-	-	-		-	-	-		-	-	-	
Franchise fees	-	-	-		-	-	-		-	-	-	
Sales tax	-	-	-		-	-	-		-	-	-	
Interest income	-	-	-		-	-	-		-	-	-	
Intergovernmental	-	-	-		-	-	-		-	-	-	
Other revenue	-	2,320	-		16,606	32,034	-		2,584	4,853	5,000	
Other taxes and assessments	-	-	-		-	-	-		-	-	-	
Rental revenue	-	-	-		-	-	-		-	-	-	
Total revenues	\$	\$ 2,320	\$		\$ 16,606	\$ 32,034	\$		\$ 2,584	\$ 4,853	\$ 5,000	
Expenditures												
Salaries	\$	\$ 45,779	\$ 43,600		\$ 82,402	\$ 94,170	\$ 90,700		\$ 4,052	\$ 1,863	\$	
Payroll taxes	3,411	3,451	3,300		5,736	6,971	6,000		291	139		
Community development block grant	-	-	-		-	-	-		-	-	-	
Computer	-	-	-		-	-	-		-	-	-	
Education and travel	50	214	500		15	238	500		-	-	-	
Election	-	-	-		-	-	-		-	-	-	
Health and life insurance	7,986	5,405	5,400		15,337	17,857	14,200		539	60	700	
Insurance	1,132	917	1,100		2,608	2,112	2,600		716	580		
Merchandise	-	-	-		-	-	-		-	-	-	
Miscellaneous	67	48	-		21	96	-		-	-	-	
Professional and consulting service	-	-	-		386	-	-		35,000	35,000	35,000	
Repairs and maintenance	23,230	41,504	29,500		33,843	55,070	41,600		30,416	2,005	6,000	
Retirement	4,349	4,201	4,900		9,493	9,313	8,900		482	209		
Supplies	1,250	2,192	2,000		3,833	3,546	5,000		4,989	4,890	5,000	
Telephone	407	654	700		1,506	1,419	1,500		-	-	-	
Utilities	-	-	-		-	-	-		-	-	-	
Workman's compensation	1,652	1,502	1,600		2,979	3,332	1,700		138	40		
Capital outlay	46,437	-	-		36,694	18,939	-		-	-	-	
Debt service - principal	-	-	-		-	-	-		-	-	-	
Debt service - interest	-	-	-		-	-	-		-	-	-	
Total expenditures	\$ 134,911	\$ 105,867	\$ 92,600		\$ 194,853	\$ 213,061	\$ 172,700		\$ 76,623	\$ 44,786	\$ 46,700	
Excess (deficiency) of revenues over expenditures	\$ (134,911)	\$ (103,547)	\$ (92,600)		\$ (178,247)	\$ (181,027)	\$ (172,700)		\$ (74,039)	\$ (39,934)	\$ (41,700)	
Other financing sources (uses)												
Due from (to) other funds	\$	\$	\$		\$	\$	\$		\$	\$	\$	
Proceeds from Financing	-	-	-		-	-	-		-	-	-	

See Independent Auditors' Report.

CITY OF MONETT, MISSOURI  
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES  
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - SPECIAL REVENUE FUND  
 YEAR ENDED MARCH 31, 2008

	Parks and Recreation		
	Prior Year	Current Year	Budget **
	3/31/2007	3/31/2008	3/31/2008
<b>Revenues</b>			
Business license and permits	-	-	-
Federal and state grants	-	-	-
Fines and forfeitures	-	-	-
Franchise fees	-	-	-
Sales tax	-	-	-
Interest income	-	-	-
Intergovernmental	-	-	-
Other revenue	282,424	272,431	270,000
Other taxes and assessments	-	-	-
Rental revenue	101,245	92,509	92,000
Total revenues	\$ 383,669	\$ 364,939	\$ 362,000
<b>Expenditures</b>			
Salaries	\$ 318,188	\$ 331,481	\$ 358,700
Payroll taxes	23,644	24,886	26,400
Community development block grant	-	-	-
Computer	269	181	500
Education and travel	65	1,592	1,000
Election	-	-	-
Health and life insurance	41,854	39,413	42,700
Insurance	8,298	6,718	8,200
Merchandise	-	17,508	-
Miscellaneous	623	3,714	1,200
Professional and consulting service	70,312	37,453	37,000
Repairs and maintenance	152,782	165,437	132,800
Retirement	26,268	24,972	26,100
Supplies	132,982	145,140	112,800
Telephone	5,040	5,342	4,700
Utilities	5,720	6,041	5,100
Workman's compensation	7,958	8,255	5,100
Capital outlay	126,063	141,258	32,200
Debt service - principal	123,109	123,405	110,000
Debt service - interest	22,615	21,361	18,600
Total expenditures	\$ 1,065,790	\$ 1,104,158	\$ 923,100
Excess (deficiency) of revenues over expenditures	\$ (682,121)	\$ (739,219)	\$ (561,100)
<b>Other financing sources (uses)</b>			
Due from (to) other funds	-	-	-
Proceeds from financing	-	98,977	-
Payments in Lieu of Taxes (PILOTS)	-	-	-
Transfers	-	-	-
Total other financing sources (uses)	-	\$ 98,977	-
Revenues and other sources over (under) expenditures and other uses	\$ (682,121)	\$ (640,242)	\$ (561,100)

See Independent Auditors' Report.

CITY OF MONETT, MISSOURI  
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES  
IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - SPECIAL REVENUE FUND  
YEAR ENDED MARCH 31, 2008

Total Municipal Airport

Revenues	Prior Year 3/31/2007	Current Year 3/31/2008	Budget ** 3/31/2008	Prior Year 3/31/2007	Current Year 3/31/2008	Budget ** 3/31/2008
Business license and permits	\$ 63,663	\$ 10,500	\$ 352,100	\$ 36,557	\$ 45,161	\$ 42,100
Federal and state grants	-	-	-	1,024,621	1,492,579	3,291,100
Fines and forfeitures	-	-	-	134,567	221,332	126,200
Franchise fees	-	-	-	272,905	295,305	230,000
Sales tax	-	-	-	3,340,291	3,679,599	3,917,000
Interest income	-	-	-	279,035	262,272	324,100
Intergovernmental	-	-	-	-	-	-
Other revenue	2,354	209,730	401,700	447,613	953,646	718,400
Other taxes and assessments	-	-	-	261,535	478,397	373,000
Rental revenue	141,445	47,530	48,700	246,890	140,038	144,900
Total revenues	\$ 207,462	\$ 267,760	\$ 802,500	\$ 6,044,014	\$ 7,568,329	\$ 9,166,800

Expenditures

Salaries	\$ 101,799	\$ 93,105	\$ 115,900	\$ 2,849,862	\$ 2,938,684	\$ 2,944,400
Payroll taxes	7,414	6,880	8,800	209,712	223,173	206,600
Community development block grant	-	-	-	-	13	-
Computer	-	-	-	38,950	40,406	39,800
Education and travel	849	816	1,000	37,501	38,613	33,900
Election	-	-	-	3,204	6,744	-
Health and life insurance	25,385	15,725	22,300	360,879	335,786	377,100
Insurance	11,852	13,627	5,700	82,425	94,293	72,500
Merchandise	-	85,008	230,000	-	102,516	230,000
Miscellaneous	1,216	1,475	1,300	9,129	361,894	74,400
Professional and consulting service	26,009	10,243	10,000	244,369	491,063	145,800
Repairs and maintenance	40,010	21,325	24,000	898,725	821,349	1,190,000
Retirement	7,639	7,377	12,500	310,800	309,243	312,000
Supplies	10,883	8,545	8,500	217,097	235,549	183,800
Telephone	2,820	2,747	2,900	59,716	57,693	57,700
Utilities	16,236	17,894	16,000	26,926	29,480	24,100
Workman's compensation	2,683	2,164	1,700	113,875	105,325	74,400
Capital outlay	53,172	12,648	390,700	2,053,795	6,862,876	6,522,900
Debt service - principal	40,000	40,000	40,000	1,821,057	1,382,376	717,400
Debt service - interest	7,671	6,327	-6,300	399,348	515,428	435,100
Total expenditures	\$ 355,638	\$ 345,903	\$ 897,600	\$ 9,737,369	\$ 14,952,503	\$ 13,641,900
Excess (deficiency) of revenues over expenditures	\$ (148,176)	\$ (78,143)	\$ (95,100)	\$ (3,693,355)	\$ (7,384,173)	\$ (4,475,100)

Other financing sources (uses)

Due from (to) other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Financing	-	-	-	3,000,000	9,957,977	-
Payments from Financing (PILOTS)	-	-	-	1,925,804	2,110,984	1,912,500
Transfers	-	-	-	200,000	150,000	150,000
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ 5,125,804	\$ 12,218,961	\$ 2,062,500
Revenues and other sources over (under) expenditures and other uses	\$ (148,176)	\$ (78,143)	\$ (95,100)	\$ 1,432,449	\$ 4,834,787	\$ (2,412,600)

See Independent Auditors' Report.

CITY OF MONETT, MISSOURI  
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES  
 IN RETAINED EARNINGS (ORIGINAL BUDGET AND ACTUAL) - PROPRIETARY FUND TYPES  
 YEAR ENDED MARCH 31, 2008

	Waterworks		Electric		Wastewater-Sewer	
	Prior Year 3/31/2007	Budget ** 3/31/2008	Prior Year 3/31/2007	Budget ** 3/31/2008	Prior Year 3/31/2007	Budget ** 3/31/2008
<b>Operating revenues</b>						
Revenues	\$ 1,511,857	\$ 1,580,000	\$ 17,134,539	\$ 15,950,000	\$ 1,843,996	\$ 1,800,000
Federal and state grants	-	-	552,585	-	-	-
Tap - in charges	44,881	25,000	-	-	570	600
Penalties	20	8,000	78,678	30,000	-	3,000
Miscellaneous charges	196,380	32,500	36,390	11,000	3,433	15,000
Rental	4,560	3,500	-	-	-	2,000
Total operating revenues	\$ 1,757,698	\$ 1,649,000	\$ 17,802,191	\$ 15,991,000	\$ 1,848,099	\$ 1,820,600
<b>Operating expenses</b>						
Salaries	\$ 449,399	\$ 469,800	\$ 697,840	\$ 730,400	\$ 438,576	\$ 455,600
Payroll taxes	32,815	35,500	50,756	54,500	31,816	31,550
Depreciation	243,537	243,000	158,608	158,600	1,018,890	1,018,900
Computer	5,606	10,000	5,937	10,000	5,990	10,000
Education	8,284	15,000	12,289	10,000	4,487	10,000
Electric purchases	-	-	13,312,839	12,420,000	-	-
Health and life insurance	52,458	59,500	66,678	72,600	55,282	56,500
Insurance	19,620	19,600	82,377	79,800	24,035	24,000
Landfill and recycling	-	-	-	-	-	-
Miscellaneous	2,474	2,500	887	2,500	592	1,500
Professional and consulting service	19,840	25,000	17,942	35,000	56,460	35,000
Repairs and maintenance	116,182	250,800	193,289	136,500	122,027	151,500
Retirement	51,509	52,300	80,190	81,200	50,915	49,900
Supplies	275,008	200,000	423,667	240,000	63,086	90,000
Telephone	3,318	4,000	4,710	4,800	2,629	3,500
Utilities	252,890	225,000	437	1,500	245,826	240,000
Workman's compensation	12,224	9,200	22,029	16,000	9,451	8,734
Total operating expenses	\$ 1,545,164	\$ 1,621,200	\$ 13,908,842	\$ 14,053,400	\$ 2,130,062	\$ 2,184,500
<b>Non-operating revenues (expenses)</b>						
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gain (Loss) on Asset Disposal	-	-	-	15,000	411,296	400,000
Special Assessment Income	-	-	-	8,000	-	-
Interest expense and fees	(22,198)	(20,000)	-	-	(463,284)	(418,200)
Net non-operating revenues (expenses)	\$ (22,198)	\$ (20,000)	\$ -	\$ 23,000	\$ (51,988)	\$ (18,200)
Net income before transfers	\$ 190,336	\$ 7,800	\$ 1,943,250	\$ 1,960,600	\$ (333,951)	\$ (382,100)
<b>Transfers</b>						
Transfers - Payments in Lien of Taxes (PILOT)	\$ (157,118)	\$ (164,900)	\$ (1,534,711)	\$ (1,550,500)	\$ (221,405)	\$ (182,100)
Transfers	400,000	-	(200,000)	(150,000)	(400,000)	-
Total transfers	\$ 242,882	\$ (177,207)	\$ (1,734,711)	\$ (1,700,500)	\$ (621,405)	\$ (182,100)
Net income (loss)	\$ 433,218	\$ (157,100)	\$ 213,539	\$ 260,100	\$ (955,356)	\$ (564,200)

See Independent Auditors' Report

CITY OF MONETT, MISSOURI  
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES  
IN RETAINED EARNINGS (ORIGINAL BUDGET AND ACTUAL) - PROPRIETARY FUND TYPES  
YEAR ENDED MARCH 31, 2008

	Total Proprietary Funds					
	Fiber		Sanitation		Total	
	Prior Year 3/31/2007	Current Year 3/31/2008	Budget ** 3/31/2008	Prior Year 3/31/2007	Current Year 3/31/2008	Budget ** 3/31/2008
<b>Operating revenues</b>						
Revenues	\$ 125,706	\$ 161,724	\$ 150,000	\$ 571,810	\$ 556,484	\$ 563,500
Federal and state grants	-	-	-	9,753	10,721	9,500
Tap - in charges	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Miscellaneous charges	-	30,590	-	965	3,329	-
Rental	-	-	-	-	-	-
Total operating revenues	\$ 125,706	\$ 192,314	\$ 150,000	\$ 582,528	\$ 570,534	\$ 573,000
<b>Operating expenses</b>						
Salaries	\$ -	\$ -	\$ -	\$ 131,281	\$ 124,062	\$ 128,300
Payroll taxes	-	-	-	9,126	8,770	9,700
Depreciation	28,877	25,536	28,900	82,182	75,727	81,300
Computer	50	2,009	7,300	-	-	-
Education	31	30,590	-	-	-	-
Electric purchases	-	-	-	-	-	-
Health and life insurance	-	-	-	-	-	-
Insurance	-	-	-	25,054	23,978	28,000
Landfill and recycling	-	-	-	5,308	4,297	5,300
Miscellaneous	-	-	-	159,886	171,696	180,000
Professional and consulting service	12,543	10,373	11,000	746	517	-
Repairs and maintenance	3,621	7,004	8,000	-	-	-
Retirement	-	-	-	51,068	82,966	52,500
Supplies	111,448	20,015	25,000	15,338	14,717	14,400
Telephone	145	176	300	6,546	6,596	8,000
Utilities	-	-	-	-	-	-
Workman's compensation	-	-	-	215	-	-
Total operating expenses	\$ 156,715	\$ 99,704	\$ 80,500	\$ 499,789	\$ 526,084	\$ 516,500
<b>Non-operating revenues (expenses)</b>						
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gain (Loss) on Asset Disposal	-	-	-	-	5,000	-
Special Assessment Income	-	-	-	(1,590)	-	-
Interest expense and fees	-	-	-	(1,590)	-	-
Net non-operating revenues (expenses)	\$ -	\$ -	\$ -	\$ (1,590)	\$ 5,000	\$ -
Net income before transfers	\$ (31,009)	\$ 92,610	\$ 69,500	\$ 81,149	\$ 49,450	\$ 56,500
<b>Transfers</b>						
Transfers - Payments in Lieu of Taxes (PILOT)	\$ (12,571)	\$ (19,231)	\$ (15,000)	\$ -	\$ -	\$ -
Transfers	-	-	-	-	-	-
Total transfers	\$ (12,571)	\$ (19,231)	\$ (15,000)	\$ -	\$ -	\$ -
Net income (loss)	\$ (43,580)	\$ 73,379	\$ 54,500	\$ 81,149	\$ 49,450	\$ 56,500

See Independent Auditors' Report.

CITY OF MONETT, MISSOURI  
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES  
 IN RETAINED EARNINGS (ORIGINAL BUDGET AND ACTUAL) - INTERNAL SERVICE FUND TYPES  
 YEAR ENDED MARCH 31, 2008

	Hazardous Material		Safety Program		Mechanic	
	Prior Year	Budget **	Prior Year	Budget **	Prior Year	Budget **
	3/31/2007	3/31/2008	3/31/2007	3/31/2008	3/31/2007	3/31/2008
<b>Operating revenues</b>						
Revenues	\$ 15,394	\$ 15,200	\$ 20,700	\$ 20,325	\$ 132,895	\$ 138,386
Federal and state grants	-	-	-	-	-	-
Tap - in charges	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Miscellaneous charges	-	-	-	-	270	20
Rental	-	-	-	-	-	-
Total operating revenues	\$ 15,394	\$ 15,200	\$ 20,700	\$ 20,325	\$ 133,165	\$ 138,406
						\$ 153,400
<b>Operating expenses</b>						
Salaries	\$ 7,635	\$ 8,000	\$ 9,857	\$ 10,115	\$ 65,580	\$ 68,637
Payroll taxes	588	500	754	773	4,632	4,589
Depreciation	-	-	-	-	-	-
Computer	-	-	1,948	928	80	-
Education	616	-	1,010	2,998	-	-
Electric purchases	-	-	-	-	-	-
Health and life insurance	99	200	99	102	9,677	9,720
Insurance	77	100	-	-	1,019	825
Landfill and recycling	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	48
Professional and consulting service	-	500	100	-	-	-
Repairs and maintenance	-	500	554	648	5,329	2,597
Retirement	944	900	1,213	1,244	7,804	8,168
Supplies	3,939	3,400	3,301	2,142	33,312	38,082
Telephone	1,076	1,000	1,392	1,282	1,197	1,109
Utilities	-	-	-	-	2,458	2,393
Workman's compensation	362	-	472	92	2,077	2,238
Total operating expenses	\$ 15,394	\$ 15,200	\$ 20,700	\$ 20,325	\$ 133,165	\$ 138,406
<b>Non-operating revenues (expenses)</b>						
Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gain (Loss) on Asset Disposal	-	-	-	-	-	-
Interest expense and fees	-	-	-	-	-	-
Net non-operating revenues (expenses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net income before transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Transfers</b>						
Transfers	-	-	-	-	-	-
Total transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net income (loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See Independent Auditors' Report.

CITY OF MONETT, MISSOURI  
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES  
IN RETAINED EARNINGS (ORIGINAL BUDGET AND ACTUAL) - INTERNAL SERVICE FUND TYPES  
YEAR ENDED MARCH 31, 2008

Total Internal Service Funds

	Prior Year 3/31/2007	Current Year 3/31/2008	Budget ** 3/31/2008
<b>Operating revenues</b>			
Revenues	\$ 168,989	\$ 166,434	\$ 189,100
Federal and state grants	-	-	-
Tap - in charges	-	-	-
Penalties	-	-	-
Miscellaneous charges	270	20	-
Rental	-	-	-
Total operating revenues	\$ 169,259	\$ 166,454	\$ 189,100
<b>Operating expenses</b>			
Salaries	\$ 83,130	\$ 82,390	\$ 87,100
Payroll taxes	5,974	5,640	6,700
Depreciation	-	-	-
Computer	2,028	928	4,600
Education	1,626	2,998	3,000
Electric purchases	-	-	-
Health and life insurance	9,875	9,925	10,200
Insurance	1,096	887	1,100
Landfill and recycling	-	-	-
Miscellaneous	100	48	100
Professional and consulting service	-	-	700
Repairs and maintenance	5,883	3,245	5,900
Retirement	9,961	9,853	9,900
Supplies	40,552	42,380	54,200
Telephone	3,665	3,293	3,400
Utilities	2,458	2,393	800
Workman's compensation	2,911	2,475	1,400
Total operating expenses	\$ 169,259	\$ 166,454	\$ 189,100
<b>Non-operating revenues (expenses)</b>			
Investment Income	\$ -	\$ -	\$ -
Gain (Loss) on Asset Disposal	-	-	-
Interest expense and fees	-	-	-
Net non-operating revenues (expenses)	\$ -	\$ -	\$ -
Net income before transfers	\$ -	\$ -	\$ -
<b>Transfers</b>			
Transfers	-	-	-
Total transfers	\$ -	\$ -	\$ -
Net income (loss)	\$ -	\$ -	\$ -

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor James Orr,  
Councilman Jerry Dierker and Councilman Michael Brownsberger  
City of Monett, Missouri

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Monett, Missouri, as of and for the year ended March 31, 2008, which collectively comprise the City of Monett, Missouri's basic financial statements and have issued our report thereon dated September 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Monett, Missouri's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the the City of Monett, Missouri's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Monett, Missouri's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Monett, Missouri's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Monett, Missouri's financial statements that is more than inconsequential will not be prevented or detected by the City of Monett, Missouri's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Monett, Missouri's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Monett, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the City of Monett, Missouri in a separate letter dated XXXXX.

This report is intended solely for the information and use of management, city council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

THE CPA GROUP, P.C.

The CPA Group, P.C.  
September 19, 2008



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**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor James Orr,  
Councilman Jerry Dierker and Councilman Michael Brownsberger  
City of Monett, Missouri

**Compliance**

We have audited the compliance of City of Monett, Missouri with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2008. The City of Monett, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Monett, Missouri's management. Our responsibility is to express an opinion on the City of Monett, Missouri's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Monett, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Monett, Missouri's compliance with those requirements.

In our opinion, the City of Monett, Missouri complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2008.

**Internal Control Over Compliance**

The management of the City of Monett, Missouri is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Monett, Missouri's internal control over compliance with the requirements that could have a direct and material effect on a major federal

program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Monett, Missouri's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The City of Monett, Missouri's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Monett, Missouri's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, city council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*THE CPA GROUP, P.C.*

The CPA Group, P.C.  
September 19, 2008

**CITY OF MONETT, MISSOURI**  
**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
**MARCH 31, 2008**

<b>FEDERAL GRANTOR/PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>PASS-THROUGH ENTITY IDENTIFYING NUMBER</b>	<b>FEDERAL EXPENDITURES</b>
Department of Transportation			
Transportation Enhancement Funds passed Through the Missouri Highway and Transportation Commission	20.205	BRM-4606 (703) STP-4601 (705) RRP-0005 (190) J70769 STP-4600 (706) 2005-ED-09	20,849 8,628 357,217 1,831,156 8,636 1,275,785
Federal Aviation Agency passed Through the Missouri Highway and Transportation Commission	20.106	AIR 06-098B-1	12,648
Total Department of Transportation			<u>3,514,918</u>
Department of Economic Development			
Community Development Block Grant	14.228	2005-MO-07	614,092
Total Department of Economic Development			<u>614,092</u>
Department of Natural Resources			
Clean Water Loan	66.458		360,000
Drinking Water Loan	66.468		8,110,000
Total Department of Natural Resources			<u>8,470,000</u>
Total Federal Programs			<u>\$ 12,599,010</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards is a summary of the activity of the City's federal award programs presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles.

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COST**  
**MARCH 31, 2008**

**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_ Yes X No

Significant deficiency(ies) identified

not considered to be material weaknesses?

\_\_\_ Yes X No

Noncompliance material to financial statements noted?

\_\_\_ Yes X No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

\_\_\_ Yes X No

Significant deficiency(ies) identified

not considered to be material weaknesses?

\_\_\_ Yes X No

Type of auditors' report issued on compliance  
for major program:

Unqualified

Any audit findings disclosed that are required  
to be reported in accordance with  
Circular A-133, Section .510(a)?

\_\_\_ Yes X No

Identification of major program:

CFDA Number(s)

20.205

Name of Federal Program or Cluster

Department of Transportation

Dollar threshold used to distinguish between  
Type A and Type B programs:

\$ 300,000.00

Auditee qualified as low-risk auditee?

\_\_\_ Yes X No

**Section II - Financial Findings**

No matters were noted.

**Section III - Federal Award Findings and Questioned Costs**

No matters were noted.