



ANNUAL FINANCIAL REPORT

**FOR FISCAL YEAR ENDED
MARCH 31, 2004**

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INTRODUCTION SECTION

City of Monett

THIRD CLASS CITY – COMMISSION FORM OF GOVERNMENT

James Orr, Mayor · Donald Roberson, 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

August 5, 2004

Members of the Governing Council, and Citizens of the City of Monett, Missouri:

Introduction

State law requires that all political subdivision 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). Pursuant to these requirement, we hereby issue the annual financial report of the City of Monett, Missouri for the fiscal year ended March 31, 2004.

This report consists of management's representations concerning the finances of the City of Monett, Missouri. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Monett, Missouri has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Monett, Missouri's financial statements in conformity with generally accepted account principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Monett, Missouri's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Monett, Missouri's financial statements have been audited by CPA Group, Inc., 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, 2004, 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 auditor concluded, based upon the audit, that there was a reasonable basis for rendering a qualified opinion that the City of Monett, Missouri's financial statements for the fiscal year ended March 31, 2004, are fairly presented in conformity with GAAP. The independent auditor's 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

Introduction

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 internal controls and legal requirements involving the administration of federal awards

GAAP require 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 of Monett, Missouri currently occupies a land area of 9 square miles and has a population of 7,396. The City of Monett, Missouri empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City of Monett, Missouri 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 2008.

The City of Monett, Missouri provides a full range of services, which can be found in Note A to 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 government's director of finance in January each year. The director of finance uses these requests as the starting point for developing a proposed budget. The director of finance 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

Introduction

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 processing, dairy processing and poultry processing, and several financial and insurance institutions. Currently, a major, nationally known home improvement retailer is considering the area as a site for a retail facility. Meanwhile, there continues to be a discernable trend toward steady residential growth.

Long-term financial planning. The governing council is continuing progress on a \$10.4 million dollar extension and improvement to the sewer system project. This project is funded by \$8,950,000 revenue bonds and \$1,500,000 grant. The system will be completed sometime in late 2005.

The next transportation-related project is expected to be a railroad overpass project on the western edge of the City of Monett, Missouri's boundaries. Federal highway and railroad funds will be used to pay for the greater part of the cost of the \$1.25 million overpass, with \$300,000 anticipated to be the City of Monett, Missouri's share. The overpass will probably be completed sometime in late 2007.

Cash management policies and practices. Cash temporarily idle during the year was invested in money market accounts, certificates of deposit, and U.S. government backed securities. The maturities of the investments range from 12 months to 4 years, with an average maturity of 36 months. From March 2002 thru June 2004, the average yield on investments was 4.1 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.

Defined benefit pension plan. The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement systems that acts as a common investment and administrative agent for local government entities in Missouri. Additional information on the City's pension benefits can be found in Note F in the notes to the financial statements.

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

Introduction

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 black ink, appearing to read "James Orr". The signature is fluid and cursive, with the first name "James" being larger and more prominent than the last name "Orr".

James Orr,
Mayor

A handwritten signature in black ink, appearing to read "Dorothy Pendergrass". The signature is cursive and somewhat stylized, with the first name "Dorothy" being the most legible part.

Dorothy Pendergrass,
Director of Finance

FINANCIAL SECTION

REPORT OF INDEPENDENT AUDITOR



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor Jerry Fulp,
Jerry Dierker and Don Roberson, Councilmen
Monett, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monett, Missouri (the City), as of and for the year ended March 31, 2004, 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'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 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. 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 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, each major fund, and the aggregate remaining fund information of the City, as of March 31, 2004, and the respective changes in financial position and cash flows, where applicable, 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 issued our report dated August 27, 2004 on our consideration of City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering 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 the Governmental Accounting Standards Board. 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's basic financial statements. The accompanying supplementary information, such as the introductory section, statistical section, Schedule of Federal Expenditures of Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information 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 and the statistical section have 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.

August 27, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Monett

THIRD CLASS CITY – COMMISSION FORM OF GOVERNMENT

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Management's Discussion and Analysis

As management of the City of Monett, Missouri, we offer readers of the City of Monett, Missouri's financial statements this narrative overview and analysis of the financial activities of the City of Monett, Missouri for the fiscal year ended March 31, 2004. We encourage readers to consider the information presented here in conjunction with the transmittal letter and basic financial statements.

Financial Highlights

- The assets of the City of Monett, Missouri exceeded its liabilities at the close of the most recent fiscal year by \$23,133,067.22 (*net assets*). Of this amount, \$1,648,590.59 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors. By far the largest portion of the City of Monett, Missouri's net assets (80 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Monett, Missouri uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Monett, Missouri's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- At the end of the current fiscal year, the City of Monett, Missouri 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 same situation held true for the prior fiscal year.
- The government's total net assets increased by \$1,763,877.39. Governmental activities net assets increase by \$979,014.47 while business-type activities increased by \$784,862.92.
- As of the close of the current fiscal year, the City of Monett, Missouri's governmental funds reported combined ending fund balances of \$1,219,483.55 an increase of \$517,387.81 in comparison with the prior year. Approximately 35% of this total amount, \$433,310.39, is *available for spending* at the government's discretion (*undesignated fund balance*).
- The City of Monett, Missouri's total debt increased by \$8,888,698.71 (160 percent) during the current fiscal year. The key factor in this increase was the issuance of \$8,950,000 in revenue bonds for the sewer project and \$500,000 in a temporary note for Country Club project. The City fiscal year started with existing debt of \$5,550,795.58, principal payment of \$561,301.29 were made during the year, also, new debt issuance of \$9,450,000.00, which created ending fiscal year debt balance of \$ 14,639,494.29

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Monett, Missouri's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Monett, Missouri's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Monett, Missouri is improving or deteriorating.

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 distinguish functions of the City of Monett, Missouri that are principally supported by taxes and intergovernmental revenues (*governmental activities*) 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 of Monett, Missouri 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.

The government-wide financial statements include not only the City of Monett, Missouri itself, but also a legally separate non-profit organization (The Monett Family Center, Inc.) for which the City of Monett, Missouri had control of the appointment of the original board of directors. Financial information for this *component units* is reported as an integral part of the City of Monett's financial information.

The government-wide financial statements can be found within the table of contents.

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 of Monett, Missouri, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Monett, Missouri can be divided into two categories: governmental funds and proprietary funds.

Management's Discussion and Analysis

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*.

The City of Monett, Missouri maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The City of Monett, Missouri adopts an annual appropriated budget for its governmental fund. A budgetary comparison statement has been provided for the governmental fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found within the table of contents.

Proprietary funds. The City of Monett, Missouri maintains 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 of Monett, Missouri 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 of Monett, Missouri's various functions. The City of Monett, Missouri 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.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, electric, sewer, sanitation and fiber optic operations, all of which are considered to be major funds of the City of Monett, Missouri. Individual fund data for the internal service funds is provided in the form of *combined statements* elsewhere in this report.

The basic proprietary fund financial statements can be found within the table of contents.

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.

Management's Discussion and Analysis

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Monett, Missouri'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.

Governmental activities

For the most part, revenues closely paralleled the prior fiscal year, with the following exceptions noted:

- Sales tax of \$2,629,878.00 showed an increase of \$162,661.90 (6.5%) compared to prior fiscal year. Most of this increase is the result of a rebounding economy from lower sales tax during 2002-2003.
- Investment income of \$109,082.95 showed an increase of \$87,080.55 (397%) compared to \$22,002.40 in 2002-2003. Mostly as a result of more aggressive investment strategies of the City and also due to the amount of reserve available for investments.
- Federal and state grants of \$84,558.68 showed a decrease of \$1,798,485.95 compared to \$1,883,004.63 in 2002-2003. Due to the completion during 2002-2003 of the airport grants of \$1,435,848.73 and the Eisenhower CDBG grant of \$643,499.97.

For the most part, increases in operating expenditures closely paralleled inflation and growth in the demand for services, with the following exceptions noted:

- Computer expenditures of \$26,547.51 showed an increase of \$8,536.90 (47%) compared to \$18,010.61 in 2002-2003. Most of this increase was from the Administration, Communications and Police departments.
- Insurance expenditures of \$85,710.32 showed a decrease of \$26,825.58 compared to \$112,535.90 in 2002-2003. This was due to the fact that the renewal date had been changed from March to September renewal.
- Workmen's Compensation of \$206,732.00 showed an increase of \$16,289.06 compared to \$190,442.94. Mostly the result of a significant rate increase.

Business-type activities:

For the most part, revenues closely paralleled the prior fiscal year, with the following exceptions noted:

- Electric revenue of \$12,013,724.63 showed an increase of \$1,654,516.54 (15%) compared to \$10,359,208.10. Most of this was due to 12% wholesale cost rate increase.

Management's Discussion and Analysis

Also, during 2002-2003 there was a \$166,255.83 credit issued for a 2001-2002 overcharge.

For the most part, increases in operating expenditures closely paralleled inflation and growth in the demand for services, with the following exceptions noted:

- Electric expenses of \$8,749,657.29 showed an increase of \$939,518.68 (12%) compared to \$7,810,138.61 in 2002-2003. Most of this increase was from a wholesale rate increase.
- Insurance expenses of \$69,374.00 showed a decrease of \$68,202.75 compared to \$137,576.75 in 2002-2003. This was due to the fact that the renewal date had been changed from a March to September renewal.
- Workman's Compensation of \$124,863.00 showed an increase of \$27,751.00 compared to \$97,112.00. Mostly as a result significant rate increases.
- Repair/Maintenance and Supply expenses of \$704,975.65 showed a net decrease of \$88,757.44 compared to \$793,733.09, mostly from the electric department.

Financial Analysis of the Government's Funds

As noted earlier, the City of Monett, Missouri uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Monett, Missouri's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Monett, Missouri's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Monett, Missouri. At the end of the current fiscal year, unreserved fund balance of the general fund was \$433,310.39, while total fund balance reached \$1,219,483.55. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 7.4 percent of total general fund expenditures, while total fund balance represents 20.8 percent of that same amount.

The fund balance of the City of Monett, Missouri's general fund increased by \$517,387.81 during the current fiscal year. Key factors in this growth are as follows:

- An increase in the restricted fund for TIF by \$230,438.67.
- An increase in restricted fund for 911 by \$8,314.20.
- An increase in undesignated funds for general fund for \$278,634.94 from operating transfer from electric fund.

Management's Discussion and Analysis

Proprietary funds. The City of Monett, Missouri's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Enterprise Funds at the end of the year amounted to \$1,537,889.29. The total growth in net assets for the fund was \$784,862.92. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Monett, Missouri's business-type activities.

General Fund Budgetary Highlights

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

- General actual revenues of \$4,693,674.61 showed a variance increase of \$50,774.61 compared to the original budget of \$4,642,900. This increase was mostly due to actual sales tax received exceeding budgetary projections.
- Tax increment financing actual revenues of \$699,428.88 showed a variance increase of \$21,428.88 compared to the original budget amount of \$478,000. This increase was due to actual sales tax received exceeding budgetary projections.
- General actual expenditures of \$5,755,039.67 showed a variance decrease of \$128,860.33 compared to the original budget of \$5,883,900. This decrease was mostly due to budgeted capital for the greenway project, which was not expended during 2003-2004.
- E-911 actual expenditures of \$81,622.85 showed a variance increase of \$9,122.85 compared to the original budget of \$72,500. Variance was mostly due to capital outlay, which are not included in the original budget.
- Tax increment financing actual expenditures of \$668,990.21 showed a variance increase of \$203,990.21 compared to the original budget of \$465,000. Variance was mostly due to actual work on Chapel drive project and also refinancing of \$48,020.75 during 2003-2004.

Capital Asset and Debt Administration

Capital assets. The City of Monett, Missouri's investment in capital assets for its governmental and business type activities as of March 31, 2004, amounts to \$10,060,650.35 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City of Monett, Missouri's investment in capital assets for the current fiscal year was 9 percent (a 4 percent increase for governmental activities and a 13 percent increase for business-type activities).

Management's Discussion and Analysis

Major capital asset events during the current fiscal year included the following:

- Tax increment financing infrastructure on Chapel Drive of \$48,020.79,
- Highway 60 and Eisenhower infrastructure of \$354,436.96,
- AS800 Computer Server of \$27,376,
- Electric department had a bucket truck \$75,000 and infrastructure of \$206,058.63,
- Fiber optic infrastructure of \$393,404.40,
- Sanitation department recycling building of \$69,000 and recycling infrastructure of \$47,103.74,
- Sewer department had Country Club project of \$410,448.88, construction on the new wastewater treatment plant of \$2,132,212.65 and Insituform of \$104,430,
- South Park festival of lights for \$108,481 and soccer field irrigation system of \$10,487.99,
- Water department had well infrastructure of \$25,583.66 and fluoride installment of \$71,393.87.

During the current fiscal year, the government refinanced some of its existing debt to take advantage of favorable interest rates.

- The City of Monett, Missouri issued tax increment refinancing revenue bonds to refinance previously outstanding tax increment revenue bonds. The result is expected to be a decrease in future debt payments of \$181,700.27. This debt decreased from 5.99% interest rate to a 3.30% rate.

Requests for Information

This financial report is designed to provide a general overview of the City of Monett, Missouri's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 217 5th Street, Monett, Missouri, 65708.

BASIC FINANCIAL STATEMENTS

**CITY OF MONETT, MISSOURI
STATEMENT OF NET ASSETS
MARCH 31, 2004**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 976,351.24	\$ 872,176.07	\$ 1,848,527.31
Investments	3,168.32	150,560.52	153,728.84
Accounts receivable	929.96	1,425,062.37	1,425,992.33
Taxes receivable	220,955.74		220,955.74
Due from other funds	49,474.60	394,060.37	443,534.97
Prepaid workmen's compensation	218,223.00	85,069.00	303,292.00
Premium on investment		225,445.72	225,445.72
Restricted assets:			
Cash and cash equivalents		7,666,481.88	7,666,481.88
Investments	9,100.00	2,539,694.93	2,548,794.93
Capital assets:			
Non depreciable	722,437.66	210,160.00	932,597.66
Depreciable, net	7,921,548.70	16,119,682.00	24,041,230.70
Total Assets	10,122,189.22	29,688,392.86	39,810,582.08
LIABILITIES			
Accounts payable	54,966.14	771,081.81	826,047.95
Accrued payroll and payroll taxes	137,913.57	49,602.78	187,516.35
Accrued interest payable	90,748.50		90,748.50
Deferred revenue	4,240.00		4,240.00
Due to other funds	49,474.60	394,060.37	443,534.97
Due to depositors	12,125.00	309,848.56	321,973.56
Accrued compensated absences	222,760.59	111,049.90	333,810.49
Capital lease obligations	72,339.39		72,339.39
Revenue bonds payable		9,985,000.00	9,985,000.00
Certificates of participation	4,397,787.84		4,397,787.84
Other long-term liabilities	14,515.81		14,515.81
Total Liabilities	5,056,871.44	11,620,643.42	16,677,514.86
NET ASSETS			
Reserved:			
Invested in capital assets, net of related debt	4,109,868.72	5,950,781.63	10,060,650.35
Restricted for:			
Debt service	678,794.15	572,936.73	1,251,730.88
Capital projects		7,455,530.73	7,455,530.73
Nonspendable	9,100.00		9,100.00
Other purposes	156,853.61	2,550,611.06	2,707,464.67
Unrestricted	110,701.30	1,537,889.29	1,648,590.59
Total Net Assets	\$ 5,065,317.78	\$ 18,067,749.44	\$ 23,133,067.22

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2004

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Service	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Policy development and administration	\$ 309,776.40	\$ 371,220.38	\$	\$ 61,443.98	\$	\$ 61,443.98
Public safety	2,669,911.03	62,793.80	3,374.33	(2,603,742.90)		(2,603,742.90)
Public works	1,003,991.05	31,653.85	36,254.35	(936,082.85)		(936,082.85)
Parks and recreation	1,148,503.11	429,121.99		(719,381.12)		(719,381.12)
Municipal Airport	337,962.56	124,414.19	44,930.00	(168,618.37)		(168,618.37)
Interest on long-term debt	204,100.92			(204,100.92)		(204,100.92)
Fiscal agent fees	169,781.00			(169,781.00)		(169,781.00)
Total governmental activities	5,844,026.07	1,019,204.21	84,558.68	(4,740,263.18)		(4,740,263.18)
Business-type activities:						
Waterworks	953,068.59	1,256,800.29			303,731.70	303,731.70
Electric	10,110,009.05	12,058,509.53			1,948,500.48	1,948,500.48
Wastewater-sewer	1,823,204.74	1,683,738.29	532,033.40		392,566.95	392,566.95
Sanitation	426,164.43	449,545.94	59,900.00		83,281.51	83,281.51
Fiber optics	3,166.97	2,700.00			(466.97)	(466.97)
Total business-type activities	13,315,613.78	15,451,294.05	591,933.40		2,727,613.67	2,727,613.67
Total City	\$ 19,159,639.85	\$ 16,470,498.26	\$ 676,492.08	\$ (4,740,263.18)	\$ 2,727,613.67	\$ (2,012,649.51)

General revenues		
Sales Tax	2,107,816.03	2,107,816.03
M & M Surcharge Tax	27,435.90	27,435.90
Emergency Telephone Tax	89,937.05	89,937.05
Sales Tax - TIF	522,061.97	522,061.97
Real Estate Tax - TIF	175,050.61	175,050.61
Motor vehicle tax	303,319.38	303,319.38
Pilots in Lieu of Taxes	1,044,573.76	(1,044,573.76)
Investment revenue	109,082.95	312,395.00
Miscellaneous		129,428.01
Transfers	1,340,000.00	(1,340,000.00)
Total general revenues and transfers	5,719,277.65	(1,942,750.75)
Change in net assets	979,014.47	784,862.92
Net assets - beginning	4,086,303.31	17,027,696.87
Prior period adjustment		255,189.65
Net assets - ending	\$ 5,065,317.78	\$ 18,067,749.44

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2004**

	Major Funds			Total Governmental Funds
	General	E-911	Tax Increment Finance	
ASSETS				
Cash and cash equivalents	\$ 785.03	\$ 156,179.75	\$ 678,794.15	\$ 835,758.93
Investments	3,168.32			3,168.32
Accounts receivable	929.96			929.96
Taxes receivable	220,955.74			220,955.74
Grants receivable				
Due from other funds	49,474.60			49,474.60
Other assets - current				
Prepaid workmen's compensation	218,223.00			218,223.00
Restricted assets:				
Investments	9,100.00			9,100.00
Total assets	<u>\$ 502,636.65</u>	<u>\$ 156,179.75</u>	<u>\$ 678,794.15</u>	<u>\$1,337,610.55</u>
LIABILITIES				
Accounts payable	\$ 54,966.14	\$	\$	\$ 54,966.14
Accrued payroll and payroll taxes	137,913.57			137,913.57
Accrued compensation absences				
Deferred revenue	4,240.00			4,240.00
Due to depositors	12,125.00			12,125.00
Due to other funds			49,474.60	49,474.60
Other liabilities - current				
Total liabilities	<u>209,244.71</u>		<u>49,474.60</u>	<u>258,719.31</u>
FUND BALANCE				
Reserved:				
Reserved for E-911		156,179.75		156,179.75
Reserved for Tax Increment Financing			629,319.55	629,319.55
Reserved for police officer training	200.00			200.00
Reserved for law enforcement	473.86			473.86
Undesignated	433,310.39			433,310.39
Total fund balances	<u>433,984.25</u>	<u>156,179.75</u>	<u>629,319.55</u>	<u>1,219,483.55</u>
Total liabilities and fund balances	<u>\$ 643,228.96</u>	<u>\$ 156,179.75</u>	<u>\$ 678,794.15</u>	<u>\$1,478,202.86</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, 2004

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

Total fund balance - total governmental funds		\$1,219,483.55
Capital assets used in governmental activities are not current financial resource, and therefore, are not reported in the governmental funds.		
Governmental capital assets	\$ 18,016,817.85	
Less accumulated depreciation	<u>(9,372,831.49)</u>	8,643,986.36
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.		
Accrued compensated absences	\$ (222,760.59)	
Capital lease obligations	(72,339.39)	
Certificates of participation - Airport	(359,238.07)	
Certificates of participation - Golf Course	(1,008,549.77)	
Certificates of participation - TIF	(3,030,000.00)	
Accrued TIF liability	(14,515.81)	
Accrued TIF interest payable	<u>(90,748.50)</u>	(4,798,152.13)
Net assets of Governmental Activities		<u><u>\$5,065,317.78</u></u>

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Major Funds</u>			Total Governmental Funds
	<u>General</u>	<u>E-911</u>	<u>Tax Increment Finance</u>	
REVENUES				
Business license and permits	\$ 39,750.33	\$	\$	\$ 39,750.33
Federal and state grants	84,558.68			84,558.68
Fines and forfeitures	114,830.40			114,830.40
Franchise fees	248,820.76			248,820.76
Sales tax	2,107,816.03		522,061.97	2,629,878.00
Investment income	106,766.65		2,316.30	109,082.95
Intergovernmental				
Other revenue	491,801.25			491,801.25
Other taxes and assessments	330,755.28	89,937.05	175,050.61	595,742.94
Rental revenue	124,001.47			124,001.47
Total Revenues	<u>3,649,100.85</u>	<u>89,937.05</u>	<u>699,428.88</u>	<u>4,438,466.78</u>
EXPENDITURES				
Current				
Policy development and administration	288,626.72			288,626.72
Public safety	2,445,993.57	64,779.85		2,510,773.42
Public works	967,714.70		385.00	968,099.70
Parks and recreation	914,645.92			914,645.92
Municipal airport	185,433.38			185,433.38
Capital outlay	670,271.65	16,843.00	48,020.79	735,135.44
Debt service:				
Principal	216,300.69		312,755.54	529,056.23
Interest	66,053.04		138,047.88	204,100.92
Fiscal agent fees			169,781.00	169,781.00
Total Expenditures	<u>5,755,039.67</u>	<u>81,622.85</u>	<u>668,990.21</u>	<u>6,505,652.73</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,105,938.82)</u>	<u>8,314.20</u>	<u>30,438.67</u>	<u>(2,067,185.95)</u>
OTHER FINANCING SOURCES (USES)				
Due from (to) other funds				
Proceeds from financing			200,000.00	200,000.00
Operating transfers from PILOTS	1,044,573.76			1,044,573.76
Operating transfers from (to) other funds	1,340,000.00			1,340,000.00
Total Other Financing Sources (Uses)	<u>2,384,573.76</u>		<u>200,000.00</u>	<u>2,584,573.76</u>
Net Change in Fund Balances	278,634.94	8,314.20	230,438.67	517,387.81
Fund balance - beginning	155,349.31	147,865.55	398,880.88	702,095.74
Prior period adjustment				
Fund balance - ending	<u>\$ 433,984.25</u>	<u>\$ 156,179.75</u>	<u>\$ 629,319.55</u>	<u>\$ 1,219,483.55</u>

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2004**

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

Net change in fund balance - total governmental funds	\$ 517,387.81
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.	735,135.44
In the Statement of Activities cost of capital outlay assets is allocated over their estimated useful lives and reported as depreciation expense.	(711,816.51)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	529,056.23
In the Statement of Activities interest is accrued whereas in the Governmental Funds an expenditure is reported when due.	(90,748.50)
Change in net assets of governmental activities	<u><u>\$ 979,014.47</u></u>

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
MARCH 31, 2004**

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
ASSETS						
Current assets:						
Cash and cash equivalents	\$	\$ 872,176.07	\$	\$	\$	\$ 872,176.07
Investments		150,560.52				150,560.52
Accounts receivable	82,783.64	1,150,865.57	157,103.77	34,309.39		1,425,062.37
Taxes receivable						
Due from other funds		394,060.37				394,060.37
Prepaid workmen's compensation	22,897.00	44,928.00	17,244.00			85,069.00
Total current assets	<u>105,680.64</u>	<u>2,612,590.53</u>	<u>174,347.77</u>	<u>34,309.39</u>		<u>2,926,928.33</u>
Restricted assets:						
Cash and cash equivalents			7,666,481.88			7,666,481.88
Investments	809,706.72		1,729,988.21			2,539,694.93
Total restricted assets	<u>809,706.72</u>		<u>9,396,470.09</u>			<u>10,206,176.81</u>
Noncurrent assets:						
Premium on Investment			225,445.72			225,445.72
Capital assets:						
Land	56,932.00	58,400.00	94,828.00			210,160.00
Building	908,945.50	751,126.89	6,720.50	84,877.50		1,751,670.39
Machinery and equipment	244,600.58	493,497.73	206,651.41	709,423.79		1,654,173.51
Infrastructure	4,497,252.65	4,851,290.33	13,948,334.89	61,189.23		23,358,067.10
Construction in progress	56,114.84	56,114.84	3,050,605.45		449,519.23	3,612,354.36
Less: accumulated depreciation	(2,410,688.79)	(4,211,813.31)	(7,194,341.05)	(439,740.21)		(14,256,583.36)
Total capital assets (net of accumulated depreciation)	<u>3,353,156.78</u>	<u>1,998,616.48</u>	<u>10,112,799.20</u>	<u>415,750.31</u>	<u>449,519.23</u>	<u>16,329,842.00</u>
Total noncurrent assets	<u>3,353,156.78</u>	<u>1,998,616.48</u>	<u>10,338,244.92</u>	<u>415,750.31</u>	<u>449,519.23</u>	<u>16,555,287.72</u>
Total Assets	<u>4,268,544.14</u>	<u>4,611,207.01</u>	<u>19,909,062.78</u>	<u>450,059.70</u>	<u>449,519.23</u>	<u>29,688,392.86</u>
LIABILITIES						
Current liabilities:						
Accounts payable	13,005.24	750,691.53	7,385.04			771,081.81
Accrued payroll and payroll taxes	10,683.65	29,078.51	9,840.62			49,602.78
Due to other funds					394,060.37	394,060.37
Total current liabilities	<u>23,688.89</u>	<u>779,770.04</u>	<u>17,225.66</u>		<u>394,060.37</u>	<u>1,214,744.96</u>
Payable from restricted assets:						
Revenue bonds payable - current maturities			40,000.00			40,000.00
Noncurrent liabilities:						
Due to depositors	33,339.50	276,509.06				309,848.56
Accrued compensated absences	27,911.69	52,731.53	30,406.68			111,049.90
Revenue bonds payable			9,945,000.00			9,945,000.00
Total noncurrent liabilities	<u>61,251.19</u>	<u>329,240.59</u>	<u>9,975,406.68</u>			<u>10,365,898.46</u>
Total Liabilities	<u>84,940.08</u>	<u>1,109,010.63</u>	<u>10,032,632.34</u>		<u>394,060.37</u>	<u>11,620,643.42</u>
NET ASSETS						
Reserved:						
Invested in capital assets, net of related debt	3,353,156.78	1,998,616.48	127,799.20	415,750.31	55,458.86	5,950,781.63
Restricted for:						
Debt service			572,936.73			572,936.73
Capital projects			7,455,530.73			7,455,530.73
Nonspendable						
Other purposes	830,447.28		1,720,163.78			2,550,611.06
Unrestricted		1,503,579.90		34,309.39		1,537,889.29
Total Net Assets	<u>\$ 4,183,604.06</u>	<u>\$ 3,502,196.38</u>	<u>\$ 9,876,430.44</u>	<u>\$ 450,059.70</u>	<u>\$ 55,458.86</u>	<u>\$18,067,749.44</u>

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2004

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
OPERATING REVENUES						
Charges for services	\$ 1,256,800.29	\$ 12,058,509.53	\$ 2,215,771.69	\$ 509,445.94	\$ 2,700.00	\$ 16,043,227.45
OPERATING EXPENSES						
Salaries	412,612.20	670,497.61	374,292.08	102,352.84		1,559,754.73
Payroll taxes	30,336.86	49,061.56	27,858.07	12,450.87		119,707.36
Depreciation	154,669.11	163,491.23	637,304.55	65,731.82		1,021,196.71
Computer	9,380.00	8,562.98	8,023.00			25,965.98
Education	1,892.51	6,365.01	1,513.45			9,770.97
Electric purchases		8,749,657.29				8,749,657.29
Gas and oil	11,488.63	9,084.44	9,648.21			30,221.28
Health and life insurance	36,632.80	71,074.12	27,620.82	14,793.10		150,120.84
Insurance	10,820.00	42,372.00	13,255.00	2,927.00		69,374.00
Landfill and recycling				127,346.15		127,346.15
Miscellaneous	1,336.50	1,367.92	439.71	2,009.82		5,153.95
Office supplies	5,168.47	5,397.75	4,760.65			15,326.87
Professional and consulting service	2,978.62	4,719.01	35,937.19	45.45		43,680.27
Repairs and maintenance	100,609.14	77,683.14	194,214.11	59,146.17	2,042.65	433,695.21
Retirement	47,466.03	74,961.92	49,697.71	7,558.08		179,683.74
Supplies	90,067.42	119,866.67	56,178.23	4,043.80	1,124.32	271,280.44
Telephone	3,609.40	4,404.67	2,573.14	266.33		10,853.54
Travel	1,558.21	4,303.38	1,366.19			7,227.78
Utilities	1,959.69	2,234.35	38,158.29			42,352.33
Workman's compensation	30,483.00	44,904.00	21,983.00	27,493.00		124,863.00
Total Operating Expenses	953,068.59	10,110,009.05	1,504,823.40	426,164.43	3,166.97	12,997,232.44
Operating Income (Loss)	303,731.70	1,948,500.48	710,948.29	83,281.51	(466.97)	3,045,995.01
NONOPERATING REVENUES (EXPENSES)						
Investment income	32,884.00	115,093.00	164,418.00			312,395.00
Miscellaneous charges	9,046.55	116,078.33	3,764.49	538.64		129,428.01
Loss on asset disposal						
Interest expense and fees			(318,381.34)			(318,381.34)
Total Nonoperating Revenues (Expenses)	41,930.55	231,171.33	(150,198.85)	538.64		123,441.67
Income (Loss) Before Contributions and Transfers	345,662.25	2,179,671.81	560,749.44	83,820.15	(466.97)	3,169,436.68
Operating transfers from PILOTS	(86,375.61)	(840,960.72)	(117,048.43)		(189.00)	(1,044,573.76)
Operating transfers from (to) other funds		(1,340,000.00)				(1,340,000.00)
Change in Net Assets	259,286.64	(1,288.91)	443,701.01	83,820.15	(655.97)	784,862.92
Net assets - beginning	3,952,229.11	3,556,216.82	9,463,136.11		56,114.83	17,027,696.87
Prior period adjustment	(27,911.69)	(52,731.53)	(30,406.68)	366,239.55		255,189.65
Net assets - ending	\$ 4,183,604.06	\$ 3,502,196.38	\$ 9,876,430.44	\$ 450,059.70	\$ 55,458.86	\$ 18,067,749.44

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2004**

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
Cash flows from operating activities:						
Cash received from customers	\$ 1,386,702.27	\$11,981,574.92	\$ 2,166,336.76	\$ 475,997.71	\$ 2,700.00	\$16,013,311.66
Cash received from other sources	9,046.55	116,078.33	3,764.49	538.64	-	129,428.01
Cash payments to suppliers	(208,758.81)	(8,845,397.32)	(314,657.11)	(190,581.57)	(3,166.97)	(9,562,561.78)
Cash payments to employees	(419,830.68)	(671,680.36)	(380,354.88)	(102,352.84)	-	(1,574,218.76)
Cash payments to employee benefits and payroll taxes	(88,416.51)	(148,731.08)	(76,283.37)	(34,802.05)	-	(348,233.01)
Cash payments to other funds	-	-	-	-	-	-
Cash payments for other expenses	(53,302.80)	(118,256.30)	(81,059.33)	(32,696.15)	-	(285,314.58)
Net cash provided by (used in) operating activities	625,440.02	2,313,588.19	1,317,746.56	116,103.74	(466.97)	4,372,411.54
Cash flows from non-capital financing activities:						
Operating transfers from (to) other funds		(1,340,000.00)				(1,340,000.00)
Operating transfers from PILOTS	(86,375.61)	(840,960.72)	(117,048.43)		(189.00)	(1,044,573.76)
Prior period adjustment	(27,911.69)	(52,731.53)	(30,406.68)			(111,049.90)
Due (from) to other funds		(197,929.20)			394,060.37	196,131.17
Net cash provided by (used in) non-capital financing activities	(114,287.30)	(2,431,621.45)	(147,455.11)		393,871.37	(2,299,492.49)
Cash flows from capital and related financing activities:						
Interest expense & fees			(318,381.34)			(318,381.34)
Purchase of capital acquisitions	(115,954.40)	(287,445.88)	(2,661,105.78)	(116,103.74)	(393,404.40)	(3,574,014.20)
Premium on investment			(225,445.72)			(225,445.72)
Principal payment on capital lease						
Proceeds from bond issuance			8,950,000.00			8,950,000.00
Proceeds from temporary note			500,000.00			500,000.00
Redemption of bonds payable			(35,000.00)			(35,000.00)
Net cash provided by (used in) capital and related financing activities	(115,954.40)	(287,445.88)	6,210,067.16	(116,103.74)	(393,404.40)	5,297,158.74
Cash flows from investing activities:						
Investment income	32,884.00	115,093.00	164,418.00			312,395.00
Purchase of investments-held to maturity	(809,706.72)	(150,560.52)	(1,729,988.21)			(2,690,255.45)
Sale of investments - held to maturity						
Net cash provided by (used in) investing activities	(776,822.72)	(35,467.52)	(1,565,570.21)			(2,377,860.45)
Net increase (decrease) in cash and cash equivalents	(381,624.40)	(440,946.66)	5,814,788.40			4,992,217.34
Cash and cash equivalents - beginning	381,624.40	1,313,122.73	1,851,693.48			3,546,440.61
Cash and cash equivalents - ending	\$	\$ 872,176.07	\$ 7,666,481.88	\$	\$	\$ 8,538,657.95
Displayed as:						
Cash and cash equivalents	\$	\$ 872,176.07	\$	\$	\$	\$ 872,176.07
Restricted - cash and cash equivalents		-	7,666,481.88			7,666,481.88
Total cash, cash equivalents, and investments	\$	\$ 872,176.07	\$ 7,666,481.88	\$	\$	\$ 8,538,657.95

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

Operating income (loss)	\$ 303,731.70	\$ 1,948,500.48	\$ 710,948.29	\$ 83,281.51	\$ (466.97)	\$ 3,045,995.01
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	154,669.11	163,491.23	637,304.55	65,731.82		1,021,196.71
Miscellaneous charges	9,046.55	116,078.33	3,764.49	538.64		129,428.01
(Increase) decrease in accounts receivable	140,363.98	(47,818.98)	(49,434.93)	(33,448.23)		9,661.84
Increase (decrease) in workmen's compensation	5,844.00	(10,107.00)	4,739.00			476.00
Increase (decrease) in accounts payable	1,553.47	121,010.98	(13,918.72)			108,645.73
Increase (decrease) in accrued payroll	(7,218.48)	(1,182.75)	(6,062.80)			(14,464.03)
Increase (decrease) in customer deposits	(10,462.00)	(29,115.63)				(39,577.63)
Increase (decrease) in accrued compensated absences	27,911.69	52,731.53	30,406.68			111,049.90
Net cash provided by (used in) operating activities	\$ 625,440.02	\$ 2,313,588.19	\$ 1,317,746.56	\$ 116,103.74	\$ (466.97)	\$ 4,372,411.54

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE A - SUMMARY OF ACCOUNTING POLICIES

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 expire in April 2008. The City provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services. Other services include electric, water and sewer utilities and airport operations.

The City of Monett (City) complies with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for established governmental accounting and financial reporting principles. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

THE FINANCIAL REPORTING ENTITY

The City, for financial purposes, includes all of the funds and account groups relevant to the operations of the City of Monett, Missouri. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City of Monett.

In determining the financial reporting entity, the City complies with the provisions of the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," and includes all component units of which the City appointed a voting majority of the units' board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate activity type to compose the primary government presentation.

**CITY OF MONETT, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 MARCH 31, 2004**

NOTE A - SUMMARY OF ACCOUNTING POLICIES (continued)

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

Blended Component Units

Component units that are blended into the reporting activity types of the City's report are presented below:

<u>Component Unit</u>	<u>Brief Description/Inclusion Criteria</u>	<u>Reporting</u>
City of Monett Family Center Corporation	Created April 18, 2001, to operate the golf course and related activities. The current board was appointed by the City Council and it provides services which benefit the primary government even though it does not provide services directly to the primary government. This component unit was dissolved March 31, 2004.	General Fund

ACCOUNTING POLICIES

Basis of Presentation - Fund Accounting

The accounts of the City are organized into funds and accounts groups, each of which is considered to be a separate accounting entity. The major fund categories and account groups are:

Governmental Fund Types

Governmental funds use the current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheet. Their operating statements present sources and uses of available resources during a given period.

Proprietary Fund Types

Proprietary funds use the economic resources measurement focus. The accounting objectives are determination of net income financial position, and cash flows. All assets and liabilities associated with a proprietary fund's actives are included on its balance sheet. Proprietary fund equity is segregated into contributed capital and retained earnings.

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE A - SUMMARY OF ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

The basis of accounting determines when transactions and economic events are reflected in financial statements, and measurement focus identifies which transactions and events should be recorded.

Modified Accrual Basis of Accounting

The City uses the modified accrual basis of accounting for governmental fund. The modified accrual basis of accounting recognizes revenues when both “measurable and available”. Measurable means the amount can be determined. Available means collectable within the current period or soon thereafter to pay current liabilities. The City considers revenues to be available if they are expected to be collected within 30 days of the end of year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due. Transfer between funds that are not expected to be repaid are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Accrual Basis of Accounting

The accrual basis of accounting is used in proprietary fund types. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Budgets and Budgetary Accounting

All departments of the City of Monett, Missouri are required to submit request for appropriation to the government’s director of finance in January each year. The director of finance uses these request as the starting point for developing a proposed budget. The director of finance 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 budget is prepared on the cash basis of accounting, which is an other comprehensive basis of basis of accounting. The cash basis of accounting recognizes revenues when collected and expenditures which paid. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.

The budget for the fiscal year ended March 31, 2004, was amended March 20, 2004. Revisions were made to the budget after initial adoption by the City Council.

**CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE A - SUMMARY OF ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash includes amounts in petty cash, demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less.

Receivables

All receivables are reported at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The city uses the direct write-off method. Bad debts are considered expenses in the period in which they are written off.

Due to and due from other funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Inventories

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 the close of the fiscal year.

Restricted Assets

Funds, because of certain contracts and/or bond covenants, are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service certain contract or bond covenants.

Fixed Assets, Depreciation, and Amortization

Property, plant and equipment of all funds and component units are stated at historical cost. Donated fixed assets are stated at their fair value on the date donated. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Governmental fund fixed assets are recorded in the General Fixed Asset Account Group and are not depreciated. Proprietary fund assets are recorded in the respective funds and depreciated using the straight-line method. Estimated useful lives, in years, for depreciable assets are as follows:

Land, buildings, and improvements	5 - 40
Furniture, fixtures, and equipment	3 - 40

**CITY OF MONETT, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 MARCH 31, 2004**

NOTE A - SUMMARY OF ACCOUNTING POLICIES (continued)

Net Assets

Unrestricted Net Assets:

Unrestricted net assets for governmental activities represent the amount available for budgeting future operations. Unrestricted net assets for proprietary activities represent the amount available for budgeting future operations.

Restricted Net Assets:

Restricted net assets for governmental activities represent the amounts that have been legally identified for specific purposes. Reserved net assets for proprietary activities represent the net assets that invested in capital assets, net of related debt. Restricted net assets for proprietary activities represents amounts that have been legally identified for debt service, capital projects, nonspendable or other purposed designated by city council..

Reserved Funds:

E-911	\$ 156,179.75	Providing funding for operation of emergency telephone service and the operational cost associated with answering and dispatching of emergency calls. RSMo 190.305 (2).
Police	200.00	Providing funding for law enforcement training. RSMo 590.140.
Police	473.86	Providing funding for the investigation or prosecution of criminal activity, execution of court orders, enforcement of drug-related crimes, training, drug education and the safety of both citizens and law enforcement officers. RSMo 513.651.
TIF	629,319.55	Providing funding for the Tax Increment Financing District project.
	\$ 786,173.16	

**CITY OF MONETT, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 MARCH 31, 2004**

NOTE A - SUMMARY OF ACCOUNTING POLICIES (continued)

Proprietary Fund:

Wastewater Sewer	\$ 9,396,470.09	Providing funding for sewer system bond repayment, replacement and repairs. Sewer construction cash of \$7,093,545.15 and Country Club short term note, cash of \$361,985.58.
Water	809,706.72	Providing funding for sewer system bond repayment, replacement and repairs.
	\$ 10,206,176.81	

Vacation, sick leave, and other compensated absences

For vacation leave the City's policy allows full-time employees or firefighters with 1 - 2 years city employment, 80 to 88 hours or 4 to 5 shifts vacation; 3 - 5 years employment, 96 to 112 hours or 5 to 6 shifts vacation; 6-11 years employment 120 to 160 hours or 7 to 10 shifts vacation. No extra vacation time accrues beyond 160 hours or ten shifts for firefighters. With supervisor approval, employees may carry over to the next calendar year, up to 40 hours vacation or two shifts for firefighters. All additional accrued but unused vacation shall be forfeited. All employees with greater than three years of service will start with 288 hours sick leave minus documented sick leave taken in the past three calendar years. Non-exempt Fire Department personnel will start with 403 hours (16.8 shifts) of sick leave minus documented sick leave in the past three years. Employees with less than three years of service will be credited for accumulated sick leave at the rate of four hours per pay period (5.6 hours for non-exempt Fire Department personnel) since date of hire minus any sick leave taken since that time. Should employment be terminated the employee is paid for accumulated vacation leave and 1/3 of the accumulated sick leave. Vacation time and sick leave are considered as expenditures in year paid.

Sales Taxes

The City levies a one half of one percent sales tax dedicated to the purpose of capital improvement funding. Also, the City levies a one percent sales tax for the purpose of general operations.

Use of Estimates

The preparation of financial statements in conformance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE A - SUMMARY OF ACCOUNTING POLICIES (continued)

Statement of Cash Flow

For the purpose of the Statement of Cash Flows, the Enterprise Funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

NOTE B - CASH AND INVESTMENTS

Deposits

Missouri Statutes require that the City have all deposits with financial institutions collateralized in an amount at least equal to uninsured deposits. As of March 31, 2004, the City was in compliance with collateralized deposits requires. The City's deposits are categorized to give an indication of the level of risk assumed by the City at year end as follows:

- Category 1 - Insured or collateralized with securities held by the City or its agent in the City's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 - Uncollateralized.

Description	Bank Balance	Category			Carrying Amount
		1	2	3	
Cash & Cash Equivalents	\$ 9,522,030.26	\$ 2,399,004.39	\$ 7,123,025.87	\$ -	\$ 9,374,416.88

Investments

Investing is performed in accordance with investment policies complying with State Statutes. Pooled funds may be invested in bonds of the State of Missouri or any wholly owned corporation of the United States or in other short-term obligations of the United States.

The City's investments are categorized to give an indication of the level of risk assumed by the City at fiscal year-end. The categories are described as follows:

- Category 1 - Insured, registered, or securities held by the City or its agent in the City's name.
- Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 - Uninsured and unregistered, with securities held by the counterparty, or its trust department or agent but not in the City's name.

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE B - CASH AND INVESTMENTS (continued)

Description	Bank Balance	Category			Carrying Amount
		1	2	3	
Investments	<u>\$ 2,702,523.77</u>	<u>\$ 2,702,523.77</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,702,523.77</u>

NOTE C - PROPERTY FUND FIXED ASSETS

Activities for general fixed assets capitalized by the City is summarized below:

	Balance April 1,	Additions	Deletions	Balance March 31,
Land, Buildings, & Improvements	\$ 3,690,790.94	\$ 107,294.18	\$	\$ 3,798,085.12
Infrastructure	9,509,272.76	863,100.94		10,372,373.70
Furniture, Fixtures & Equipment	4,342,742.52	185,143.24		4,527,885.76
Assets Under Capital Lease				
Construction in Progress	<u>384,573.81</u>	<u>67,169.79</u>	<u>384,573.81</u>	<u>67,169.79</u>
	<u>17,927,380.03</u>	<u>\$ 1,222,708.15</u>	<u>\$ 384,573.81</u>	<u>18,765,514.37</u>
Accumulated Depreciation	<u>(9,019,024.57)</u>	<u>(777,548.33)</u>		<u>(9,796,572.90)</u>
	<u>\$ 8,908,355.46</u>			<u>\$ 8,968,941.47</u>

A summary of property, plant and equipment of proprietary funds is presented below:

	Electric	Mechanic	Sewer	Waterworks	Fiber
Land, Buildings, & Improvements	\$ 809,526.89	\$ 86,500.00	\$ 101,548.50	\$ 965,877.50	\$
Infrastructure	4,851,290.33		13,948,334.89	4,497,252.65	
Furniture, Fixtures & Equipment	493,497.73	20,294.00	206,651.41	244,600.58	
Construction in Progress	<u>56,114.84</u>		<u>3,050,605.45</u>	<u>56,114.84</u>	<u>449,519.23</u>
	<u>6,210,429.79</u>	<u>106,794.00</u>	<u>17,307,140.25</u>	<u>5,763,845.57</u>	<u>449,519.23</u>
Accumulated Depreciation	<u>(4,211,813.31)</u>	<u>(15,998.80)</u>	<u>(7,194,341.05)</u>	<u>(2,410,688.79)</u>	
	<u>\$ 1,998,616.48</u>	<u>\$ 90,795.20</u>	<u>\$10,112,799.20</u>	<u>\$ 3,353,156.78</u>	<u>\$ 449,519.23</u>

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE D - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended March 31, 2004:

Amount of Original Issue (bonds only)	Range of Maturity Dates	Interest Rate %	Balance April 1,	Issued	Retired	Balance March 31,
<u>General Long-Term Debt:</u>						
Construction Obligation Payable:						
- Country Club	2003-2004	4.00%	\$	\$ 500,000.00	\$	\$ 500,000.00
Lease Obligations Payable:						
- Back Hoe	2002-2003	6.50%	975.31		975.31	
- Fire Truck	2002-2004	5.50%	65,387.60		65,387.60	
- Golf Equipment	2002-2006	5.13%	99,752.55		27,413.16	72,339.39
- Airport		4.00 –				
\$ 500,000.00	2003-2012	5.75%	374,680.12		31,074.99	343,605.13
- Golf Course		4.00 –				
\$ 1,100,000.00	2003-2012	5.75%	1,100,000.00		91,450.23	1,008,549.77
TIF Revenue Bonds:						
- TIF \$ 4,000,000.00	2002-2011	5.99%	3,340,000.00		110,000.00	3,230,000.00
Total General Long-Term Debt			<u>\$ 4,980,795.58</u>	<u>\$ 500,000.00</u>	<u>\$ 326,301.29</u>	<u>\$ 5,154,494.29</u>
<u>Enterprise Funds:</u>						
Sewerage Revenue Bonds:						
- Sewer 2003	2003-2005	2.00 – 4.70%	\$	\$ 8,950,000.00	\$	\$ 8,950,000.00
- Series 1992A		5.80 –				
\$ 745,000.00	2002-2014	6.45%	570,000.00		35,000.00	535,000.00
Total Revenue Bonds			\$ 570,000.00	\$ 8,950,000.00	\$ 35,000.00	\$ 9,485,000.00
Less: Current Portion			35,000.00			40,000.00
Total Long-Term Revenue Bonds			<u>\$ 535,000.00</u>			<u>\$ 9,445,000.00</u>

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE D - LONG-TERM DEBT (continued)

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of March 31, 2004, are as follows:

Fiscal Year Ended March 31	Leases	TIF	Country Club	Series 1992A	Series 2003	Total
2004	\$ 212,390.14	\$ 432,052.50	\$ 507,500.00	\$ 73,527.50	\$ 282,435.09	\$ 1,507,905.23
2005	212,390.14	431,570.00		70,947.50	388,078.76	1,102,986.40
2006	193,787.22	429,770.00		73,206.25	938,078.76	1,634,842.23
2007	180,499.42	426,145.00		75,142.50	942,578.76	1,624,365.68
2008	180,499.42	421,520.00		71,917.50	946,578.76	1,620,495.68
2009-2013	721,997.68	1,577,720.00		363,055.00	4,883,773.80	7,546,546.48
2014-2018					5,847,556.30	5,847,556.30
2019-2023					6,622,918.76	6,622,918.76
2024-2025					2,878,700.00	2,878,700.00
Total Principal and Interest	\$1,701,564.02	\$3,718,777.50	\$ 507,500.00	\$ 727,796.25	\$23,730,678.99	\$ 30,386,316.76
Less Interest	(277,069.73)	(488,777.50)	(7,500.00)	(192,796.25)	(14,780,678.99)	(15,746,822.47)
Liability as of March 31, 2004	<u>\$1,424,494.29</u>	<u>\$3,230,000.00</u>	<u>\$ 500,000.00</u>	<u>\$ 535,000.00</u>	<u>\$ 8,950,000.00</u>	<u>\$ 14,639,494.29</u>

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE D - LONG-TERM DEBT (continued)

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, 2004 was:

Assessed Valuation	
Real Estate	\$ 67,349,857.00
Personal Property	<u>31,043,446.00</u>
Total Assessed Valuation	<u>\$ 98,393,303.00</u>

The legal debt margin at March 31, 2004, was computed as follows:

General Obligation	
Debt Limit	\$ 19,678,660.60
General Obligation	
Bonds Payable	
Legal Debt Margin	<u>\$ 19,678,660.60</u>

As of March 31, 2004, the City of Monett had no outstanding general obligation bonds.

REVENUE BONDS

Various bond indentures contain significant requirements for annual debt service and flow of funds through the various restricted accounts. Specifically, the bond indentures for the 1992A sewer project, and the Tax Increment Revenue Bonds require the use of operations and maintenance, principal and interest, reserve account, and depreciation and replacement account. The reporting entity is in compliance with all significant requirements of the various bond covenants.

The sewer project bonds are recorded in the proprietary fund since the repayment is to be from the operations for which the debt was issued. The Tax Increment Revenue Bonds are reported in the long-term debt account group since the Tax Increment finance district is a major revenue fund.

Advance Refunding of Revenue Bonds, Series of 1990:

During the year 1992, the city of Monett issued sewer system revenue refunding and improvement bonds series 1992A. The net proceeds were used to provide improvements for the sewer system and to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for debt service payments on the series 1990 bonds. As a result, the series 1990 bonds are considered to be defeased and the liability for those bonds has been removed from the sewer fund, a component of the enterprise fund. The annual requirements to amortize the 1990 bonds in defeasance, including interest payments are as follows:

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE D - LONG-TERM DEBT (continued)

Fiscal Year Ended March 31	Total	Total Interest	Interest Rate	Principal Maturing	Bonds Outstanding
2004					\$ 260,000.00
2005	\$ 139,287.50	\$ 14,287.50	6.90%	\$ 125,000.00	135,000.00
2006	139,893.75	4,893.75	6.90%	135,000.00	
Totals	<u>\$ 279,181.25</u>	<u>\$ 19,181.25</u>		<u>\$ 260,000.00</u>	

Total monies held in cash and U. S. Government securities to be used by trust for series 1990 bonds at March 31, 2004 is \$ 260,005.23.

Operating Leases

The reporting entity has entered into a number of operating leases which contain cancellation provisions and are subject to annual appropriations.

Commitments

As of March 31, 2004, the following funds have service and construction commitments:

	Construction Contracts
General Fund:	
Street	\$ 173,000.00
Enterprise Fund:	
Sewer	<u>9,266,693.12</u>
	<u>\$ 9,439,693.12</u>

As part of the Tax Increment Financing District Construction, the Missouri Highway and Transportation Commission will reimburse the City of Monett \$1,120,692.00 in the year 2010. The reimbursement will be made without interest upon the City's letter of request in the year 2010.

NOTE E - RISK MANAGEMENT

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.

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE F - DEFINED BENEFIT PENSION PLAN

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.

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 12.4% (general), 11.0% (police), 11.4% (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 2003, the political subdivision's annual pension cost of \$450,102 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2001, and/or February 28, 2002 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions 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 4.2% per year, depending on age, attributable to seniority/merit, and (d) pre- and post-retirement mortality based on the 1983 Group Annuity Mortality table 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, 2003 was 15 years.

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE F - DEFINED BENEFIT PENSION PLAN (continued)

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost APC	Percentage of APC Contributed	Net Pension Obligation
6/30/2001	\$ 522,854	100%	\$ 0
6/30/2002	464,976	100%	0
6/30/2003	450,102	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, 2004, was \$3,829,488.24; the City's total payroll was \$4,134,852.51. All City full-time employees are eligible to participate in LT-8 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 1.50 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.

NOTE G - GRANTS

In the normal course of operations, the City receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE H - CONTINGIENCIES

Litigation

The City is party to various legal proceedings which normally occur in governmental operations. The potential outcome can not be determined, therefore, no provisions have been recorded.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF MONETT, MISSOURI
SCHEDULE OF FUNDING PROCESS
RETIREMENT SYSTEM
MARCH 31, 2004**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funde d Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2001	\$ 4,673,542	\$ 5,080,384	\$ 406,482	92%	\$ 3,484,592	12%
2/28/2002	5,305,981	5,506,960	200,979	96	3,364,070	6
2/28/2003	5,601,648	6,047,268	445,620	93	3,616,132	12

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, 2001, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

**CITY OF MONETT, MISSOURI
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACUTUAL
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED MARCH 31, 2004**

<u>Functions/Programs</u>	<u>Budgeted Amount</u>		<u>March 31, 2004</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
General	\$ 4,642,900.00	\$ 4,693,674.61	\$ 4,693,674.61	\$ -
E-911	90,000.00	89,937.05	89,937.05	-
Tax Increment Finance	678,000.00	699,428.88	699,428.88	-
Total Revenues	<u>5,410,900.00</u>	<u>5,483,040.54</u>	<u>5,483,040.54</u>	<u>-</u>
General	5,883,900.00	5,755,039.67	5,755,039.67	-
E-911	72,500.00	81,622.85	81,622.85	-
Tax Increment Finance	465,000.00	668,990.21	668,990.21	-
Total Expenditures	<u>6,421,400.00</u>	<u>6,505,652.73</u>	<u>6,505,652.73</u>	<u>-</u>
Revenues Over (Under) Expenditures				
Other Fiancing Sources				
Proceeds from Financing		200,000.00	200,000.00	-
Transfer In	1,088,000.00	1,340,000.00	1,340,000.00	-
Total Other Financing Sources (Uses)	<u>1,088,000.00</u>	<u>1,540,000.00</u>	<u>1,540,000.00</u>	<u>-</u>
Change in Fund Balance	<u>\$ 77,500.00</u>	<u>\$ 517,387.81</u>	517,387.81	\$ -
Beginning - Fund Balance			702,095.74	
Ending - Fund Balance			<u>\$ 1,219,483.55</u>	

See accompanying notes to the financial statements.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MONETT, MISSOURI
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
 YEAR ENDED MARCH 31, 2003

	Total Policy Development and Administration			Public Safety					
	(Memorandum Only)			BOCA Building Enforcement			Municipal Court		
	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04
Revenues									
Business license and permits	\$ 13,277.70	\$ 13,321.18	\$ 13,000.00	\$ 21,019.83	\$ 26,049.15	\$ 28,000.00	\$ -	\$ -	\$ -
Federal and state grants	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	104,125.86	85,000.00	-	-	-	-	-	-
Franchise fees	232,500.15	248,820.76	205,000.00	-	-	-	-	-	-
Sales tax	1,965,371.04	2,107,816.03	1,990,000.00	-	-	-	-	-	-
Interest income	16,952.41	106,095.55	55,700.00	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	22,296.72	4,952.58	5,800.00	692.62	431.70	300.00	-	-	-
Other taxes and assessments	24,970.47	27,435.90	900.00	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-	-
Total revenues	\$ 2,275,368.49	\$ 2,612,567.86	\$ 2,355,400.00	\$ 21,712.45	\$ 26,480.85	\$ 28,300.00	\$ -	\$ -	\$ -
Expenditures									
Salaries	\$ 87,407.92	\$ 104,984.10	\$ 70,900.00	\$ 70,663.91	\$ 71,666.38	\$ 77,600.00	\$ 40,143.05	\$ 44,807.59	\$ 44,200.00
Payroll taxes	5,952.72	7,476.88	5,500.00	4,853.12	4,841.81	6,000.00	2,937.98	3,427.78	3,400.00
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	7,372.62	10,310.30	7,500.00	267.67	996.35	1,000.00	368.45	1,909.93	500.00
Education	2,502.97	3,641.53	4,000.00	638.00	1,178.94	200.00	979.02	1,452.55	1,600.00
Election	2,567.70	6,140.92	1,000.00	-	-	-	-	-	-
Health and life insurance	16,105.30	17,825.06	25,000.00	9,732.00	9,868.60	10,000.00	3,498.24	3,560.64	4,000.00
Insurance	19,970.45	27,579.32	9,000.00	2,184.00	1,124.00	300.00	340.00	375.00	300.00
Landfill and recycling	-	-	-	-	-	-	-	-	-
Miscellaneous	9,456.83	7,816.09	12,800.00	841.16	708.46	800.00	241.60	347.20	200.00
Professional and consulting service	66,954.34	62,693.22	64,000.00	5,286.10	6,465.83	7,500.00	2,666.25	2,137.95	2,100.00
Repairs and maintenance	5,110.75	8,918.74	4,000.00	6,235.76	6,008.94	4,600.00	-	100.05	-
Retirement	8,303.64	10,819.35	7,100.00	8,829.48	8,816.89	9,500.00	3,596.31	3,696.09	3,700.00
Supplies	15,339.98	14,691.00	20,500.00	2,748.60	2,528.25	2,100.00	1,815.75	1,777.10	1,800.00
Telephone	2,199.44	1,964.24	2,000.00	1,810.75	1,829.51	1,800.00	1,139.68	1,339.31	1,000.00
Travel	1,980.89	3,338.97	3,000.00	296.50	-	400.00	-	-	-
Utilities	-	-	-	-	-	-	-	-	-
Workman's compensation	816.94	427.00	1,100.00	5,371.00	5,876.00	5,900.00	236.00	204.00	-
Capital outlay	30,088.50	43,381.25	54,600.00	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 282,130.99	\$ 332,007.97	\$ 292,000.00	\$ 119,758.05	\$ 121,909.96	\$ 127,700.00	\$ 57,962.33	\$ 65,135.19	\$ 62,800.00
Excess (deficiency) of revenues over expenditures	\$ 1,993,237.50	\$ 2,280,559.89	\$ 2,063,400.00	\$ (98,045.60)	\$ (95,429.11)	\$ (99,400.00)	\$ (57,962.33)	\$ (65,135.19)	\$ (62,800.00)
Other financing sources (uses)									
Due from (to) other funds	\$ (1,669.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Financing	-	-	-	-	-	-	-	-	-
Operating transfers from PILOTS and TIF	1,161,636.11	1,044,573.76	1,029,600.00	-	-	-	-	-	-
Operating transfers from (to) other funds	(3,153,204.61)	(3,039,829.25)	1,008,800.00	98,045.60	95,429.11	-	57,962.33	65,135.19	-
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ 285,304.40	\$ 4,101,800.00	\$ -	\$ -	\$ (99,400.00)	\$ -	\$ -	\$ (62,800.00)
Fund balance, beginning of year		-			-			-	
Prior period adjustment		-			-			-	
Fund balance, end of year		\$ 285,304.40			\$ -			\$ -	

** Figures listed above relate to the original City's budget. The City's budget was amended March 20, 2004. See page 39 for amended budget information.
 See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
 YEAR ENDED MARCH 31, 2003

	Public Safety								
	E-911			Emergency Management			Communications		
	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04
Revenues									
Business license and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	1,200.00	200.00	1,200.00
Other taxes and assessments	87,959.36	89,937.05	90,000.00	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-	-
Total revenues	\$ 87,959.36	\$ 89,937.05	\$ 90,000.00	\$ -	\$ -	\$ -	\$ 1,200.00	\$ 200.00	\$ 1,200.00
Expenditures									
Salaries	\$ 25,532.23	\$ 29,134.30	\$ 32,400.00	\$ 1,370.20	\$ 1,275.34	\$ 1,400.00	\$ 179,126.84	\$ 195,454.38	\$ 194,600.00
Payroll taxes	1,953.22	2,228.77	2,500.00	100.79	97.56	100.00	13,077.49	14,918.66	14,900.00
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	2,338.33	258.84	500.00	-	-	-	1,701.00	4,526.70	6,500.00
Education	289.22	2,668.70	4,500.00	90.00	125.00	200.00	6,778.53	60.00	500.00
Election	-	-	-	-	-	-	-	-	-
Health and life insurance	3,702.05	4,100.90	4,600.00	-	-	-	18,695.07	23,796.67	21,500.00
Insurance	401.00	206.00	300.00	31.00	16.00	100.00	20.00	876.00	1,400.00
Landfill and recycling	-	-	-	-	-	-	-	-	-
Miscellaneous	7.50	-	200.00	467.38	-	100.00	258.65	280.00	500.00
Professional and consulting service	160.00	45.45	-	-	-	-	160.00	45.45	200.00
Repairs and maintenance	-	-	-	1,724.52	2,191.18	1,300.00	5,822.44	9,021.68	10,000.00
Retirement	3,391.55	3,612.61	4,100.00	-	-	-	17,342.44	24,315.74	24,200.00
Supplies	889.64	338.68	1,200.00	1,314.96	437.35	500.00	698.06	642.09	1,500.00
Telephone	23,760.93	21,995.60	22,000.00	-	-	-	1,109.75	-	100.00
Travel	-	-	-	382.94	377.70	600.00	-	26.90	500.00
Utilities	-	-	-	-	-	-	-	-	-
Workman's compensation	181.00	190.00	200.00	-	-	-	1,099.00	1,165.00	1,200.00
Capital outlay	-	16,843.00	-	-	-	13,000.00	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 62,606.67	\$ 81,622.85	\$ 72,500.00	\$ 5,481.79	\$ 4,520.13	\$ 17,300.00	\$ 245,889.27	\$ 275,129.27	\$ 277,600.00
Excess (deficiency) of revenues over expenditures	\$ 25,352.69	\$ 8,314.20	\$ 17,500.00	\$ (5,481.79)	\$ (4,520.13)	\$ (17,300.00)	\$ (244,689.27)	\$ (274,929.27)	\$ (276,400.00)
Other financing sources (uses)									
Due from (to) other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Financing	-	-	-	-	-	-	-	-	-
Operating transfers from PILOTS and TIF	-	-	-	-	-	-	-	-	-
Operating transfers from (to) other funds	-	-	-	5,481.79	4,520.13	-	244,689.27	274,929.27	-
Revenues and other sources over (under) expenditures and other uses	\$ 25,352.69	\$ 8,314.20	\$ 17,500.00	\$ -	\$ -	\$ (17,300.00)	\$ -	\$ -	\$ (276,400.00)
Fund balance, beginning of year		147,865.55							
Prior period adjustment		-							
Fund balance, end of year		\$ 156,179.75			\$ -			\$ -	

** Figures listed above relate to the original City's budget. The City's budget was amended March 20, 2004. See page 39 for amended budget information.
 See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
 YEAR ENDED MARCH 31, 2003**

	Public Safety						Total Public Safety (Memorandum Only)		
	Fire Department			Police Department			Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04
	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04			
Revenues									
Business license and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,019.83	\$ 26,049.15	\$ 28,000.00
Federal and state grants	-	-	-	9,777.53	3,374.33	9,000.00	9,777.53	3,374.33	9,000.00
Fines and forfeitures	-	-	-	121,589.27	10,704.54	6,500.00	121,589.27	10,704.54	6,500.00
Franchise fees	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	629.98	3,898.81	600.00	26,888.49	21,509.60	11,600.00	29,411.09	26,040.11	13,700.00
Other taxes and assessments	-	-	-	-	-	-	87,959.36	89,937.05	90,000.00
Rental revenue	-	-	-	-	-	-	-	-	-
Total revenues	\$ 629.98	\$ 3,898.81	\$ 600.00	\$ 158,255.29	\$ 35,588.47	\$ 27,100.00	269,757.08	156,105.18	147,200.00
Expenditures									
Salaries	\$ 504,164.59	\$ 532,396.26	\$ 512,900.00	\$ 689,443.30	\$ 734,921.56	\$ 739,200.00	1,510,444.12	1,609,655.81	1,602,300.00
Payroll taxes	35,753.33	37,994.95	39,300.00	51,385.13	54,240.41	58,100.00	110,061.06	117,749.94	124,300.00
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	-	220.95	500.00	3,418.13	5,469.53	9,000.00	8,093.58	13,382.30	18,000.00
Education	3,235.35	5,090.02	4,000.00	6,114.14	8,429.92	11,000.00	18,124.26	19,005.13	22,000.00
Election	-	-	-	-	-	-	-	-	-
Health and life insurance	63,885.69	66,917.20	65,000.00	78,382.89	79,913.12	90,600.00	177,895.94	188,157.13	195,700.00
Insurance	15,829.50	8,766.00	14,000.00	19,273.25	9,744.00	27,000.00	38,078.75	21,107.00	43,400.00
Landfill and recycling	-	-	-	-	-	-	-	-	-
Miscellaneous	1,144.23	1,656.50	1,200.00	1,760.99	2,766.57	2,000.00	4,721.51	5,758.73	5,000.00
Professional and consulting service	186.25	5,045.45	400.00	19,286.25	22,450.45	22,500.00	27,744.85	36,190.58	32,700.00
Repairs and maintenance	28,644.00	35,854.74	39,300.00	78,087.92	72,868.17	59,100.00	120,514.64	126,044.76	114,300.00
Retirement	60,256.38	57,902.48	63,000.00	75,705.93	79,407.59	87,400.00	169,122.09	177,751.40	191,900.00
Supplies	19,365.34	11,146.11	12,600.00	17,690.38	15,814.71	25,000.00	44,522.73	32,684.29	44,700.00
Telephone	4,016.42	3,022.53	3,500.00	9,772.15	10,549.78	12,500.00	41,609.68	38,736.73	40,900.00
Travel	2,377.24	2,824.17	2,400.00	2,359.91	2,771.46	4,000.00	5,416.59	6,000.23	7,900.00
Utilities	1,577.62	181.39	1,000.00	-	-	-	1,577.62	181.39	1,000.00
Workman's compensation	47,203.00	56,358.00	55,000.00	47,134.00	54,575.00	52,000.00	101,224.00	118,368.00	114,300.00
Capital outlay	20,100.00	19,860.00	8,600.00	69,340.10	-	9,600.00	89,440.10	36,703.00	31,200.00
Debt service - principal	61,978.76	65,387.00	62,000.00	-	-	-	61,978.76	65,387.00	62,000.00
Debt service - interest	7,005.15	3,596.31	7,000.00	-	-	-	7,005.15	3,596.31	7,000.00
Total expenditures	\$ 876,722.85	\$ 914,220.06	\$ 891,700.00	\$ 1,169,154.47	\$ 1,153,922.27	\$ 1,209,000.00	2,537,575.43	2,616,459.73	2,658,600.00
Excess (deficiency) of revenues over expenditures	\$ (876,092.87)	\$ (910,321.25)	\$ (891,100.00)	\$ (1,010,899.18)	\$ (1,118,333.80)	\$ (1,181,900.00)	(2,267,818.35)	(2,460,354.55)	(2,511,400.00)
Other financing sources (uses)									
Due from (to) other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-
Proceeds from Financing	-	-	-	-	-	-	-	-	-
Operating transfers from PILOTS and TIF	-	-	-	-	-	-	-	-	-
Operating transfers from (to) other funds	876,092.87	910,321.25	-	995,530.39	1,118,380.56	-	2,284,975.11	2,403,580.32	-
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	\$ (891,100.00)	\$ (15,368.79)	\$ 46.76	\$ (1,181,900.00)	\$ 9,983.90	\$ (54,439.04)	\$ (2,448,600.00)
Fund balance, beginning of year									
Prior period adjustment									
Fund balance, end of year		\$ -			\$ 673.86			\$ 156,853.61	

** Figures listed above relate to the original City's budget. The City's budget was amended March 20, 2004. See page 39 for amended budget information.
 See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
 YEAR ENDED MARCH 31, 2003

	Public Works								
	Cemetery			Tax Increment Finance District			Community Development Block Grant Projects		
	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04
Revenues									
Business license and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants	-	-	-	-	-	-	661,199.97	32,327.57	32,200.00
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	501,845.27	522,061.97	500,000.00	-	-	-
Interest income	-	-	-	3,339.69	2,316.30	3,000.00	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	18,350.62	14,975.47	-	-	-	-	-	-	-
Other taxes and assessments	-	-	-	177,547.99	175,050.61	175,000.00	-	-	-
Rental revenue	-	-	-	-	-	-	-	-	-
Total revenues	\$ 18,350.62	\$ 14,975.47	\$ -	\$ 682,732.95	\$ 699,428.88	\$ 678,000.00	\$ 661,199.97	\$ 32,327.57	\$ 32,200.00
Expenditures									
Salaries	\$ 94,307.21	\$ 104,162.14	\$ 107,700.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll taxes	6,912.33	7,821.15	8,200.00	-	-	-	-	-	-
Community development block grant	-	-	-	-	-	-	15,900.68	-	-
Computer	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-
Election	-	-	-	-	-	-	-	-	-
Health and life insurance	7,009.68	7,134.48	12,100.00	-	-	-	-	-	-
Insurance	1,667.00	950.00	1,700.00	-	-	-	-	-	-
Landfill and recycling	-	-	-	-	-	-	-	-	-
Miscellaneous	924.11	701.36	1,200.00	13,469.77	385.00	-	-	-	-
Professional and consulting service	160.00	45.45	-	1,249.00	-	-	-	-	-
Repairs and maintenance	11,397.90	14,742.36	15,600.00	-	-	-	-	-	-
Retirement	11,460.97	11,570.08	11,400.00	-	-	-	-	-	-
Supplies	2,408.40	1,233.59	2,900.00	-	-	-	-	-	-
Telephone	1,554.73	1,648.30	1,600.00	-	-	-	-	-	-
Travel	72.00	-	-	-	-	-	-	-	-
Utilities	-	-	100.00	-	-	-	-	-	-
Workman's compensation	8,826.00	15,129.00	10,500.00	-	-	-	-	-	-
Capital outlay	-	8,514.00	18,600.00	-	48,020.79	-	856,584.61	370,393.06	219,200.00
Debt service - principal	-	-	-	220,000.00	312,755.54	250,000.00	-	-	-
Debt service - interest	-	-	-	209,250.66	307,828.88	215,000.00	-	-	-
Total expenditures	\$ 146,700.33	\$ 173,651.91	\$ 191,600.00	\$ 443,969.43	\$ 668,990.21	\$ 465,000.00	\$ 872,485.29	\$ 370,393.06	\$ 219,200.00
Excess (deficiency) of revenues over expenditures	\$ (128,349.71)	\$ (158,676.44)	\$ (191,600.00)	\$ 238,763.52	\$ 30,438.67	\$ 213,000.00	\$ (211,285.32)	\$ (338,065.49)	\$ (187,000.00)
Other financing sources (uses)									
Due from (to) other funds	\$ -	\$ -	\$ -	\$ 1,669.00	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Financing	-	-	-	-	200,000.00	-	-	-	-
Operating transfers from PILOTS and TIF	-	-	-	(221,963.78)	-	-	-	-	-
Operating transfers from (to) other funds	128,349.71	158,676.44	-	-	-	-	217,425.01	331,349.27	-
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	\$ (191,600.00)	\$ 18,468.74	\$ 230,438.67	\$ 213,000.00	\$ 6,139.69	\$ (6,716.22)	\$ (187,000.00)
Fund balance, beginning of year					399,772.21			6,716.22	
Prior period adjustment					-			-	
Fund balance, end of year					\$ 630,210.88			\$ -	

** Figures listed above relate to the original City's budget. The City's budget was amended March 20, 2004. See page 39 for amended budget information.
 See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
 YEAR ENDED MARCH 31, 2003**

	Public Works			Total Public Works (Memorandum Only)		
	Street Department			Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04
	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04			
Revenues						
Business license and permits	\$ 140.00	\$ 380.00	\$ 100.00	\$ 140.00	\$ 380.00	\$ 100.00
Federal and state grants	71,800.13	3,926.78	232,700.00	733,000.10	36,254.35	264,900.00
Fines and forfeitures	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-
Sales tax	-	-	-	501,845.27	522,061.97	500,000.00
Interest income	1,710.30	671.10	-	5,049.99	2,987.40	3,000.00
Intergovernmental	-	-	-	-	-	-
Other revenue	35,995.18	12,698.38	4,400.00	54,345.80	27,673.85	4,400.00
Other taxes and assessments	295,335.49	303,319.38	279,700.00	472,883.48	478,369.99	454,700.00
Rental revenue	3,712.68	3,600.00	3,600.00	3,712.68	3,600.00	3,600.00
Total revenues	<u>\$ 408,693.78</u>	<u>\$ 324,595.64</u>	<u>\$ 520,500.00</u>	<u>\$ 1,770,977.32</u>	<u>\$ 1,071,327.56</u>	<u>\$ 1,230,700.00</u>
Expenditures						
Salaries	\$ 336,440.26	\$ 349,642.61	\$ 353,500.00	430,747.47	453,804.75	461,200.00
Payroll taxes	24,188.45	25,994.10	28,000.00	31,100.78	33,815.25	36,200.00
Community development block grant	-	-	-	15,900.68	-	-
Computer	683.41	1,610.91	2,100.00	683.41	1,610.91	2,100.00
Education	428.00	430.00	500.00	428.00	430.00	500.00
Election	-	-	-	-	-	-
Health and life insurance	47,594.99	52,360.64	54,700.00	54,604.67	59,495.12	66,800.00
Insurance	20,024.00	10,312.00	16,700.00	21,691.00	11,262.00	18,400.00
Landfill and recycling	-	-	-	-	-	-
Miscellaneous	918.43	1,841.60	1,300.00	15,312.31	2,927.96	2,500.00
Professional and consulting service	2,216.00	13,704.85	2,400.00	3,625.00	13,750.30	2,400.00
Repairs and maintenance	386,046.99	243,522.19	428,300.00	397,444.89	258,264.55	443,900.00
Retirement	40,167.67	41,955.58	43,900.00	51,628.64	53,525.66	55,300.00
Supplies	8,832.90	7,691.49	10,100.00	11,241.30	8,925.08	13,000.00
Telephone	4,683.02	5,810.00	6,600.00	6,237.75	7,458.30	8,200.00
Travel	928.13	814.30	800.00	1,000.13	814.30	800.00
Utilities	2,102.19	3,044.52	1,000.00	2,102.19	3,044.52	1,100.00
Workman's compensation	41,386.00	43,842.00	39,100.00	50,212.00	58,971.00	49,600.00
Capital outlay	78,592.63	26,410.94	330,400.00	935,177.24	453,338.79	568,200.00
Debt service - principal	6,513.87	975.31	1,000.00	226,513.87	313,730.85	251,000.00
Debt service - interest	6,532.99	4.97	-	215,783.65	307,833.85	215,000.00
Total expenditures	<u>\$ 1,008,279.93</u>	<u>\$ 829,968.01</u>	<u>\$ 1,320,400.00</u>	<u>\$ 2,471,434.98</u>	<u>\$ 2,043,003.19</u>	<u>\$ 2,196,200.00</u>
Excess (deficiency) of revenues over expenditures	\$ (599,586.15)	\$ (505,372.37)	\$ (799,900.00)	\$ (700,457.66)	\$ (971,675.63)	\$ (965,500.00)
Other financing sources (uses)						
Due from (to) other funds	\$ -	\$ -	\$ -	\$ 1,669.00	\$ -	\$ -
Proceeds from Financing	-	-	-	-	200,000.00	-
Operating transfers from PILOTS and TIF	-	-	-	(221,963.78)	-	-
Operating transfers from (to) other funds	599,586.15	505,372.37	-	945,360.87	995,398.08	-
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (799,900.00)</u>	<u>\$ 24,608.43</u>	<u>\$ 223,722.45</u>	<u>\$ (965,500.00)</u>
Fund balance, beginning of year					406,488.43	
Prior period adjustment					-	
Fund balance, end of year		<u>\$ -</u>			<u>\$ 630,210.88</u>	

** Figures listed above relate to the original City's budget. The City's budget was amended March 20, 2004. See page 39 for amended budget information.
 See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - SPECIAL REVENUE FUNDS
 YEAR ENDED MARCH 31, 2004

	Parks and Recreation								
	Casino			Recreation			Golf Course		
	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04
Revenues									
Business license and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	228.01	198.81	300.00	41,280.36	37,244.04	41,700.00	152,567.00	186,826.21	329,200.00
Other taxes and assessments	-	-	-	-	-	-	-	-	-
Rental revenue	18,950.75	17,903.00	19,500.00	11,990.00	13,838.50	15,700.00	38,699.00	49,030.97	94,100.00
Total revenues	\$ 19,178.76	\$ 18,101.81	\$ 19,800.00	\$ 53,270.36	\$ 51,082.54	\$ 57,400.00	\$ 191,266.00	\$ 235,857.18	\$ 423,300.00
Expenditures									
Salaries	\$ 17,635.42	\$ 19,644.10	\$ 11,700.00	\$ 90,772.59	\$ 64,161.33	\$ 77,400.00	\$ 165,989.93	\$ 174,338.98	\$ 124,000.00
Payroll taxes	1,315.78	1,502.77	900.00	7,283.35	5,412.61	6,000.00	11,726.83	14,329.66	9,500.00
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	-	-	-	1,861.00	1,244.00	1,200.00	-	-	-
Education	-	-	-	30.00	450.00	1,000.00	1,556.12	719.20	800.00
Election	-	-	-	-	-	-	-	-	-
Health and life insurance	3,504.84	3,567.24	3,500.00	4,701.16	3,424.88	3,500.00	16,912.50	-	3,900.00
Insurance	235.00	121.00	200.00	4,812.00	4,173.00	4,000.00	8,506.70	7,195.00	1,200.00
Landfill and recycling	-	-	-	-	-	-	-	-	-
Miscellaneous	344.00	45.45	200.00	246.14	605.20	500.00	754.15	2,916.72	500.00
Professional and consulting service	-	-	100.00	17,763.95	46,710.45	24,800.00	10,701.23	8,826.87	500.00
Repairs and maintenance	1,305.35	1,649.07	5,200.00	11,831.57	26,392.46	18,700.00	23,982.34	39,063.05	19,600.00
Retirement	986.98	1,187.79	1,200.00	4,840.96	4,159.80	4,800.00	6,987.85	2,331.43	4,300.00
Supplies	2,323.20	3,562.24	3,100.00	25,427.40	15,290.78	17,300.00	79,830.08	80,384.20	86,400.00
Telephone	777.97	830.66	700.00	2,280.53	1,817.54	2,000.00	1,789.17	2,708.93	1,200.00
Travel	-	-	-	124.28	695.32	1,000.00	998.92	723.14	500.00
Utilities	284.34	307.32	400.00	3,278.66	3,864.27	2,500.00	510.11	523.31	2,400.00
Workman's compensation	701.00	962.00	800.00	9,754.00	10,230.00	3,200.00	5,012.00	1,911.00	2,000.00
Capital outlay	-	-	-	3,385.83	23,425.64	31,500.00	431,048.06	-	-
Debt service - principal	-	-	-	-	-	-	15,846.93	118,863.39	118,900.00
Debt service - interest	-	-	-	-	-	-	2,755.99	47,572.11	47,600.00
Total expenditures	\$ 29,413.88	\$ 33,379.64	\$ 28,000.00	\$ 188,393.42	\$ 212,057.28	\$ 199,400.00	\$ 784,908.91	\$ 502,406.99	\$ 423,300.00
Excess (deficiency) of revenues over expenditures	\$ (10,235.12)	\$ (15,277.83)	\$ (8,200.00)	\$ (135,123.06)	\$ (160,974.74)	\$ (142,000.00)	\$ (593,642.91)	\$ (266,549.81)	\$ -
Other financing sources (uses)									
Due from (to) other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,215,599.48	\$ -	\$ -
Proceeds from Financing	-	-	-	-	-	-	-	-	-
Operating transfers from PILOTS and TIF	-	-	-	-	-	-	-	-	-
Operating transfers from (to) other funds	10,235.12	15,277.83	-	135,123.06	160,974.74	-	(621,956.57)	266,549.81	-
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	\$ (8,200.00)	\$ -	\$ -	\$ (142,000.00)	\$ -	\$ -	\$ -
Fund balance, beginning of year									
Prior period adjustment									
Fund balance, end of year		\$ -			\$ -		\$ -	\$ -	

** Figures listed above relate to the original City's budget. The City's budget was amended March 20, 2004.
 See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - SPECIAL REVENUE FUNDS
 YEAR ENDED MARCH 31, 2003

	Parks and Recreation								
	North Park			South Park			Pool		
	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04
Revenues									
Business license and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	15,250.00	-	-	80,140.13	83,202.04	53,000.00	28,677.01	38,131.42	28,900.00
Other taxes and assessments	-	-	-	-	-	-	-	-	-
Rental revenue	-	-	-	35.00	-	-	4,067.25	2,747.00	3,500.00
Total revenues	\$ 15,250.00	\$ -	\$ -	\$ 80,175.13	\$ 83,202.04	\$ 53,000.00	\$ 32,744.26	\$ 40,878.42	\$ 32,400.00
Expenditures									
Salaries	\$ 48,144.73	\$ 54,897.54	\$ 56,300.00	\$ 87,024.63	\$ 80,004.43	\$ 81,800.00	\$ 46,449.57	\$ 59,904.10	\$ 44,500.00
Payroll taxes	3,539.65	4,185.34	4,300.00	6,642.91	10,223.95	6,300.00	3,218.78	4,126.74	3,400.00
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	500.00	-	-	-
Election	-	-	-	-	-	-	-	-	-
Health and life insurance	3,498.24	3,560.64	4,000.00	10,410.93	9,866.06	8,600.00	-	-	-
Insurance	1,214.00	625.00	800.00	2,795.00	2,618.00	2,900.00	767.00	395.00	1,000.00
Landfill and recycling	-	-	-	-	-	-	-	-	-
Miscellaneous	202.54	195.65	100.00	930.70	322.52	1,400.00	126.40	136.73	200.00
Professional and consulting service	-	-	-	190.00	45.45	100.00	2,239.00	45.45	500.00
Repairs and maintenance	11,471.04	29,106.85	5,500.00	33,180.97	39,868.45	39,400.00	3,381.29	9,569.27	2,000.00
Retirement	1,915.51	2,142.81	5,000.00	8,219.17	8,484.65	8,200.00	-	-	-
Supplies	3,104.73	3,623.27	3,400.00	6,457.41	4,462.90	8,400.00	7,039.61	12,878.22	7,100.00
Telephone	-	167.74	-	1,548.93	1,619.68	1,700.00	795.52	812.71	600.00
Travel	24.00	-	-	72.00	-	100.00	-	-	-
Utilities	-	-	-	-	-	100.00	-	-	-
Workman's compensation	4,943.00	4,552.00	4,800.00	9,816.00	5,222.00	5,900.00	5,277.00	3,000.00	6,100.00
Capital outlay	-	25,565.88	-	47,957.63	118,968.99	53,000.00	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 78,057.44	\$ 128,622.72	\$ 84,200.00	\$ 215,246.28	\$ 281,707.08	\$ 218,400.00	\$ 69,294.17	\$ 90,868.22	\$ 65,400.00
Excess (deficiency) of revenues over expenditures	\$ (62,807.44)	\$ (128,622.72)	\$ (84,200.00)	\$ (135,071.15)	\$ (198,505.04)	\$ (165,400.00)	\$ (36,549.91)	\$ (49,989.80)	\$ (33,000.00)
Other financing sources (uses)									
Due from (to) other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Financing	-	-	-	-	-	-	-	-	-
Operating transfers from PILOTS and TIF	-	-	-	-	-	-	-	-	-
Operating transfers from (to) other funds	62,807.44	128,622.72	-	135,071.15	198,505.04	-	36,549.91	49,989.80	-
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	\$ (84,200.00)	\$ -	\$ -	\$ (165,400.00)	\$ -	\$ -	\$ (33,000.00)
Fund balance, beginning of year		-			-			-	
Prior period adjustment		-			-			-	
Fund balance, end of year		\$ -			\$ -			\$ -	

** Figures listed above relate to the original City's budget. The City's budget was amended March 20, 2004.
 See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - SPECIAL REVENUE FUND
 YEAR ENDED MARCH 31, 2003

	Total Parks and Recreation (Memorandum Only)		
	Prior Year	Current Year	Budget **
	03/31/03	03/31/04	03/31/04
Revenues			
Business license and permits	\$ -	\$ -	\$ -
Federal and state grants	-	-	-
Fines and forfeitures	-	-	-
Franchise fees	-	-	-
Sales tax	-	-	-
Interest income	-	-	-
Intergovernmental	-	-	-
Other revenue	318,142.51	345,602.52	453,100.00
Other taxes and assessments	-	-	-
Rental revenue	73,742.00	83,519.47	132,800.00
Total revenues	<u>\$ 391,884.51</u>	<u>\$ 429,121.99</u>	<u>\$ 585,900.00</u>
Expenditures			
Salaries	456,016.87	452,950.48	395,700.00
Payroll taxes	33,727.30	39,781.07	30,400.00
Community development block grant	-	-	-
Computer	1,861.00	1,244.00	1,200.00
Education	1,586.12	1,169.20	2,300.00
Election	-	-	-
Health and life insurance	39,027.67	20,418.82	23,500.00
Insurance	18,329.70	15,127.00	10,100.00
Landfill and recycling	-	-	-
Miscellaneous	2,603.93	4,222.27	2,900.00
Professional and consulting service	30,894.18	55,628.22	26,000.00
Repairs and maintenance	85,152.56	145,649.15	90,400.00
Retirement	22,950.47	18,306.48	23,500.00
Supplies	124,182.43	120,201.61	125,700.00
Telephone	7,192.12	7,957.26	6,200.00
Travel	1,219.20	1,418.46	1,600.00
Utilities	4,073.11	4,694.90	5,400.00
Workman's compensation	35,503.00	25,877.00	22,800.00
Capital outlay	482,391.52	167,960.51	84,500.00
Debt service - principal	15,846.93	118,863.39	118,900.00
Debt service - interest	2,755.99	47,572.11	47,600.00
Total expenditures	<u>1,365,314.10</u>	<u>1,249,041.93</u>	<u>1,018,700.00</u>
Excess (deficiency) of revenues over expenditures	(973,429.59)	(819,919.94)	(432,800.00)
Other financing sources (uses)			
Due from (to) other funds	1,215,599.48	-	-
Proceeds from Financing	-	-	-
Operating transfers from PILOTS and TIF	-	-	-
Operating transfers from (to) other funds	<u>(242,169.89)</u>	<u>819,919.94</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>-</u>	<u>-</u>	<u>(432,800.00)</u>
Fund balance, beginning of year	-	-	-
Prior period adjustment	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

** Figures listed above relate to the original City's budget. The City's budget was amended March 20, 2004.
 See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - SPECIAL REVENUE FUND
 YEAR ENDED MARCH 31, 2003**

	Total Municipal Airport (Memorandum Only)			Total General Fund (Memorandum Only)		
	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04
Revenues						
Business license and permits	\$ -	\$ -	\$ -	\$ 34,437.53	\$ 39,750.33	\$ 41,100.00
Federal and state grants	1,140,267.00	44,930.00	-	1,883,044.63	84,558.68	273,900.00
Fines and forfeitures	-	-	-	121,589.27	114,830.40	91,500.00
Franchise fees	-	-	-	232,500.15	248,820.76	205,000.00
Sales tax	-	-	-	2,467,216.31	2,629,878.00	2,490,000.00
Interest income	-	-	-	22,002.40	109,082.95	58,700.00
Intergovernmental	-	-	-	-	-	-
Other revenue	93,242.72	87,532.19	102,890.00	517,438.84	491,801.25	579,890.00
Other taxes and assessments	-	-	-	585,813.31	595,742.94	545,600.00
Rental revenue	24,520.68	36,882.00	38,400.00	101,975.36	124,001.47	174,800.00
Total revenues	\$ 1,258,030.40	\$ 169,344.19	\$ 141,290.00	\$ 5,966,017.80	\$ 4,438,466.78	\$ 4,460,490.00
Expenditures						
Salaries	\$ 88,865.48	\$ 88,797.30	\$ 94,900.00	2,573,481.86	2,710,192.44	2,625,000.00
Payroll taxes	6,126.91	5,991.42	7,300.00	186,968.77	204,814.56	203,700.00
Community development block grant	-	-	-	15,900.68	-	-
Computer	-	-	-	18,010.61	26,547.51	28,800.00
Education	-	-	-	22,641.35	24,245.86	28,800.00
Election	-	-	-	2,567.70	6,140.92	1,000.00
Health and life insurance	12,760.95	13,969.50	14,200.00	300,394.53	299,865.63	325,200.00
Insurance	14,466.00	10,635.00	10,000.00	112,535.90	85,710.32	90,900.00
Landfill and recycling	-	-	-	-	-	-
Miscellaneous	1,435.01	1,809.90	1,500.00	33,529.59	22,534.95	24,700.00
Professional and consulting service	7,440.88	207.95	5,000.00	136,659.25	168,470.27	130,100.00
Repairs and maintenance	13,494.28	26,143.45	27,000.00	621,717.12	565,020.65	679,600.00
Retirement	8,343.07	9,359.79	9,200.00	260,347.91	269,762.68	287,000.00
Supplies	5,551.98	7,567.16	5,000.00	200,838.42	184,069.14	208,900.00
Telephone	3,740.83	3,136.54	3,400.00	60,979.82	59,253.07	60,700.00
Travel	1,010.73	790.00	2,000.00	10,627.54	12,361.96	15,300.00
Utilities	11,442.60	13,936.37	12,000.00	19,195.52	21,857.18	19,500.00
Workman's compensation	2,687.00	3,089.00	3,200.00	190,442.94	206,732.00	191,000.00
Capital outlay	1,525,099.33	33,751.89	-	3,062,196.69	735,135.44	738,500.00
Debt service - principal	-	31,074.99	41,600.00	304,339.56	529,056.23	473,500.00
Debt service - interest	-	14,879.65	19,600.00	225,544.79	373,881.92	289,200.00
Total expenditures	\$ 1,702,465.05	\$ 265,139.91	\$ 255,900.00	\$ 8,358,920.55	\$ 6,505,652.73	\$ 6,421,400.00
Excess (deficiency) of revenues over expenditures	\$ (444,434.65)	\$ (95,795.72)	\$ (114,610.00)	\$ (2,392,902.75)	\$ (2,067,185.95)	\$ (1,960,910.00)
Other financing sources (uses)						
Due from (to) other funds	\$ -	\$ -	\$ -	\$ 1,215,599.48	\$ -	\$ -
Proceeds from Financing	374,680.16	-	-	374,680.16	200,000.00	-
Operating transfers from PILOTS and TIF	-	-	-	939,672.33	1,044,573.76	1,029,600.00
Operating transfers from (to) other funds	69,754.49	95,795.72	-	(102,456.89)	1,340,000.00	1,008,800.00
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	\$ (114,610.00)	\$ 34,592.33	517,387.81	\$ 77,490.00
Fund balance, beginning of year		-			554,981.08	
Prior period adjustment		-			-	
Fund balance, end of year		\$ -			\$ 1,072,368.89	

** Figures listed above relate to the original City's budget. The City's budget was amended March 20, 2004.
 See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN RETAINED EARNINGS (ORIGINAL BUDGET AND ACTUAL) - PROPRIETARY FUND TYPES
 YEAR ENDED MARCH 31, 2003**

	Waterworks			Electric			Wastewater-Sewer		
	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04
Operating revenues									
Revenues	\$ 1,216,512.48	\$ 1,233,937.33	\$ 1,344,000.00	\$ 10,359,208.10	\$ 12,013,724.63	\$ 11,431,000.00	\$ 1,790,427.81	\$ 1,675,885.49	\$ 1,907,000.00
Federal and state grants	162,420.17	-	-	61,361.43	-	78,000.00	-	532,033.40	251,600.00
Tap - in charges	7,750.00	6,800.00	8,200.00	-	-	-	600.00	720.00	1,800.00
Penalties	10,052.09	11,570.98	10,000.00	33,761.48	42,457.90	45,000.00	6,291.15	7,132.80	6,000.00
Miscellaneous charges	24,405.10	9,046.55	29,800.00	84,352.52	116,078.33	123,000.00	802.37	3,764.49	19,200.00
Rental	5,507.50	4,491.98	6,800.00	1,952.00	2,327.00	200.00	70.00	-	200.00
Total operating revenues	\$ 1,426,647.34	\$ 1,265,846.84	\$ 1,398,800.00	\$ 10,540,635.53	\$ 12,174,587.86	\$ 11,677,200.00	\$ 1,798,191.33	\$ 2,219,536.18	\$ 2,185,800.00
Operating expenses									
Salaries	\$ 428,195.57	\$ 412,612.20	\$ 469,500.00	\$ 631,955.87	\$ 670,497.61	\$ 670,400.00	\$ 372,305.73	\$ 374,292.08	\$ 401,900.00
Payroll taxes	30,686.63	30,336.86	36,000.00	45,078.13	49,061.56	51,300.00	26,911.41	27,858.07	30,800.00
Depreciation	149,039.41	154,669.11	-	161,483.81	163,491.23	-	646,894.83	637,304.55	-
Computer	7,377.28	9,380.00	8,000.00	7,405.60	8,562.98	8,000.00	7,995.79	8,023.00	8,000.00
Education	2,625.34	1,892.51	3,600.00	12,596.44	6,365.01	8,000.00	2,009.33	1,513.45	2,400.00
Electric purchases	-	-	-	7,810,138.61	8,749,657.29	7,821,000.00	-	-	-
Gas and oil	12,232.84	11,488.63	11,300.00	11,775.13	9,084.44	12,000.00	9,982.59	9,648.21	10,200.00
Health and life insurance	45,293.11	36,632.80	53,000.00	67,685.81	71,074.12	82,100.00	29,763.27	27,620.82	36,000.00
Insurance	21,966.25	10,820.00	18,000.00	83,232.25	42,372.00	68,000.00	26,694.25	13,255.00	18,000.00
Landfill and recycling	-	-	-	-	-	-	-	-	-
Miscellaneous	(199.28)	1,336.50	2,000.00	797.45	1,367.92	3,000.00	2,860.51	439.71	2,000.00
Office supplies	4,493.96	5,168.47	4,000.00	4,708.56	5,397.75	4,000.00	4,768.39	4,760.65	4,000.00
Professional and consulting service	48,958.23	2,978.62	40,000.00	22,709.90	4,719.01	15,000.00	60,784.11	35,937.19	50,000.00
Repairs and maintenance	59,471.52	100,609.14	110,100.00	92,226.85	77,683.14	111,100.00	69,410.98	194,214.11	103,400.00
Retirement	46,397.83	47,466.03	57,000.00	74,214.16	74,961.92	81,400.00	48,371.91	49,697.71	49,800.00
Supplies	114,309.28	90,067.42	85,000.00	291,712.77	119,866.67	95,000.00	82,256.17	56,178.23	45,000.00
Telephone	3,514.93	3,609.40	3,700.00	4,793.76	4,404.67	5,000.00	2,932.67	2,573.14	3,000.00
Travel	2,796.43	1,558.21	2,800.00	3,035.31	4,303.38	2,000.00	2,007.41	1,366.19	2,500.00
Utilities	2,292.93	1,959.69	400.00	1,749.44	2,234.35	800.00	29,687.83	38,158.29	25,000.00
Workman's compensation	24,753.00	30,483.00	30,000.00	33,705.00	44,904.00	49,500.00	15,284.00	21,983.00	20,900.00
Total operating expenses	\$ 1,004,205.26	\$ 953,068.59	\$ 934,400.00	\$ 9,361,004.85	\$ 10,110,009.05	\$ 9,087,600.00	\$ 1,440,921.18	\$ 1,504,823.40	\$ 812,900.00
Non-operating revenues (expenses)									
Investment Income	\$ -	\$ 32,884.00	\$ -	\$ 46,407.81	\$ 115,093.00	\$ 35,000.00	\$ 141,802.45	\$ 164,418.00	\$ 70,000.00
Loss on Asset Disposal	(51,450.71)	-	-	(263,922.39)	-	-	(308,506.88)	-	-
Interest expense and fees	-	-	-	-	-	-	(74,259.25)	(318,381.34)	(80,000.00)
Net non-operating revenues (expenses)	\$ (51,450.71)	\$ 32,884.00	\$ -	\$ (217,514.58)	\$ 115,093.00	\$ 35,000.00	\$ (240,963.68)	\$ (153,963.34)	\$ (10,000.00)
Net income before transfers	\$ 370,991.37	\$ 345,662.25	\$ 464,400.00	\$ 962,116.10	\$ 2,179,671.81	\$ 2,624,600.00	\$ 116,306.47	\$ 560,749.44	\$ 1,362,900.00
Operating transfers from PILOTS	(86,402.01)	(86,375.61)	(94,000.00)	(727,698.80)	(840,960.72)	(800,200.00)	(125,571.52)	(117,048.43)	(133,300.00)
Operating transfers from (to) other funds	-	-	-	(20,638.32)	(1,340,000.00)	(1,008,800.00)	-	-	-
Net income (loss)	\$ 284,589.36	\$ 259,286.64	\$ 370,400.00	\$ 213,778.98	\$ (1,288.91)	\$ 815,600.00	\$ (9,265.05)	\$ 443,701.01	\$ 1,229,600.00
Retained earnings, beginning of year		3,952,229.11			3,556,216.82			6,445,307.06	
Prior period adjustment		(27,911.69)			(52,731.53)			2,987,422.37	
Retained earning, end of year		\$ 4,183,604.06			\$ 3,502,196.38			\$ 9,876,430.44	

** Figures listed above relate to the original City's budget. The City's budget was amended March 20, 2004.
 See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN RETAINED EARNINGS (ORIGINAL BUDGET AND ACTUAL) - PROPRIETARY FUND TYPES
 YEAR ENDED MARCH 31, 2003**

	Fiber			Sanitation			Total Proprietary Funds (Memorandum Only)		
	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04
Operating revenues									
Revenues	\$ -	\$ 2,700.00	\$ 48,000.00	\$ 418,878.07	\$ 449,545.94	\$ 413,800.00	\$ 13,785,026.46	\$ 15,375,793.39	\$ 15,143,800.00
Federal and state grants	-	-	-	-	59,900.00	109,900.00	223,781.60	591,933.40	439,500.00
Tap - in charges	-	-	-	-	-	-	8,350.00	7,520.00	10,000.00
Penalties	-	-	-	-	-	-	50,104.72	61,161.68	61,000.00
Miscellaneous charges	-	-	-	3,410.50	538.64	-	112,970.49	129,428.01	172,000.00
Rental	-	-	-	-	-	-	7,529.50	6,818.98	7,200.00
Total operating revenues	\$ -	\$ 2,700.00	\$ 48,000.00	\$ 422,288.57	\$ 509,984.58	\$ 523,700.00	\$ 14,187,762.77	\$ 16,172,655.46	\$ 15,833,500.00
Operating expenses									
Salaries	\$ -	\$ -	\$ 33,400.00	\$ 134,694.94	\$ 102,352.84	\$ 141,800.00	\$ 1,567,152.11	\$ 1,559,754.73	\$ 1,717,000.00
Payroll taxes	-	-	2,600.00	10,895.01	12,450.87	17,600.00	113,571.18	119,707.36	138,300.00
Depreciation	-	-	-	49,403.38	65,731.82	-	1,006,821.43	1,021,196.71	-
Computer	-	-	4,000.00	-	-	-	72,182.05	91,697.80	28,000.00
Education	1,445.00	-	6,000.00	-	-	-	18,676.11	9,770.97	20,000.00
Electric purchases	-	-	-	-	-	-	7,810,138.61	8,749,657.29	7,821,000.00
Gas and oil	-	-	-	-	-	-	33,990.56	30,221.28	33,500.00
Health and life insurance	-	-	6,000.00	14,012.76	14,793.10	16,100.00	156,754.95	150,120.84	193,200.00
Insurance	-	-	2,500.00	5,684.00	2,927.00	6,400.00	137,576.75	69,374.00	112,900.00
Landfill and recycling	-	-	-	117,722.52	127,346.15	142,900.00	117,722.52	127,346.15	142,900.00
Miscellaneous	11.00	-	1,000.00	2,390.59	2,009.82	900.00	5,860.27	5,153.95	8,900.00
Office supplies	-	-	6,000.00	-	-	-	13,970.91	15,326.87	18,000.00
Professional and consulting service	1,055.77	-	2,000.00	296.00	45.45	200.00	133,804.01	43,680.27	107,200.00
Repairs and maintenance	-	2,042.65	10,600.00	59,863.01	59,146.17	70,600.00	280,972.36	433,695.21	405,800.00
Retirement	-	-	4,500.00	9,950.03	7,558.08	10,900.00	178,933.93	179,683.74	203,600.00
Supplies	2,184.49	1,124.32	20,000.00	22,298.02	4,043.80	3,100.00	512,760.73	271,280.44	248,100.00
Telephone	-	-	500.00	-	266.33	-	11,241.36	10,853.54	12,200.00
Travel	-	-	-	120.00	-	-	7,959.15	7,227.78	7,300.00
Utilities	-	-	-	-	-	-	33,730.20	42,352.33	26,200.00
Workman's compensation	-	-	-	23,370.00	27,493.00	29,500.00	97,112.00	124,863.00	129,900.00
Total operating expenses	\$ 4,696.26	\$ 3,166.97	\$ 99,100.00	\$ 450,700.26	\$ 426,164.43	\$ 440,000.00	\$ 12,310,931.19	\$ 13,062,964.26	\$ 11,374,000.00
Non-operating revenues (expenses)									
Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 188,210.26	\$ 312,395.00	\$ 105,000.00
Loss on Asset Disposal	-	-	-	-	-	-	(623,879.98)	-	-
Interest expense and fees	-	-	-	-	-	-	(74,259.25)	(318,381.34)	(80,000.00)
Net non-operating revenues (expenses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (509,928.97)	\$ (5,986.34)	\$ 25,000.00
Net income before transfers	\$ (4,696.26)	\$ (466.97)	\$ (51,100.00)	\$ (28,411.69)	\$ 83,820.15	\$ 83,700.00	\$ 1,416,305.99	\$ 3,169,436.68	\$ 4,484,500.00
Operating transfers from PILOTS	-	(189.00)	-	-	-	-	(939,672.33)	(1,044,573.76)	(1,027,500.00)
Operating transfers from (to) other funds	4,696.26	-	-	63,971.12	-	-	48,029.06	(1,340,000.00)	(1,008,800.00)
Net income (loss)	\$ -	\$ (655.97)	\$ (51,100.00)	\$ 35,559.43	\$ 83,820.15	\$ 83,700.00	\$ 524,662.72	\$ 784,862.92	\$ 2,448,200.00
Retained earnings, beginning of year		56,114.83			-			14,009,867.82	
Prior period adjustment		-			366,239.55			3,273,018.70	
Retained earning, end of year		\$ 55,458.86			\$ 450,059.70			\$ 18,067,749.44	

** Figures listed above relate to the original City's budget. The City's budget was amended March 20, 2004.
 See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN RETAINED EARNINGS (ORIGINAL BUDGET AND ACTUAL) - PROPRIETARY FUND TYPES
 YEAR ENDED MARCH 31, 2003**

	Hazardous Material			Safety Program			Mechanic		
	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04	Prior Year 03/31/03	Current Year 03/31/04	Budget ** 03/31/04
Operating revenues									
Revenues	\$ 13,124.11	\$ 12,418.92	\$ 15,000.00	\$ 19,952.70	\$ 16,764.30	\$ 19,400.00	\$ 90,466.98	\$ 104,678.28	\$ 103,000.00
Federal and state grants	-	-	-	-	-	-	-	-	-
Tap - in charges	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-
Miscellaneous charges	-	-	-	-	-	-	-	-	-
Rental	-	-	-	-	-	-	-	-	-
Total operating revenues	\$ 13,124.11	\$ 12,418.92	\$ 15,000.00	\$ 19,952.70	\$ 16,764.30	\$ 19,400.00	\$ 90,466.98	\$ 104,678.28	\$ 103,000.00
Operating expenses									
Salaries	\$ 6,766.88	\$ 6,875.89	\$ 7,400.00	\$ 8,897.67	\$ 9,006.90	\$ 9,500.00	\$ 35,597.19	\$ 57,209.56	\$ 58,500.00
Payroll taxes	501.00	526.01	600.00	657.73	689.03	800.00	2,456.91	4,056.75	4,400.00
Depreciation	-	-	-	-	-	-	4,866.00	4,899.40	-
Computer	-	-	-	1,149.22	285.24	1,000.00	477.23	-	2,500.00
Education	892.00	940.00	500.00	674.75	356.90	600.00	-	-	1,800.00
Electric purchases	-	-	-	-	-	-	-	-	-
Gas and oil	-	-	-	-	-	-	-	-	-
Health and life insurance	-	-	-	-	-	-	338.47	8,501.54	6,200.00
Insurance	83.00	43.00	100.00	-	-	-	1,092.00	562.00	500.00
Miscellaneous	-	807.19	500.00	71.00	-	100.00	14.74	84.00	100.00
Office supplies	-	-	-	-	-	-	-	-	-
Professional and consulting service	376.00	45.45	1,000.00	484.00	306.50	200.00	160.00	45.45	100.00
Repairs and maintenance	-	-	100.00	505.95	552.34	400.00	7,084.92	4,522.55	2,600.00
Retirement	858.82	811.79	1,100.00	892.32	820.44	1,200.00	5,475.46	8,291.03	7,300.00
Supplies	868.74	534.08	1,600.00	3,058.58	2,332.94	3,100.00	8,500.91	11,300.59	12,100.00
Telephone	934.39	978.08	600.00	703.86	853.55	600.00	1,169.87	1,213.12	1,400.00
Travel	531.28	497.43	800.00	1,145.62	1,120.46	1,000.00	24.00	196.76	200.00
Utilities	-	-	-	-	-	-	910.21	428.53	1,100.00
Workman's compensation	584.00	360.00	700.00	753.00	440.00	900.00	2,255.00	3,367.00	4,200.00
Total operating expenses	\$ 12,396.11	\$ 12,418.92	\$ 15,000.00	\$ 18,993.70	\$ 16,764.30	\$ 19,400.00	\$ 70,422.91	\$ 104,678.28	\$ 103,000.00
Non-operating revenues (expenses)									
Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss on Asset Disposal	-	-	-	-	-	-	(10,325.79)	-	-
Interest expense and fees	-	-	-	-	-	-	-	-	-
Net non-operating revenues (expenses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,325.79)	\$ -	\$ -
Net income before transfers	\$ 728.00	\$ -	\$ -	\$ 959.00	\$ -	\$ -	\$ 9,718.28	\$ 0.00	\$ -
Operating transfers from PILOTS	-	-	-	-	-	-	-	-	-
Operating transfers from (to) other funds	(728.00)	-	-	(959.00)	-	-	-	-	-
Net income (loss)	\$ 728.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,718.28	\$ 0.00	\$ -
Retained earnings, beginning of year		-			-			98,178.60	
Prior period adjustment		-			-			(6,134.30)	
Retained earning, end of year		\$ -			\$ -			\$ 92,044.30	

** Figures listed above relate to the original City's budget. The City's budget was amended March 20, 2004.
 See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN RETAINED EARNINGS (ORIGINAL BUDGET AND ACTUAL) - PROPRIETARY FUND TYPES
 YEAR ENDED MARCH 31, 2003**

	Total Internal Service Funds (Memorandum Only)		
	Prior Year	Current Year	Budget **
	03/31/03	03/31/04	03/31/04
Operating revenues			
Revenues	\$ 123,543.79	\$ 133,861.50	\$ 137,400.00
Federal and state grants	-	-	-
Tap - in charges	-	-	-
Penalties	-	-	-
Miscellaneous charges	-	-	-
Rental	-	-	-
Total operating revenues	<u>\$ 123,543.79</u>	<u>\$ 133,861.50</u>	<u>\$ 137,400.00</u>
Operating expenses			
Salaries	\$ 51,261.74	\$ 73,092.35	\$ 75,400.00
Payroll taxes	3,615.64	5,271.79	5,800.00
Depreciation	4,866.00	4,899.40	-
Computer	1,626.45	285.24	3,500.00
Education	1,566.75	1,296.90	2,900.00
Electric purchases	-	-	-
Gas and oil	-	-	-
Health and life insurance	338.47	8,501.54	6,200.00
Insurance	1,175.00	605.00	600.00
Miscellaneous	85.74	891.19	700.00
Office supplies	-	-	-
Professional and consulting service	1,020.00	397.40	1,300.00
Repairs and maintenance	7,590.87	5,074.89	3,100.00
Retirement	7,226.60	9,923.26	9,600.00
Supplies	12,428.23	14,167.61	16,800.00
Telephone	2,808.12	3,044.75	2,600.00
Travel	1,700.90	1,814.65	2,000.00
Utilities	910.21	428.53	1,100.00
Workman's compensation	3,592.00	4,167.00	5,800.00
Total operating expenses	<u>\$ 101,812.72</u>	<u>\$ 133,861.50</u>	<u>\$ 137,400.00</u>
Non-operating revenues (expenses)			
Investment Income	\$ -	\$ -	\$ -
Loss on Asset Disposal	(10,325.79)	-	-
Interest expense and fees	-	-	-
Net non-operating revenues (expenses)	<u>\$ (10,325.79)</u>	<u>\$ -</u>	<u>\$ -</u>
Net income before transfers	\$ 11,405.28	\$ -	\$ -
Operating transfers from PILOTS	-	-	-
Operating transfers from (to) other funds	<u>(1,687.00)</u>	<u>-</u>	<u>-</u>
Net income (loss)	<u>\$ 9,718.28</u>	<u>\$ -</u>	<u>\$ -</u>
Retained earnings, beginning of year		98,178.60	
Prior period adjustment		(6,134.30)	
Retained earning, end of year		<u>\$ 92,044.30</u>	

** Figures listed above relate to the original City's budget. The City's budget was amended March 20, 2004.
 See accompanying notes to the financial statements.

FEDERAL COMPLIANCE SECTION



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

Honorable Mayor James Orr
Jerry Dierker and Don Roberson, Councilmen
Monett, Missouri

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Monett, Missouri as of and for the year ended March 31, 2004, which collectively comprise of the City's basic financial statements and have issued our report thereon dated August 27, 2004. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Monett's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Monett's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Council of the City of Monett, management, 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.

August 27, 2004



A Professional Corporation

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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**

Honorable Mayor James Orr
Jerry Dierker and Don Roberson, Councilmen
Monett, Missouri

Compliance

We have audited the compliance of the 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, 2004. 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 generally accepted auditing standards; 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 Nonprofit 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 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 on 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, 2004.

Internal Control over Compliance

The management of The City of Monett, Missouri is responsible for establishing and maintaining effective internal control over compliance with 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 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A *material weakness* is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, 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.

August 27, 2004

CITY OF MONETT, MISSOURI
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
MARCH 31, 2004

FEDERAL GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
Department of Justice			
Local Law Enforcement Block Grant (LLEBG)	16.592	2001-LBG-020	<u>\$ 2,568.60</u>
Department of Transportation			
Transportation Enhancement Funds passed Through the Missouri Highway and Transportation Commission	20.205	STP 4600 (706)	3,824.91
Federal Aviation Agency passed Through the Missouri Highway and Transportation Commission	20.106	AIR 036-98B	44,930.00
Total Department of Transportation			<u>\$ 48,754.91</u>
US Environmental Protection Agency			
US Environmental Protection Agency	66.606	XP-98727801	<u>\$ 532,033.40</u>
Department of Economic Development			
Community Development Block Grants / State's Program	14.228	99-ED-18	<u>\$ 25,827.57</u>
Total Federal Programs			<u>\$ 609,184.48</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.

NOTE B - MATCHING CONTRIBUTIONS

In accordance with terms of the Local Law Enforcement Grant (LLEBG) Program, the city has expended matching contributions totaling \$285.4 during the year ended March 31, 2004.

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COST
 MARCH 31, 2004**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Qualified
 Internal control over financial reporting:
 Material weakness(es) identified? Yes No
 Reportable condition(s) identified
 not considered to be material weaknesses? Yes No
 Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal Control over major programs:
 Material weakness(es) identified? Yes No
 Reportable condition(s) identified
 not considered to be material weaknesses? Yes 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 No

Identification of major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.606	U.S. Environmental Protection Agency

Dollar threshold used to distinguish between
 Type A and Type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Findings

No matters were noted.

Section III - Federal Award Findings and Questioned Costs

No matters were noted.