

**CITY OF MONETT,  
MISSOURI  
ANNUAL FINANCIAL REPORTS  
WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED  
MARCH 31, 2012**

**CITY OF MONETT,  
MISSOURI**

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**ANNUAL  
FINANCIAL REPORTS**

**FOR THE YEAR ENDED  
MARCH 31, 2012**

## CITY OF MONETT, MISSOURI

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## **INTRODUCTION SECTION**

City of Monett, Missouri  
List of Elected and Appointed Officials  
March 31, 2012

Elected Officials

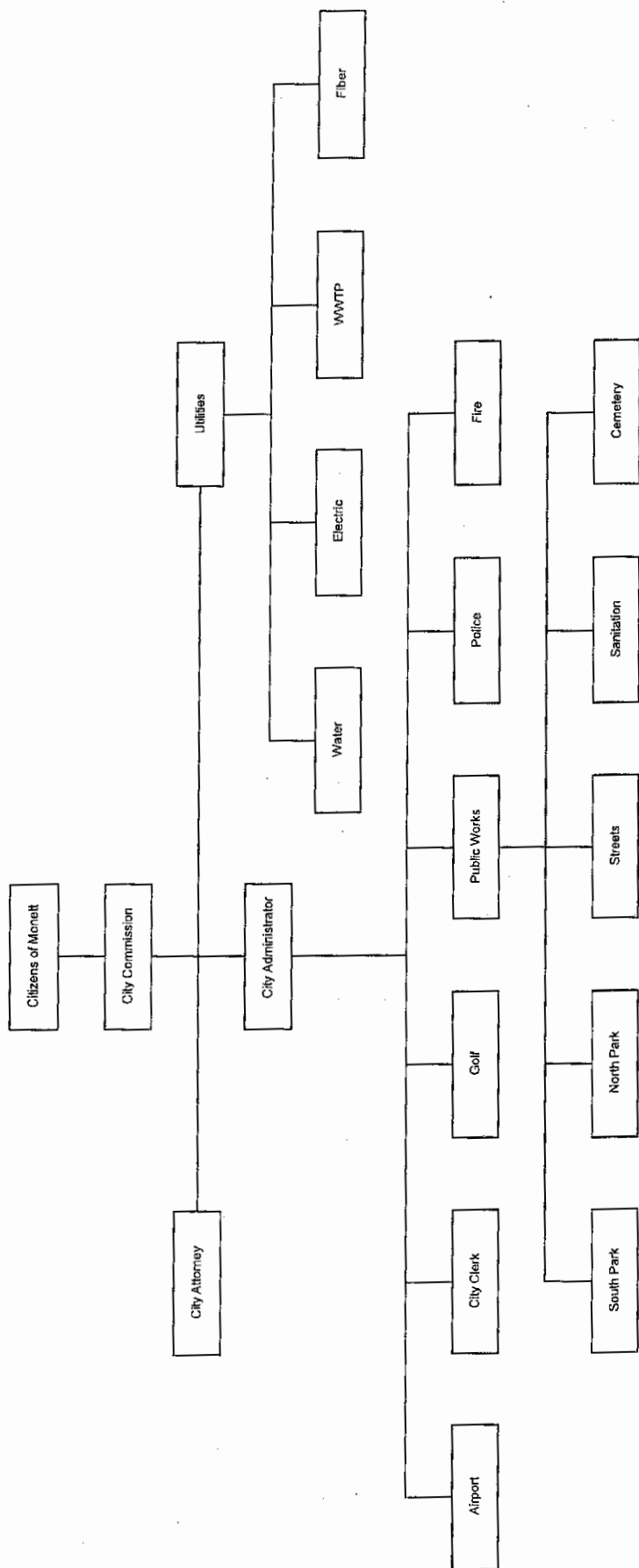
Mayor  
Commissioner  
Commissioner

James Orr  
Jerry Dierker  
Michael Brownsberger

Appointed Officials

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

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



# City of Monett, Missouri

THIRD CLASS CITY – COMMISSION FORM OF GOVERNMENT

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

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

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September 20, 2012

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

The Administrative Department is pleased to present the Annual Financial Report for the City of Monett, Missouri (the City), for fiscal year ended March 31, 2012. This report is submitted to you in compliance with state law requiring that all political subdivisions in the state shall cause to be prepared an annual report of the financial transactions in such summary form as the state auditor shall prescribe (105.145, RSMO) and the state auditor shall receive a copy of the financial report (15 CRS 40-3.030).

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

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

The City's financial statements have been audited by The CPA Group, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended March 31, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors' report is presented as the first component of the financial section of this report. The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.



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

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

The *federal compliance section* specifically deals with required reporting for expenditures of federal awards.

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

### **Profile of the Government**

The City of Monett, incorporated in 1888, is a third class city located in the southwestern part of the state. The City currently occupies a land area of 9 square miles and has a population of 8,873. The City is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City operates under a commission form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and two commissioners. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and appointing the heads of the various departments. The various departments are responsible for carrying out the policies and ordinances of the governing council, and for overseeing the day-to-day operations of the government. Council members serve four-year terms that expire in April of 2016.

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

This report presents data for the financial reporting entity, which includes all departments, funds, boards, and commissions of the primary government (the City, as legally defined), as well as all of its component units. Component units are legally separate entities for which the City is financially accountable or for which exclusion would be misleading or incomplete. The one component unit of the City is the East Highway 60 Community Improvement District, which is a blended component unit. The financial reporting entity is discussed further in Note 1 of the financial statements.

The annual budget serves as the foundation for the City of Monett, Missouri's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Administrator in January each year. The City Administrator uses these requests as the starting point for developing a proposed budget. The City Administrator then presents a proposed budget to the council for review prior to March 10th. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than March 31, the close of the City'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 operates.

**Local economy** – The City of Monett has a diverse manufacturing and industrial base that adds stability to the local economy. Major industries with headquarters or divisions located within the government's boundaries or in close proximity include computer software providers, several window manufacturers, playground equipment manufacturer, food manufacturers, cheese processors, dairy processors, poultry processors, and several financial and insurance institutions. The City has a broad mix of retail and service establishments that serve Monett and the surrounding areas. Monett's population has increased 20% in the last ten years which has led to further expansion of the retail base and provided increased sales tax revenues to the local government.

During FY2012, the City's sales tax revenues increased by 7.2% over FY2011. Through the first quarter of FY2013, sales tax revenues have declined by 2.6%. Total General Fund revenues declined by 4.8% during FY2012 due to a decrease in utility fund transfers to supplement general operating expenses. It is the City's objective to maintain these utility fund transfers at a consistent level in order to provide additional enterprise funds for future capital needs. Total General Fund expenditures increased by 9.4% due to increased capital investments and a condemnation judgment from a 2004 street and storm water project.

Employment levels had remained stable with some slight improvements in FY2012, however, in mid-FY2013, Hydro Aluminum announced it would be closing its extrusion plant which would impact 140 jobs. Hydro's profitable remelt facility would continue in operation and retain its 60 employees. The impact on the local economy is expected to be minimal with expanding local industries showing interest in hiring the displaced workers. The outlook for FY2013 is neutral with some employers expected to add jobs and others reducing their labor costs.

***Long-term financial planning*** – During FY2012, the City completed the water system improvements being funded by the Recovery Zone Economic Development bonds that were issued in 2010. These improvements included new transmission lines that looped the system, the addition of a new booster pump station that resolved low pressure problems in certain areas, and the construction of a wellhouse and chlorine detention line that allowed for Well # 21 to be placed in operation.

On August 2, 2011, voters approved the issuance of \$12 million in water revenue bonds to finance the construction of a new water treatment plant that would treat the water from the three highest producing wells in the system. Construction design should be completed by the end of 2012 with a bid letting and start of construction anticipated in the first quarter of 2013.

During FY2012 and the first half of FY2013, the City had prepared plans for the demolition and construction of a new Park Casino building. This community center is host to an average of 235 events per year and is being demolished due to structural deficiencies. The new structure will expand the size of the building by 50% and should be completed by mid-2013. The Council had postponed plans to construct a new clubhouse at Windmill Ridge Golf Course when preliminary bids from sub-contractors were higher than estimated and also due to an uncertain revenue outlook. The Council is re-evaluating a partnership with the Monett R-1 School District that would allow the construction technology class to construct the facility off-site. It is anticipated that a new clubhouse will be opened by early 2014.

The City's Capital Improvement Plan includes Public Facility Improvements relating to a new Public Works Maintenance Facility and constructing additional hangars at the Monett Airport. Long term plans include street improvements at the intersection of Central and Broadway streets; a new railroad overpass on Chapell Drive near the intersection of Business 60; and the construction of a new, expanded runway at the airport.


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

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

### **Acknowledgements**

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

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Orr".

James Orr, Mayor

## **FINANCIAL SECTION**

## **INDEPENDENT AUDITORS' REPORT**



**A Professional Corporation**  
*BIG FIRM QUALITY, SMALL FIRM VALUES*  
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To the Honorable Mayor James Orr,  
Commissioner Jerry Dierker and Commissioner Michael Brownsberger  
City of Monett, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Monett, Missouri, as of and for the year ended March 31, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Monett, Missouri's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and major fund, of the City of Monett, Missouri, as of March 31, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2012, on our consideration of the City of Monett, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency

with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Monett, Missouri's financial statements as a whole. The introductory section is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The introductory section and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

THE CPA GROUP, P.C.

Monett, Missouri  
September 20, 2012



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

# City of Monett, Missouri

THIRD CLASS CITY – COMMISSION FORM OF GOVERNMENT

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

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## Management's Discussion and Analysis

As management of the City of Monett, Missouri, we offer readers this narrative overview and analysis of the financial activities of the City of Monett, Missouri (the City) for the fiscal year ended March 31, 2012. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's financial statements, including footnotes, which follow this section.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$37,353,509 (*net assets*). Of this amount, \$6,129,424 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased \$755,065. Of this amount, (\$658,317) was from the City's "governmental activities" and a gain of \$1,413,382 from the "business-type activities".
- The City total debt decreased by \$4,885,379 during the current fiscal year. The City's fiscal year started with existing debt of \$25,841,924, principal payments of \$4,885,379 were made during the year, which created ending fiscal year debt balance of \$20,956,545. The debt decrease was mainly due to a TIF 1 principal payment of \$3,710,000 in October of 2011. The City had received intergovernmental funding from Missouri Department of Transportation in the prior fiscal year for \$3,761,985, which represented the State's 50% cost-share for the Highway 60 Expansion Project approved in 2007.

### Overview of the Financial Statements

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

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

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

CITY OF MONETT, MISSOURI

MDA

MARCH 31, 2012

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 incurred but unused vacation leave).

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

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

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

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

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

**CITY OF MONETT, MISSOURI**

**MDA**

**MARCH 31, 2012**

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

*Other information.* In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees.

***Government-wide Financial Analysis***

Net assets may serve as a useful indicator of the City's financial position. As of March 31, 2012, assets exceeded liabilities by \$37,353,509. The City uses capital assets to provide services to citizens; consequently, these assets (\$24,587,134 net of related debt) are not available for future spending.

**NET ASSETS**

The following table reflects the condensed schedule of net assets as of March 31, 2012 and 2011:

	Activities		activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 4,503,788	\$ 7,968,711	\$ 11,573,100	\$ 10,979,891	\$ 16,076,888	\$ 18,948,602
Capital assets	24,290,190	25,362,926	21,303,489	20,897,316	45,593,679	46,260,242
Total assets	28,793,978	33,331,637	32,876,589	31,877,207	61,670,567	65,208,844
Long-term debt outstanding	9,563,682	10,625,341	9,798,545	10,331,237	19,362,227	20,956,578
Other liabilities	2,305,913	5,173,596	2,598,918	2,480,226	4,904,831	7,653,822
Total liabilities	11,869,595	15,798,937	12,397,463	12,811,463	24,267,058	28,610,400
Net assets:						
Invested in capital assets, net of related debt	13,614,885	10,394,669	10,972,249	10,023,649	24,587,134	20,418,318
Restricted	2,062,638	5,483,574	4,574,313	4,760,740	6,636,951	10,244,314
Unrestricted	1,196,860	1,654,457	4,932,564	4,281,355	6,129,424	5,935,812
Total net assets	\$ 16,874,383	\$ 17,532,700	\$ 20,479,126	\$ 19,065,744	\$ 37,353,509	\$ 36,598,444

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The City's combined net assets increased to \$37,353,509 from \$36,598,444 as a result of the increase in net assets reflected in the next table.

The largest portion of the City's net assets, \$24,587,134 (66%), reflects its investment in capital assets (e.g. land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. An additional portion of the City's net assets, \$6,636,951 (18%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net assets, \$6,129,424 (16%), represents unrestricted net assets that may be used to meet the City's ongoing obligations to citizens and creditors.

**CITY OF MONETT, MISSOURI**  
**MDA**  
**MARCH 31, 2012**

***Change in Net Assets***

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

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 719,064	\$ 848,886	\$ 24,341,542	\$ 24,354,479	\$ 25,060,606	\$ 25,203,365
Capital grants and contributions	84,088	128,475	318,054	-	402,142	128,475
General revenues:						
Sales taxes	2,795,552	2,621,106	-	-	2,795,552	2,621,106
TIF taxes	909,465	634,484	-	-	909,465	634,484
TIF reimbursement	-	3,761,985	-	-	-	3,761,985
Franchise fees	499,386	523,107	-	-	499,386	523,107
Other taxes	79,066	68,546	-	-	79,066	68,546
Other revenues	88,990	87,528	203,895	299,517	292,885	387,045
Total revenues	5,175,611	8,674,117	24,863,491	24,653,996	30,039,102	33,328,113
Expenses:						
Policy development and administration	549,895	475,200	-	-	549,895	475,200
Public works	3,522,642	3,391,968	-	-	3,522,642	3,391,968
Public safety	2,531,339	2,430,261	-	-	2,531,339	2,430,261
Parks and recreation	1,268,520	1,128,066	-	-	1,268,520	1,128,066
Interest on long-term debt	396,490	661,375	-	-	396,490	661,375
Airport	551,570	491,772	-	-	551,570	491,772
Waterworks	-	-	2,022,274	1,863,647	2,022,274	1,863,647
Electric	-	-	15,237,089	16,261,792	15,237,089	16,261,792
Wastewater-sewer	-	-	2,531,127	2,435,723	2,531,127	2,435,723
Sanitation	-	-	541,432	493,804	541,432	493,804
Fiber optics	-	-	110,623	44,850	110,623	44,850
Total expenses	8,820,456	8,578,642	20,442,545	21,099,816	29,263,001	29,678,458
Gain (loss) on sale of assets	642	625	(21,678)	16,100	(21,036)	16,725
Settlement	-	11,591	-	-	-	11,591
Other Sources	642	12,216	(21,678)	16,100	(21,036)	28,316
Increase in net assets before transfers	(3,644,203)	107,691	4,399,268	3,570,280	755,065	3,677,971
Transfers - Payments in lieu of taxes	2,348,636	2,339,104	(2,348,636)	(2,339,104)	-	-
Transfers	637,250	975,000	(637,250)	(975,000)	-	-
Total transfers	2,985,886	3,314,104	(2,985,886)	(3,314,104)	-	-
Increase in net assets	(658,317)	3,421,795	1,413,382	256,176	755,065	3,677,971
Net assets, beginning	17,532,700	14,110,905	19,065,744	18,809,568	36,598,444	32,920,473
Net assets, ending	\$ 16,874,383	\$ 17,532,700	\$ 20,479,126	\$ 19,065,744	\$ 37,352,875	\$ 36,598,444

***Governmental Activities***

Governmental activities decreased the City's net assets by \$658,317. Sales tax revenues, one of the largest governmental category, was \$2,795,552. For the fiscal year ended March 31, 2012, revenues from all sources totaled \$30,039,102 (governmental and business-type). Revenues from governmental activities total \$5,175,611, or 17%, of the total City revenues. City revenues decreased

**CITY OF MONETT, MISSOURI****MDA****MARCH 31, 2012**

\$3,498,506 within the governmental activities primarily due to the prior year reimbursement of \$3,761,985 from MoDOT and increases within the current year sales tax revenue.

Certain revenues are generated that are specific to governmental program activity. These totaled \$803,152. The following table shows expenses and program revenues of the governmental activities for the years ended March 31, 2012 and 2011:

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

	<b>Total cost of service</b>		<b>Net cost of service</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Policy development and administration	\$ 549,895	\$ 475,200	\$ 345,473	\$ 272,206
Public safety	3,522,642	3,391,968	3,413,148	3,309,532
Public works	2,531,339	2,430,261	2,474,677	2,331,285
Parks and recreation	1,268,520	1,128,066	991,842	704,759
Municipal airport	396,490	491,772	240,594	322,124
Interest on long-term debt	551,570	661,375	551,570	661,375
	<u>\$8,820,456</u>	<u>\$8,578,642</u>	<u>\$8,017,304</u>	<u>\$7,601,281</u>

As previously noted, expenses from governmental activities total \$8,820,456 million. However, net costs of these services were \$8,017,304.

***Business-type Activities***

Business-type activities increased the City's net assets by \$1,413,382. Key elements of this increase are as follows:

- The water recorded net income of \$720,964 for the year. Revenues relating to charges for services increased \$426,060. Operating expenses increased \$106,543 compared to prior year expenses due to increases in repairs and maintenance expense. Interest expense increased \$52,084.
- The electric recorded net income of \$808,943 for the year. Revenues relating to charges for services decreased \$370,749. Operating expenses decreased \$1,024,703, due to decreases in electricity purchase charges of \$710,786 and supplies of \$291,424.
- The sewer recorded a net loss of \$179,033 for the year. Revenues relating to charges for services increased \$33,940. Operating expenses increased \$88,786 due to increases in payroll of \$19,483, depreciation charges of \$10,842, insurance charges of \$7,973 and repair and maintenance of \$29,261.

**CITY OF MONETT, MISSOURI**  
**MDA**  
**MARCH 31, 2012**

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

As of the end of the fiscal year, the City's governmental funds report a total fund balance of \$3,490,356.

The fund balance of the General Fund decreased \$491,418 at the end of the fiscal year mainly due to a condemnation fee within the Street department for \$297,598 and capital outlay costs for Casino/Community Building of \$38,479, North Park cost increases of \$61,456 and South Park cost increases of \$103,849.

The fund balance in the E-911 Fund decreased to \$40,752 (decrease of \$39,812 or 49%) in the fiscal year due to operating expenditures in excess of restricted revenues for 911 purposes.

The fund balance in the TIF – District 1 Fund decreased to \$1,206,674 (decrease of \$3,401,156) in the fiscal year due to principal payment due for \$3,710,000.

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

The City's investment in capital assets for its governmental and business-type activities as of March 31, 2012, amounts to \$45.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and infrastructure.

Capital acquisitions during the current fiscal year included the following:

- Admin. – Building at 508 Bond Street \$50,466.
- Fire – Bunker Gear \$40,228 and Amkus Power Unit \$6,280
- Police – 2012 Watch Guard D-V Car Camera \$10,140 and (2) 2011 Crown Victoria \$47,301.
- Cemetery – John Deere 1545 Front Mower \$20,266
- Street – Salt Barn \$64,586 and 2011 F-350 Truck \$56,091.
- Casino – Community Building \$38,479.
- Golf – Golf Club House \$12,401.
- North Park – Sand Pro 304 w/ Ballfield Groomer \$15,831 and Outdoor Basketball Court \$31,176
- South Park – John Deere 1545 Front Mower \$19,836.

**CITY OF MONETT, MISSOURI**

**MDA**

**MARCH 31, 2012**

- Airport – Runway Regulator Building \$8,617, Kubota Mower \$11,000, Sterling Fuel Truck \$25,000, and AWOS – Automated Weather Observer \$83,893.
- Sewer – West Lift Station \$6,810 and Land (32.93 acres) \$83,243.
- Water – Construction in Progress \$136,876, Water Infrastructure \$1,125,186, 2012 F-450 with a Utility Body \$50,762 and 2012 F-250 \$24,793.
- Electric – 2012 Ford F-250 \$24,794 and 2012 F-550 Bucket Truck \$113,539.
- Sanitation – 2012 Side Loader Refuse Truck \$227,348.

**City of Monett Capital Assets  
(net of accumulated depreciation)**

	Governmental Activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 937,038	\$ 937,038	\$ 305,504	\$ 222,261	\$ 1,242,542	\$ 1,159,299
Construction in progress	50,880	-	136,876	-	187,756	-
Building and improvements	4,521,401	4,620,048	524,000	578,471	5,045,401	5,198,519
Machinery and equipment	1,832,318	1,872,710	1,311,979	1,099,034	3,144,297	2,971,744
Infrastructure	16,898,553	17,933,130	19,025,130	18,997,550	35,923,683	36,930,680
Total	\$ 24,240,190	\$ 25,362,926	\$ 21,303,489	\$ 20,897,316	\$ 45,543,679	\$ 46,260,242

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

**Debt Administration**

The City, at the end of fiscal 2012, had a total of \$20,956,545 of outstanding long-term debt. This was an decrease of \$4,885,379 from the previous year.

**City of Monett Outstanding Debt**

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 65,604	\$ 80,647	\$ 290,000	\$ 305,000	\$ 355,604	\$ 385,647
Revenue bonds	7,422,091	11,750,000	7,015,000	7,400,000	14,437,091	19,150,000
Developers Agreements	540,194	540,194			540,194	540,194
Capital leases and participation obligations	2,597,416	2,597,416	3,026,240	3,168,667	5,623,656	5,766,083
Total	\$ 10,625,305	\$ 14,968,257	\$ 10,331,240	\$ 10,873,667	\$ 20,956,545	\$ 25,841,924

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



**CITY OF MONETT, MISSOURI**  
**MDA**  
**MARCH 31, 2012**

***Requests for Information***

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

## BASIC FINANCIAL STATEMENTS

**CITY OF MONETT, MISSOURI**  
**STATEMENT OF NET ASSETS**  
**MARCH 31, 2012**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,574,682	\$ 3,558,861	\$ 5,133,543
Investments			
Accounts receivable	421,826	1,703,686	2,125,512
Prepaid health insurance	54,822	18,380	73,202
Prepaid workmen's compensation	124,577	88,638	213,215
Inventory		1,013,590	1,013,590
Premium on bond insurance	303,961	446,236	750,197
Restricted assets:			
Cash and cash equivalents	2,023,920	3,459,720	5,483,640
Investments		1,114,593	1,114,593
Other		169,396	169,396
Capital assets:			
Non depreciable	937,038	305,504	1,242,542
Depreciable, net	23,303,152	20,997,985	44,301,137
<b>Total Assets</b>	<b>28,743,978</b>	<b>32,876,589</b>	<b>61,620,567</b>
<b>LIABILITIES</b>			
Accounts payable	544,218	1,285,068	1,829,286
Accrued payroll and payroll taxes	149,583	59,906	209,489
Accrued interest payable	149,552	84,985	234,537
Due to depositors	15,670	386,245	401,915
Accrued compensated absences liabilities:			
Due within one year	348,386	228,654	577,040
Due in more than one year	36,881	21,365	58,246
Long-term debt liabilities:			
Due within one year	1,061,623	571,060	1,632,683
Due in more than one year	9,563,682	9,760,180	19,323,862
<b>Total Liabilities</b>	<b>11,869,595</b>	<b>12,397,463</b>	<b>24,267,058</b>
<b>NET ASSETS</b>			
Reserved:			
Invested in capital assets, net of related debt	13,614,885	10,972,249	24,587,134
Restricted for:			
Debt service			
Capital projects	2,021,886		2,021,886
Other purposes	40,752	4,574,313	4,615,065
Unrestricted	1,196,860	4,932,564	6,129,424
	<b>\$ 16,874,383</b>	<b>\$ 20,479,126</b>	<b>\$ 37,353,509</b>

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI  
STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2012

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Assets		
		Charges for Service	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>						
Policy development and administration	\$ 549,895	\$ 192,682	\$ 11,740	\$ (345,473)	\$	\$ (345,473)
Public safety	3,522,642	68,541	40,953	(3,413,148)		(3,413,148)
Public works	2,531,339	30,682	25,980	(2,474,677)		(2,474,677)
Parks and recreation	1,268,520	271,263	5,415	(991,842)		(991,842)
Municipal Airport	396,490	155,896	-	(240,594)		(240,594)
Interest on long-term debt	551,570	-	-	(551,570)		(551,570)
<b>Total governmental activities</b>	<b>8,820,456</b>	<b>719,064</b>	<b>84,088</b>	<b>(8,017,304)</b>		<b>(8,017,304)</b>
<b>Business-type activities:</b>						
Waterworks	2,022,274	2,969,878	73,950		1,021,554	1,021,554
Electric	15,237,089	18,297,725	24,480		3,085,116	3,085,116
Wastewater-sewer	2,531,127	2,230,380	219,624		(81,123)	(81,123)
Sanitation	541,432	566,311			24,879	24,879
Fiber optics	110,623	277,248			166,625	166,625
<b>Total business-type activities</b>	<b>20,442,545</b>	<b>24,341,542</b>	<b>318,054</b>		<b>4,217,051</b>	<b>4,217,051</b>
<b>Total City</b>	<b>\$ 29,263,001</b>	<b>\$ 25,060,606</b>	<b>\$ 402,142</b>	<b>(8,017,304)</b>	<b>4,217,051</b>	<b>(3,800,253)</b>

General revenues			
Sales and use taxes	2,188,395		2,188,395
Sales and use taxes - police station	312,859		312,859
Motor fuel sales tax	294,298		294,298
M & M Surcharge Tax	40,460		40,460
Emergency Telephone Tax	38,606		38,606
Sales Tax - TIF	783,541		783,541
Real Estate Tax - TIF	125,924		125,924
Franchise fees	499,386		499,386
Payments in lieu of taxes	2,348,636	(2,348,636)	-
Intergovernmental -TIF 1 - MODoT	-		-
Investment revenue	11,825	70,452	82,277
Gain (Loss) Sale of Assets	642	(21,678)	(21,036)
Settlement	-		-
Miscellaneous	77,165	133,443	210,608
Transfers	637,250	(637,250)	-
<b>Total general revenues and transfers</b>	<b>7,358,987</b>	<b>(2,803,669)</b>	<b>4,555,318</b>
Change in net assets	(658,317)	1,413,382	755,065
Net assets - beginning	17,532,700	19,065,744	36,598,444
Net assets - ending	<b>\$ 16,874,383</b>	<b>\$ 20,479,126</b>	<b>\$ 37,353,509</b>

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI  
GOVERNMENTAL FUNDS BALANCE SHEET  
MARCH 31, 2012

	Major Funds				Total Governmental Funds
	General	E-911	Tax Increment Finance - 1	Tax Increment Finance - 2	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,574,682	\$ -	\$ -	\$ -	\$ 1,574,682
Investments	-	-	-	-	-
Accounts receivable	365,994	-	41,998	13,834	421,826
Due from other funds	-	-	-	-	-
Prepaid health insurance	54,822	-	-	-	54,822
Prepaid workmen's compensation	124,577	-	-	-	124,577
Restricted assets:					
Cash and cash equivalents	15,573	42,293	1,164,676	801,378	2,023,920
Investments	-	-	-	-	-
<b>Total assets</b>	<u>\$ 2,135,648</u>	<u>\$ 42,293</u>	<u>\$ 1,206,674</u>	<u>\$ 815,212</u>	<u>\$ 4,199,827</u>
<b>LIABILITIES</b>					
Accounts payable	544,218	-	-	-	\$ 544,218
Accrued payroll and payroll taxes	148,042	1,541	-	-	149,583
Due to depositors	15,670	-	-	-	15,670
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<u>707,930</u>	<u>1,541</u>	<u>-</u>	<u>-</u>	<u>709,471</u>
<b>FUND BALANCE</b>					
Nonspendable:					
Inventory and prepaid	179,399	-	-	-	179,399
Restricted for:					
Community redevelopment expenditures	-	-	1,206,674	815,212	2,021,886
Committed:					
North Park recreational complex	100,000	-	-	-	100,000
Unassigned	1,148,319	40,752	-	-	1,189,071
<b>Total fund balances</b>	<u>1,427,718</u>	<u>40,752</u>	<u>1,206,674</u>	<u>815,212</u>	<u>3,490,356</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2,135,648</u>	<u>\$ 42,293</u>	<u>\$ 1,206,674</u>	<u>\$ 815,212</u>	<u>\$ 4,199,827</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, 2012**

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

Total fund balance - total governmental funds		\$ 3,490,356
Capital assets used in governmental activities are not current financial resource, and therefore, are not reported in the governmental funds.		
Governmental capital assets	\$ 41,925,010	
Less accumulated depreciation	<u>(17,684,820)</u>	
		24,240,190
Long-term liabilities; including certificates of participation, capital lease obligations, and accrued compensated absences, are not due and payable in the current period, and therefore, are not reported as liabilities in the governmental funds.		
General obligation bonds	(65,604)	
Revenue bonds	(8,040,000)	
Notes Payable	(540,194)	
Capital lease obligations	(1,979,507)	
Accrued compensated absences	(385,267)	
Unamortized issuance cost of bonds	303,961	
Accrued interest liability	<u>(149,552)</u>	
		(10,856,163)
Net assets of Governmental Activities		<u><u>\$ 16,874,383</u></u>

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI**  
**GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES**  
**YEAR ENDED MARCH 31, 2012**

	Major Funds				Total Governmental Funds
	General	E-911	Tax Increment Finance -District 1	Tax Increment Finance - District 2	
<b>REVENUES</b>					
Business license and permits	\$ 48,680	\$ -	\$ -	\$ -	\$ 48,680
Federal and state grants	84,088	-	-	-	84,088
Fines and forfeitures	175,555	-	-	-	175,555
Franchise fees	499,386	-	-	-	499,386
Sales tax	2,501,254	-	566,480	217,061	3,284,795
Investment income	5,726	-	6,001	98	11,825
Intergovernmental	-	-	-	-	-
Other revenue	424,504	10,800	-	-	435,304
Other taxes and assessments	334,758	38,606	125,924	-	499,288
Rental revenue	136,691	-	-	-	136,691
Total Revenues	<u>4,210,642</u>	<u>49,406</u>	<u>698,405</u>	<u>217,159</u>	<u>5,175,612</u>
<b>EXPENDITURES</b>					
Current					
Policy development and administration	517,028	-	-	-	517,028
Public safety	3,091,277	89,218	-	-	3,180,495
Public works	1,569,039	-	75,151	7,539	1,651,729
Parks and recreation	1,007,322	-	-	-	1,007,322
Municipal airport	220,598	-	-	-	220,598
Capital outlay	550,712	-	-	-	550,712
Debt service:					
Principal	632,952	-	3,710,000	-	4,342,952
Interest and other charges	99,660	-	314,410	189,588	603,658
Total Expenditures	<u>7,688,588</u>	<u>89,218</u>	<u>4,099,561</u>	<u>197,127</u>	<u>12,074,494</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(3,477,946)</u>	<u>(39,812)</u>	<u>(3,401,156)</u>	<u>20,032</u>	<u>(6,898,882)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Due from (to) other funds	-	-	-	-	-
Gain (Loss) on Sale of Assets	642	-	-	-	642
Settlement	-	-	-	-	-
Proceeds from financing	-	-	-	-	-
Transfers - Payments in lieu of taxes (PILOTS)	2,348,636	-	-	-	2,348,636
Transfers in	637,250	-	-	-	637,250
	<u>2,986,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,986,528</u>
Net Change in Fund Balances	(491,418)	(39,812)	(3,401,156)	20,032	(3,912,354)
Fund balance - beginning	1,919,136	80,564	4,607,830	795,180	7,402,710
Fund balance - ending	<u>\$ 1,427,718</u>	<u>\$ 40,752</u>	<u>\$ 1,206,674</u>	<u>\$ 815,212</u>	<u>\$ 3,490,356</u>

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI  
RECONCILIATION OF THE CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2012**

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

Net change in fund balance - total governmental funds	\$ (3,912,354)
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.	550,712
In the Statement of Activities cost of capital outlay assets is allocated over their estimated useful lives and reported as depreciation expense.	(1,673,448)
In the Statement of Activities cost of accrued compensated absences are expenses as salary costs.	(18,267)
Governmental funds report unamortized bond premium as expenditures. However, in the statement of activities the cost of those premiums are allocated over their debt repayment live	(32,168)
In the Statement of Activities cost of accrued interest expenses of tax increment financing district are expensed as interest costs.	84,256
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	4,342,952
<b>Change in net assets of governmental activities</b>	<b><u>\$ (658,317)</u></b>

See accompanying notes to the financial statements.



CITY OF MONETT, MISSOURI  
 PROPRIETARY FUNDS STATEMENT OF NET ASSETS  
 MARCH 31, 2012

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ -	\$ 3,299,978	\$ -	\$ 243,088	\$ 15,795	\$ 3,558,861
Investments	-	-	-	-	-	-
Accounts receivable	220,696	1,248,310	167,693	40,833	26,154	1,703,686
Prepaid health insurance	4,979	6,658	4,883	1,860	-	18,380
Prepaid workmen's compensation	35,795	30,024	8,570	14,249	-	88,638
Inventory	253,421	672,450	17,565	-	70,154	1,013,590
Due from other funds	-	-	-	-	-	-
Unamortized bond issue costs/investments	76,182	-	370,054	-	-	446,236
Total current assets	591,073	5,257,420	568,765	300,030	112,103	6,829,391
Restricted assets:						
Cash and cash equivalents	2,183,313	-	1,276,407	-	-	3,459,720
Investments	-	-	1,114,593	-	-	1,114,593
Total restricted assets	2,183,313	-	2,391,000	-	-	4,574,313
Other						
			169,396			169,396
Capital assets:						
Land	56,932	58,400	178,071	12,101	-	305,504
Building and Improvements	908,946	769,758	33,705	84,878	-	1,797,287
Machinery and equipment	481,148	984,958	494,599	937,443	70,122	2,968,270
Infrastructure	9,034,154	5,346,629	25,419,028	61,189	635,923	40,496,923
Construction in progress	138,327	-	-	-	-	138,327
Less: accumulated depreciation	(4,241,092)	(5,466,251)	(13,908,587)	(539,905)	(246,987)	(24,402,822)
Total capital assets (net of accumulated depreciation)	6,378,415	1,693,494	12,216,816	555,706	459,058	21,303,489
Total noncurrent assets	6,378,415	1,693,494	12,216,816	555,706	459,058	21,303,489
<b>Total Assets</b>	<b>9,152,801</b>	<b>6,950,914</b>	<b>15,345,977</b>	<b>855,736</b>	<b>571,161</b>	<b>32,876,589</b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	185,242	1,055,225	24,376	13,618	6,607	1,285,068
Accrued payroll and payroll taxes	14,866	24,564	15,387	5,089	-	59,906
Accrued interest payable	27,300	-	57,685	-	-	84,985
Due to other funds	-	-	-	-	-	-
	156,060	-	415,000	-	-	571,060
Total current liabilities	383,468	1,079,789	512,448	18,707	6,607	2,001,019
Long-term liabilities, less current maturities:						
Due to depositors	30,374	355,871	-	-	-	386,245
Accrued compensated absences	44,272	142,012	51,409	12,326	-	250,019
Notes and capitalized lease obligations payable	2,870,180	-	-	-	-	2,870,180
Neighborhood improvement bonds	-	-	290,000	-	-	290,000
Revenue bonds payable, net	-	-	6,600,000	-	-	6,600,000
Total noncurrent liabilities	2,944,826	497,883	6,941,409	12,326	-	10,396,444
	3,328,294	1,577,672	7,453,857	31,033	6,607	12,397,463
<b>NET ASSETS</b>						
Reserved:						
Invested in capital assets, net of related debt	3,352,175	1,693,494	4,911,816	555,706	459,058	10,972,249
Restricted for:						
Capital projects	-	-	-	-	-	-
Other purposes	2,183,313	-	2,391,000	-	-	4,574,313
Unrestricted	289,019	3,679,748	589,304	268,997	105,496	4,932,564
<b>Total Net Assets</b>	<b>\$ 5,824,507</b>	<b>\$ 5,373,242</b>	<b>\$ 7,892,120</b>	<b>\$ 824,703</b>	<b>\$ 564,554</b>	<b>\$ 20,479,126</b>

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI  
 PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES  
 IN FUND NET ASSETS  
 YEAR ENDED MARCH 31, 2012

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
<b>OPERATING REVENUES</b>						
Charges for services	\$ 2,969,878	\$ 18,297,725	\$ 2,230,380	\$ 566,311	\$ 277,248	\$ 24,341,542
<b>OPERATING EXPENSES</b>						
Salaries	457,916	706,755	435,618	138,004		1,738,293
Payroll taxes	32,367	49,642	31,156	10,342		123,507
Depreciation	291,809	184,506	756,725	60,109	38,808	1,331,957
Computer	5,129	13,420	7,528			26,077
Education	2,706	5,602	392			8,700
Electric purchases		13,666,313				13,666,313
Health and life insurance	61,383	70,892	60,380	23,283		215,938
Insurance	17,946	72,792	21,573	4,764		117,075
Landfill and recycling				163,093		163,093
Miscellaneous	2,644	3,638	504	429	18,672	25,887
Professional and consulting service	31,540	38,560	98,776	3,050	12,312	184,238
Repairs and maintenance	638,808	150,197	598,457	94,649	22,374	1,504,485
Retirement	50,802	85,835	53,019	16,857		206,513
Supplies	232,430	151,262	72,369	8,517	18,118	482,696
Telephone	2,712	9,869	2,254	404	339	15,578
Utilities						
Workman's compensation	16,306	27,806	11,534	17,931		73,577
Total Operating Expenses	1,844,498	15,237,089	2,150,285	541,432	110,623	19,883,927
Operating Income (Loss)	1,125,380	3,060,636	80,095	24,879	166,625	4,457,615
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income	161	1,201	69,090			70,452
Federal and State Grants	73,950	24,480	219,624			318,054
Miscellaneous income	6,553	14,610	90,008	3,624	18,648	133,443
Gain(loss) on asset disposal				(21,678)		(21,678)
Interest expense and fees	(177,776)		(380,842)			(558,618)
Total Nonoperating Revenues (Expenses)	(97,112)	40,291	(2,120)	(18,054)	18,648	(58,347)
Income (Loss) Before Contributions and Transfers	1,028,268	3,100,927	77,975	6,825	185,273	4,399,268
Payments in lieu of taxes (PILOTS)	(307,304)	(1,754,734)	(257,008)		(29,590)	(2,348,636)
Transfers out		(537,250)			(100,000)	(637,250)
	720,964	808,943	(179,033)	6,825	55,683	1,413,382
Net assets - beginning	5,103,543	4,564,299	8,071,153	817,878	508,871	19,065,744
Net assets - ending	\$ 5,824,507	\$ 5,373,242	\$ 7,892,120	\$ 824,703	\$ 564,554	\$ 20,479,126

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI  
 PROPRIETARY FUNDS STATEMENT OF CASH FLOWS  
 YEAR ENDED MARCH 31, 2012

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
<b>Cash flows from operating activities:</b>						
Cash received from customers	\$ 2,954,253	\$ 18,683,057	\$ 2,235,935	\$ 565,132	\$ 275,369	\$ 24,713,746
Cash received from other sources	6,553	14,610	90,008	3,624	18,648	133,443
Cash payments to suppliers	(232,430)	(151,262)	(72,369)	(8,517)	(18,118)	(482,696)
Cash payments to employees	(454,492)	(697,447)	(431,882)	(136,345)	-	(1,720,166)
Cash payments to employee benefits and payroll taxes	(149,531)	(213,027)	(149,438)	(52,342)	-	(564,338)
Cash payments for other expenses	(727,521)	(14,172,977)	(714,039)	(283,985)	(88,026)	(15,986,548)
Net cash provided by (used in) operating activities	1,396,832	3,462,954	958,215	87,567	187,873	6,093,441
<b>Cash flows from non-capital financing activities:</b>						
Transfers from (to) other funds	-	(537,250)	-	-	(100,000)	(637,250)
Transfers - Payments in lieu of taxes (PILOTS)	(307,304)	(1,754,734)	(257,008)	-	(29,590)	(2,348,637)
Due (from) to other funds	-	70,000	-	-	(70,000)	-
Net cash provided by (used in) non-capital financing activities	(307,304)	(2,221,984)	(257,008)	-	(199,590)	(2,985,887)
<b>Cash flows from capital and related financing activities:</b>						
Interest expense & fees	(174,678)	-	(361,209)	-	-	(535,887)
Principal payment on capital lease	(142,427)	-	(400,000)	-	-	(542,427)
Purchase of capital acquisitions	(1,200,744)	(138,337)	(90,053)	(170,670)	-	(1,599,804)
Loss on sale of asset	-	-	-	(21,678)	-	-
Proceeds from assessment receivable	-	-	29,124	-	-	29,124
Federal and state grants	73,950	24,480	219,624	-	-	318,054
Financing proceeds	-	-	-	-	-	-
Redemption of bonds payable	-	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	(1,443,899)	(113,857)	(602,514)	(192,348)	-	(2,360,064)
<b>Cash flows from investing activities:</b>						
Investment income	161	1,201	69,090	-	-	70,452
Purchase of investments	-	-	(539,306)	-	-	(539,306)
Proceeds from maturity of investments	270,927	398,477	-	107,839	8,529	785,772
Net cash provided by (used in) investing activities	271,088	399,678	(470,216)	107,839	8,529	316,918
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(83,283)</b>	<b>1,526,791</b>	<b>(371,523)</b>	<b>3,058</b>	<b>(3,188)</b>	<b>1,071,854</b>
<b>Cash and cash equivalents - ending</b>	<b>\$ 2,183,313</b>	<b>\$ 3,299,978</b>	<b>\$ 1,276,407</b>	<b>\$ 243,088</b>	<b>\$ 15,795</b>	<b>\$ 7,018,580</b>
<b>Displayed as:</b>						
Cash and cash equivalents	\$ -	\$ 3,299,978	\$ -	\$ 243,088	\$ 15,795	\$ 3,558,860
Restricted - cash and cash equivalents	2,183,313	-	1,276,407	-	-	3,459,720
Total cash and cash equivalents	\$ 2,183,313	\$ 3,299,978	\$ 1,276,407	\$ 243,088	\$ 15,795	\$ 7,018,580

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

Operating income (loss)	\$ 1,125,380	\$ 3,060,636	\$ 80,095	\$ 24,879	\$ 166,625	\$ 4,457,615
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	291,809	184,506	756,725	60,109	38,808	1,331,957
Miscellaneous revenue	6,553	14,610	90,008	3,624	18,648	133,443
(Increase) decrease in accounts receivable	(15,914)	372,475	5,555	(1,179)	(1,879)	359,058
(Increase) decrease in prepaid sales tax	-	-	-	-	-	-
(Increase) decrease in inventory	(31,298)	(71,935)	(20)	-	(40,936)	(144,189)
Increase (decrease) in prepaid health insurance	(4,979)	(6,658)	(4,883)	(1,860)	-	(18,380)
Increase (decrease) in prepaid workmen's compensation	(20,919)	(2,061)	2,624	399	-	(19,957)
Increase (decrease) in accounts payable	42,487	(110,784)	24,375	(64)	6,607	(37,379)
Increase (decrease) in accrued payroll	2,043	4,466	2,948	1,160	-	10,617
Increase (decrease) in customer deposits	289	12,857	-	-	-	13,146
Increase (decrease) in accrued compensated absences	1,381	4,842	788	499	-	7,510
Net cash provided by (used in) operating activities	\$ 1,396,832	\$ 3,462,954	\$ 958,215	\$ 87,567	\$ 187,873	\$ 6,093,441

**NONCASH CAPITAL FINANCING ACTIVITIES**

See accompanying notes to the financial statements.

## NOTES TO FINANCIAL STATEMENTS

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1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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***(A) Reporting Entity***

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The City of Monett, Missouri, was incorporated as a town in 1888 and, as a city on March 3, 1914, under the provisions of the State of Missouri. The City operates under a Mayor-Board of Commission form of government as a Third Class City. The Mayor and the two Commissioners serve four-year terms that expire in April 2016. The City provides a variety of general governmental services to residents including general administrative services, public safety, public works, parks and recreation, and airport operations. Other services include water, electric, sewer, fiber optic, and sanitation operations.

The City complies with generally accepted accounting principles (GAAP), and has applied all 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 the Governmental Accounting Standards Board (GASB), in which case the GASB prevails. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles, and the City's reporting entity applies all relevant GASB pronouncements.

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

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

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

The board of directors of the District consists of five persons appointed by the Mayor with the advice and consent of the City Council. Financial information for the CID has been included within the governmental activities and governmental funds. Although it is legally separate from the City, the CID is reported as if it were part of the primary government because its sole purpose is to finance the construction of various capital projects within the City. No separately issued financial statements are prepared for the CID.

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

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

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

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

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

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

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

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures relating to compensated absences are recorded only when payment is due. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities, and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. Since the accounting differs significantly between the governmental funds and the proprietary funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements.

CITY OF MONETT, MISSOURI  
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Therefore, reconciliations have been provided following the governmental funds balance sheet and the statement of revenues, expenditures and changes in fund balance identifying categories that required conversion from the fund statements.

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

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

The City reports the following major governmental funds:

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

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

**Tax Increment Finance 1 & 2** — The purpose of these funds is to account for revenues and expenditures relating to tax increment financing projects. Cash and investments for these funds are restricted by state statute.

The City reports the following major enterprise funds:

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

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

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

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

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

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

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**a. Deposits and Investments**

City monies are deposited in FDIC-insured banks. Deposits in excess of FDIC insurable limits are secured with collateral pledged by the banks. Permissible investments include obligations of the U.S. Government, State of Missouri, bonds, bills or notes guaranteed by the U.S., state or city governments, certificates of deposit, repurchase agreements, bankers acceptances, and commercial paper. The City purchases investments from SEC-registered broker-dealers and banks. Investments are carried at fair value.

**b. Receivables and Payables**

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

**c. Inventories and Prepaid Items**

Purchases of various operating supplies are regarded as inventories at the time purchased and are recorded as assets at the close of the fiscal year. Supplies purchased are expensed at the time they are put into use.

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

**d. Restricted Assets**

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

**e. Capital Assets**

Capital assets include land, construction in progress, buildings and improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value on the date received.



CITY OF MONETT, MISSOURI  
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The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

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

**f. Compensated Absences**

All vested or accumulated vacation, scheduled holiday leave and vested accumulated sick leave is accrued when incurred in the government-wide and proprietary financial statements. Compensated absences for the years ended March 31, 2012 and 2011 are \$635,284 and \$609,509 respectively.

**g. Long-Term Obligations**

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

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

**h. Fund Balances**

In the fund financial statements are classified as follows:

Nonspendable – amounts that cannot be spent either because they are nonspendable form or because they are legally or contractually required to be maintained intact.

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Restricted – amounts that can be spent only for a specific purpose because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the board. The board is the highest level of decision-making authority for the City. Commitments maybe established, modified, or rescinded only through ordinances or resolutions approved by the board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. Under the city's policy, the city may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in its commitment or assignment actions.

**i. Capitalization of Interest**

Net interest costs related to acquisition or construction is capitalized as part of the cost of the related asset for the business type and proprietary activities of the City. Total interest costs incurred by the City were \$558,618, of which none was capitalized.

**j. Interfund and Related Party Transactions**

Transactions between the City's various funds are accounted for as revenues and expenditures or expenses in the funds involved if they are similar to transactions with organizations external to City government. Certain transactions between City Utilities and the City are also treated in this manner. The operations of City Utilities for the year ended March 31, 2012 reflect payments in lieu of taxes (PILOTS) to the City of \$2,348,636.

In addition, City Utilities also provides services such as energy for street lighting and other electric, water and sewer services without charge to the City. The cost of providing such services was \$590,999, in the current fiscal year.

**k. Net Assets**

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

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

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

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

**l. Use of Estimates**

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

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

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***(A) Deposits***

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The City pools idle cash from all funds for the purpose of increasing income through investment activities. The cash and investment pool is available for use by all funds and is comprised of deposits and other investments. At March 31, 2012, the bank balance of the City's deposits was \$4,650,104, which was covered by federal depository insurance or by collateral held by the City's agent in the City's name. A difference exists between bank and book balances of (\$329,317) due to deposits in transit and other reconciling items.

The City also maintains separate cash accounts restricted for specific purposes. At March 31, 2012, the bank balance of the City's restricted deposits was \$5,686,316, which was covered by federal depository insurance or by collateral held by the City's agent in the City's name.

***(B) Investments***

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

- a. Obligations of the United States government, the State of Missouri, this city, or;

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

The City also maintains an investment pool that is available for use by all funds and separate investments accounts which are restricted for specific purposes. At March 31, 2012, the City held the following investments, all of which have maturities of more than 24 months:

<u>Investment Type</u>	<u>Fair Value</u>
U.S. Agency:	
GNMA II	\$ 899,452
GNMA	110,842
FNMA	93,457
FHMA	10,842
Certificates of deposit	652,151
Total	<u>\$ 1,766,744</u>

The following is a listing of cash and investments held by the City as of March 31, 2012:

Money market funds	\$ 33,586
Deposits	6,644,270
Bankers acceptance	152,674
Investment in security	1,114,593
Investments in CD's	652,150
Petty Cash	1,200
Trustee accounts	<u>3,133,303</u>
Total	<u>\$ 11,731,776</u>

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

Cash and cash equivalents	\$	5,133,543
Investments		-
Restricted cash and cash equivalents		5,483,640
Restricted investments		<u>1,114,593</u>
Total	\$	<u>11,731,776</u>

#### **Custodial Credit Risk**

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

#### **Interest Rate Risk**

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

#### **Credit Risk**

Credit risk is the risk that the City will not recover its investments due to the ability of the issuer to fulfill their obligations. The City minimizes credit risk by diversifying the portfolio so that potential losses on individual fixed income securities will be minimized. As of March 31, 2012, the City's investments were rated by Moody's Investment Service or Standard & Poor's as follows:

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

CITY OF MONETT, MISSOURI  
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**(C) Capital Assets**

Capital asset activity for the year ended March 31, 2012, was as follows:

Governmental Activities:	Balance March 31, 2011	Additions	Deductions	Transfers	Balance March 31, 2012
Non-Depreciable Capital Assets					
Land	\$ 937,038	-	-	-	\$ 937,038
Construction in Process	-	50,880	-	-	50,880
Depreciable Capital Assets					
Buildings and Building Imp.	6,553,043	123,670	-	-	6,676,713
Machinery and Equipment	6,140,787	344,986	(233,775)	-	6,251,998
Infrastructure	27,977,205	31,176	-	-	28,008,381
Total Depreciable Capital Assets	40,671,035	499,832	(233,775)	-	40,937,092
Less Accumulated Depreciation					
Buildings and Building Imp.	(1,932,995)	(222,317)	-	-	(2,155,312)
Machinery and Equipment	(4,268,077)	(385,378)	233,775	-	(4,419,680)
Infrastructure	(10,044,075)	(1,065,753)	-	-	(11,109,828)
Total Accumulated Depreciable	(16,245,147)	(1,673,448)	233,775	-	(17,684,820)
Total Capital Assets, Net	24,425,888	(1,173,616)	-	-	23,252,272
Total Governmental Activities Capital Assets	\$ 25,362,926	(1,122,736)	-	-	\$ 24,240,190

Depreciation expense was charged functions as follows:

Policy Development and Administration	27,929
Public Safety	341,736
Public Works	874,288
Parks and Recreation	258,171
Municipal Airport	171,324
Total depreciation expense governmental activities	\$ 1,673,448

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Business Type Activities:

	Balance March 31, 2011	Additions	Deductions	Transfers	Balance March 31, 2012
<b>Water Fund:</b>					
Non-Depreciable Capital Assets					
Land	\$ 56,932	\$ -	\$ -	\$ -	\$ 56,932
Construction in Process	-	136,876	-	-	136,876
Total Non-Depreciable Capital Assets	56,932	136,876	-	-	193,808
Depreciable Capital Assets					
Buildings and Building Imp.	908,946	-	-	-	908,946
Machinery and Equipment	448,729	75,555	(43,136)	-	481,148
Infrastructure	7,908,968	1,125,186	-	-	9,034,154
Total Depreciable Capital Assets	9,266,643	1,200,741	(43,136)	-	10,424,248
Less Accumulated Depreciation					
Buildings and Building Imp.	(589,145)	(26,417)	-	-	(615,562)
Machinery and Equipment	(320,529)	(26,881)	43,136	-	(304,274)
Infrastructure	(3,082,746)	(238,511)	-	-	(3,321,257)
Total Accumulated Depreciable	(3,992,420)	(291,809)	43,136	-	(4,241,093)
Total Depreciable Capital Assets, Net	5,274,223	908,932	-	-	6,183,155
Total Water Fund Business - Type Capital Assets	\$ 5,331,155	\$ 1,045,808	\$ -	\$ -	\$ 6,376,963

	Balance March 31, 2011	Additions	Deductions	Transfers	Balance March 31, 2012
<b>Electric Fund:</b>					
Non-Depreciable Capital Assets					
Land	\$ 58,400	\$ -	\$ -	\$ -	\$ 58,400
Total Non-Depreciable Capital Assets	58,400	-	-	-	58,400
Depreciable Capital Assets					
Buildings and Building Imp.	769,756	-	-	-	769,756
Machinery and Equipment	953,137	138,333	(106,513)	-	984,957
Infrastructure	5,346,629	-	-	-	5,346,629
Total Depreciable Capital Assets	7,069,522	138,333	(106,513)	-	7,101,342
Less Accumulated Depreciation					
Buildings and Building Imp.	(598,599)	(24,102)	-	-	(622,701)
Machinery and Equipment	(535,333)	(57,533)	106,513	-	(486,353)
Infrastructure	(4,254,327)	(102,871)	-	-	(4,357,198)
Total Accumulated Depreciable	(5,388,259)	(184,506)	106,513	-	(5,466,252)
Total Depreciable Capital Assets, Net	1,681,263	(46,173)	-	-	1,635,090
Total Electric Fund Business - Type Capital Assets	\$ 1,739,663	\$ (46,173)	\$ -	\$ -	\$ 1,693,490

CITY OF MONETT, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2012

	Balance March 31, 2011	Additions	Deductions	Transfers	Balance March 31, 2012
<b>Sewer Fund:</b>					
Non-Depreciable Capital Assets					
Land	\$ 94,828	\$ 83,243.00	\$ -	\$ -	\$ 178,071
Total Non-Depreciable Capital Assets	94,828	83,243	-	-	178,071
Depreciable Capital Assets					
Buildings and Building Imp.	33,705	-	-	-	33,705
Machinery and Equipment	522,985		(28,386)	-	494,599
Infrastructure	25,412,218	6,810	-	-	25,419,028
Total Depreciable Capital Assets	25,968,908	6,810	(28,386)	-	25,947,332
Less Accumulated Depreciation					
Buildings and Building Imp.	(3,591)	(1,123)	-	-	(4,714)
Machinery and Equipment	(369,279)	(26,404)	28,386	-	(367,297)
Infrastructure	(12,807,378)	(729,198)	-	-	(13,536,576)
Total Accumulated Depreciable	(13,180,248)	(756,725)	28,386	-	(13,908,587)
Total Depreciable Capital Assets, Net	12,788,660	(749,915)	-	-	12,038,745
Total Sewer Fund Business - Type Capital Assets	\$ 12,883,488	\$ (666,672)	\$ -	\$ -	\$ 12,216,816
<b>Sanitation Fund:</b>					
Non-Depreciable Capital Assets					
Land	\$ 12,101	\$ -	\$ -	\$ -	\$ 12,101
Total Non-Depreciable Capital Assets	12,101	-	-	-	12,101
Depreciable Capital Assets					
Buildings and Building Imp.	84,878	-	-	-	84,878
Machinery and Equipment	868,268	227,348	(158,174)	-	937,442
Infrastructure	61,189	-	-	-	61,189
Total Depreciable Capital Assets	1,014,335	227,348	(158,174)	-	1,083,509
Less Accumulated Depreciation					
Buildings and Building Imp.	(27,479)	(2,828)	-	-	(30,307)
Machinery and Equipment	(539,065)	(55,240)	101,495	-	(492,810)
Infrastructure	(14,747)	(2,040)	-	-	(16,787)
Total Accumulated Depreciable	(581,291)	(60,108)	101,495	-	(539,904)
Total Depreciable Capital Assets, Net	433,044	167,240	(56,679)	-	543,605
Total Sanitation Fund Business - Type Capital Assets	\$ 445,145	\$ 167,240	\$ (56,679.00)	\$ -	\$ 555,706



CITY OF MONETT, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2012

<b>Fiber Fund:</b>	<b>Balance March 31, 2011</b>	<b>Additions</b>	<b>Deductions</b>	<b>Transfers</b>	<b>Balance March 31, 2012</b>
Non-Depreciable Capital Assets					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Total Non-Depreciable Capital Assets	-	-	-	-	-
Depreciable Capital Assets					
Buildings and Building Imp.	-	-	-	-	-
Machinery and Equipment	70,122	-	-	-	70,122
Infrastructure	635,923	-	-	-	635,923
Total Depreciable Capital Assets	706,045	-	-	-	706,045
Less Accumulated Depreciation					
Buildings and Building Imp.	-	-	-	-	-
Machinery and Equipment	-	(7,012)	-	-	(7,012)
Infrastructure	(208,179)	(31,796)	-	-	(239,975)
Total Accumulated Depreciable	(208,179)	(38,808)	-	-	(246,987)
Total Depreciable Capital Assets, Net	497,866	(38,808)	-	-	459,058
Total Fiber Fund Business - Type Capital Assets	<u>\$ 497,866</u>	<u>\$ (38,808)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 459,058</u>

Depreciation expense was charged to the functions as follows:

Water	\$ 291,809
Electric	184,506
Sewer	756,725
Sanitation	60,109
Fiber optics	38,808
Total depreciation expense-business -type activities	<u>\$ 1,331,957</u>

CITY OF MONETT, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2012

**(D) Long-Term Obligations**

The following is a summary of changes in long-term debt for the City for the year ended March 31, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
General obligation bonds	\$ 80,647	\$ -	\$ 15,043	\$ 65,604	\$ 15,753
Revenue bonds	11,750,000		3,710,000	8,040,000	580,000
Total Bonds Payable	11,830,647	-	3,725,043	8,105,604	595,753
Capital Lease Obligations	2,597,416		617,909	1,979,507	465,870
Developers Agreements	540,194	-		540,194	
Total Governmental Activities Long-Term Liabilities	<u>\$ 14,968,257</u>	<u>\$ -</u>	<u>\$ 4,342,952</u>	<u>\$ 10,625,305</u>	<u>\$ 1,061,623</u>
<b>Business Type Activities</b>					
Sanitary Sewerage System Fund					
Revenue Bonds	\$ 7,400,000	\$ -	\$ 385,000	\$ 7,015,000	\$ 400,000
General obligation bonds	305,000		15,000	290,000	15,000
Water System Fund					
Capital Lease Obligations	3,168,667		142,427	3,026,240	156,060
Total Business Type Activities Long-Term Liabilities	<u>\$ 10,873,667</u>	<u>\$ -</u>	<u>\$ 542,427</u>	<u>\$ 10,331,240</u>	<u>\$ 571,060</u>
Total Governmental Activities and Business Type Activities Long-Term Liabilities	<u>\$ 25,841,924</u>	<u>\$ -</u>	<u>\$ 4,885,379</u>	<u>\$ 20,956,545</u>	<u>\$ 1,632,683</u>

CITY OF MONETT, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2012

Debt service requirements on long-term debt at March 31, 2012 are as follows:

The annual Governmental Activities debt service requirements to maturity, including principal and interest, for long-term debt as of March 31, 2012, are as follows:

Fiscal Year Ended March 31	Governmental Activities					
	General Obligations Bonds		Revenue Bonds		Developer's Agreement	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 15,753	\$ 2,631	\$ 580,000	\$ 358,635	\$ -	\$ -
2014	16,536	1,848	620,000	335,980	-	-
2015	17,358	1,026	640,000	315,441	-	-
2016	15,957	2,426	680,000	299,283	-	-
2017	-	-	730,000	271,403	-	-
2018-2022	-	-	1,125,000	1,016,148	540,194	-
2023-2027	-	-	-	947,938	-	-
2028-2032	-	-	3,665,000	189,588	-	-
thereafter	-	-	-	-	-	-
	<u>\$ 65,604</u>	<u>\$ 7,931</u>	<u>\$ 8,040,000</u>	<u>\$ 3,734,416</u>	<u>\$ 540,194</u>	<u>\$ -</u>

Fiscal Year Ended March 31	Governmental Activities (Cont'd)		Total	
	Capital Lease Obligations		Governmental Activities	
	Principal	Interest	Principal	Interest
2013	\$ 465,870	\$ 74,138	\$ 1,061,623	\$ 435,404
2014	478,955	55,268	1,115,491	393,096
2015	507,624	36,178	1,164,982	352,645
2016	352,645	16,206	1,048,602	317,915
2017	85,858	5,921	815,858	277,324
2018-2022	88,555	2,584	1,753,749	1,018,732
2023-2027	-	-	-	947,938
2028-2032	-	-	3,665,000	189,588
thereafter	-	-	-	-
	<u>\$ 1,979,507</u>	<u>\$ 190,295</u>	<u>\$ 10,625,305</u>	<u>\$ 3,932,642</u>

CITY OF MONETT, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2012

The annual Business Type Activities debt service requirements to maturity, including principal and interest, for long-term debt as of March 31, 2012, are as follows:

2013	\$ 15,000	\$ 13,700	\$ 400,000	\$ 336,673	\$ 156,060	\$ 170,622
2014	15,000	13,063	415,000	319,856	158,784	165,898
2015	20,000	12,300	435,000	304,626	161,396	160,676
2016	20,000	11,400	460,000	281,789	80,000	155,698
2017	20,000	10,470	480,000	258,789	85,000	152,413
2018-2022	115,000	36,688	2,790,000	902,063	445,000	700,311
2023-2027	85,000	6,758	2,035,000	194,345	520,000	565,988
2028-2032	-	-	-	-	620,000	386,275
thereafter	-	-	-	-	800,000	137,550
	<u>\$ 290,000</u>	<u>\$ 104,379</u>	<u>\$ 7,015,000</u>	<u>\$ 2,598,141</u>	<u>\$ 3,026,240</u>	<u>\$ 2,595,431</u>

Fiscal Year Ended March 31	Business Type Activities (Cont'd)		Total	
	Capital Lease Obligation - Sanitation		Business Type Activities	
	Principal	Interest	Principal	Interest
2013	\$ -	\$ -	\$ 571,060	\$ 520,995
2014	-	-	588,784	498,817
2015	-	-	616,396	477,602
2016	-	-	560,000	448,887
2017	-	-	585,000	421,672
2018-2022	-	-	3,350,000	1,639,062
2023-2027	-	-	2,640,000	767,091
2028-2032	-	-	620,000	386,275
thereafter	-	-	800,000	137,550
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,331,240</u>	<u>\$ 5,297,951</u>

General Obligation Bonds payable at March 31, 2012 are comprised of the following individual issues:

4.15% General Obligation Bonds, Neighborhood Improvement District Bonds Series 2005, due through September 6, 2015. This bond had an original issuance of \$148,000 dated September of 2005. \$ 65,604

2.00% to 5.10% General Obligation Bonds, Neighborhood Improvement District Bonds Series 2004 due through September 1, 2024, callable on or after September 1, 2011, at premiums beginning at 102% of the principal amount decreasing to 100% on September 1, 2014. Monies from this bond were utilized for gravity sewer projects in the city. This had an original issuance of \$394,230 dated September of 2004. 290,000

Total General Obligation Bonds \$ 355,604

CITY OF MONETT, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2012

Revenue bonds payable at March 31, 2012 are comprised of the following individual issues:

Tax Increment Financing fund:

3.625% to 3.85% Tax Increment Allocation Bonds, Subordinate Series 2007 (Hwy 60 Amended Redevelopment Project TIF #1) interest due semi-annually October 1 and April 1; bonds mature October 1, 2011 through 2014, optional redemption beginning October 1, 2012 at 100% of the principal. Original issuance of \$6,100,000 in December of 2007 had a partial defeasance of \$590,000 with the issuance of the Series 2007 bonds. Monies generated from these bonds were used in combination with monies received from Missouri Department of Transportation for projects such as added lanes on Highway 60 and also combined with monies from the Burlington Northern Santa Fe Railroad to build an overpass on Eisenhower Street. \$ 1,655,000

4.00% to 4.5% Subordinate Tax Increment Allocation Bonds, Junior Series 2008 (Hwy 60 Amended Redevelopment Project TIF #1) interest due semi-annually April 1 and October 1 with bonds maturing October 1, 2014 through 2018, optional redemption begins October 1, 2012 at 100% of the principal. Funding from this issuance was to further expand and improve the infrastructure of and adjacent to Highway 60. The bond had an original issuance of \$3,000,000 beginning in February of 2008. 2,720,000

5.00% Tax Increment Allocation Bonds Series 2005A (East Hwy 60 Infrastructure Project TIF #2) interest due semiannually January 1, and July 1, with principal and bonds maturing January 1, 2028 Optional redemption beginning January 1, 2011, at 100% of the principal. These monies were specifically generated to make improvements on and around Chapel Drive. The bond had an original issuance of \$1,630,000 beginning in August of 2005. 1,130,000

5.25% Tax Increment Allocation Bonds Series 2005B (RPA #1 Infrastructure Improvements Project TIF #2) interest due semiannually January 1, and July 1, maturing January 1, 2028 optional redemption beginning January 1, 2011, at 100% of the principal. Specific use of this funding was to redevelop 385 acres in the southeast portion of the city adjacent to Highway 60. The bond had an original issuance of \$2,535,000 beginning in August of 2005. 2,535,000

Sewer system fund:

2.00% to 4.70% Combined Waterworks and Sewerage System Revenue Bonds, (State Revolving Funds Program) Series 2003, 6,880,000

CITY OF MONETT, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2012

due through January 1, 2025, callable on or after December 1, 2012 at 100% principal. Monies generated from this debt issuance were combined with monies from the State Environment Improvement and Energy Resources Authority to construct wastewater treatment and clean water facilities for the city (Drinking Water Loan). The bond had an original issuance of \$8,950,000 beginning in April 2003.

5.20% to 6.55% Sewerage Revenues Refunding Bonds, (State Revolving Funds Program) Series 1992A, due through June 1, 2013. Monies generated from this debt issuance were combined with monies from the State Environment Improvement and Energy Resources Authority to construct wastewater treatment and clean water facilities for the city (Clean Water Loan). The bond had an original issuance of \$815,000 beginning in June of 1992.	135,000
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Total revenue bonds payable	\$ 15,055,000
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Developer agreements at March 31, 2012 consisted of the following obligation:

Tax Increment Financing fund:

Certain developers applied for reimbursement of the cost of infrastructure should the city receive an increase in the sales taxes collected from the TIF district. The related infrastructure was given to the city and is included as capital assets. There is no scheduled payment for any future reimbursement, and any liability remaining upon the dissolution of the TIF district in 2019 will be eliminated.	540,194
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Total Developers' Agreements	\$ 540,194
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### **Certificates of Participation**

In 2004, the City accepted the Commerce National Bank, N.A. bid to acquire leasehold certificates of participation, and subsequently entered into a Lease Purchase Agreement in 2005, for the purpose of constructing a water tower. Currently the agreement has a present value of lease payments of \$236,240, with interest at 3.52%, and is payable in semiannual installments through December 2014.

In 2010, the City accepted the United Missouri Bank bid to acquire leasehold certificates of participation, and subsequently entered into a Lease Purchase Agreement for the purpose of constructing a water line project. Currently the agreement has a present value of lease payments of \$2,790,000, with interest at 3.49%, and is payable in annual installments through July 2035. Monies are being held in the amount of \$220,000 in the event the City could not meet its debt payment.

### **Capital Leases**

#### **Governmental Activities:**

Wells Fargo Brokerage Services, LLC, Governmental Lease-Purchase Agreement: Amount of the original lease was \$759,000 dated February 25, 2009. The present value of lease payments are \$486,898, with interest at 3.85%, and is payable in annual payments through January 15, 2018. Funds generated from this lease were used for the interior security system and communication tower and equipment at the newly constructed Monett Justice Center.

Yamaha Motor Corporation Commercial Customer Finance Lease Agreement: Amount of original the original lease was \$86,300 dated July of 2009 to purchase 24 golf carts. The present value of lease payments is \$62,609 at year end, with interest at 4.88% and is payable in monthly payments through November 2014.

Wells Fargo Brokerage Services, LLC: In January of 2008, the City entered into a \$3,000,000 lease for which the funds were used to expand the police station and municipal court facilities by building the new Monett Justice Center. The present value of lease payments at March 31, 2012 is \$1,430,000, with interest at 4.10%, and is payable in annual installments through January 2016.

**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, 2012 was:

Assessed Valuation	
Real Estate	\$ 91,693,746
Personal Property	<u>42,294,857</u>
Total Assessed Valuation	<u>\$133,988,603</u>

The legal debt margin at March 31, 2012, was computed as follows:

General Obligation	
Debt Limit	\$ 26,797,721
Bonds Payable	<u>355,604</u>
Legal Debt Margin	<u>\$ 26,442,117</u>

As of March 31, 2012, the City of Monett had \$355,604 outstanding general obligation bonds.

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

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

<u>Fund</u>	<u>Contract Amount</u>
Water – Water Line Extension	\$48,640.78
Water – Well House	\$6,873.60

***(F) Interfund Receivables, Payables, and Transfers***

The composition of interfund balances as of March 31, 2012 is as follows:

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

<u>Interfund Transfers</u>			
<u>General fund</u>	<u>Electric Fund</u>	<u>Fiber</u>	<u>Total</u>
\$ 637,250	\$ (537,250)	\$ (100,000)	\$ -0-

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



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**(3) OTHER INFORMATION**

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

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

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

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

LAGERS was created and 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**

Full-time employees of the City of Monett do not contribute to the pension plan. The June 30<sup>th</sup> statutorily required contribution rates are 12.3% (General), 11.3% (Police), and 14.8% (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 (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$567,090
Interest on net pension obligation	1,258
Adjustment to annual required contribution	(899)
Annual pension cost	<u>567,449</u>
Actual contributions	<u>516,052</u>
Increase (decrease) in NPO	51,397
NPO beginning of year	<u>16,775</u>
NPO end of year	<u>\$68,172</u>

The annual required contribution (ARC) was determined as part of the February 29, 2009 and/or February 28, 2010 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2011 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table projected to 2000 set back 0 years for men and 0 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 unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2009 was 30 years for the General division, 30 years for the Police division and 30 years for the Fire division. The amortization period as of February 28, 2010 was 30 years for the General division, 30 years for the Police division and 30 years for the Fire division

### Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$538,956	100%	\$0
2010	508,336	96.7	16,775
2011	567,449	90.9	68,172

### Contribution Information

All Monett City full-time employees participate in LAGERS. The payroll for employees covered by LAGERS for the year ended March 31, 2012, was \$4,508,559; the City's total payroll was \$4,946,481.75. All City full-time employees are eligible to participate in the LAGERS Program.

Employees who retire at or after age 60 (55 for police and fire employees) with 5 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 1.60 percent of their final-average salary for each year of credited service. Final-average salary is the employee's monthly average of gross salary paid an employee during the period of sixty months or, if an election has been made in accordance with the plan, thirty-six consecutive months or credited service producing the highest monthly average within the last 120 months of credited service. Benefits fully vest on reaching 5 years of service. Vested employees may retire at or after age 55 (age 50 for police and fire employees) and receive reduced retirement benefits.

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

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

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

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***(C) Risk Management***

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The City is exposed to various risks, such as property exposures, automobile liability, workers' compensation claims, equipment losses, general liability claims, and the costs associated with an employee health plan. For property exposures, the City purchases an all-risk insurance policy. This property insurance presently carries a primary deductible of \$5,000. While coverage is purchased for City-owned equipment, the comprehensive or collision exposure to City-owned vehicles is self-insured. Neither liability claims nor property losses have exceeded the limits of coverage.

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

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

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***(D) Subsequent Events***

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On August 2, 2011, voters approved the issuance of \$12 million in water revenue bonds to finance the construction of a new water treatment plant. As of September 20, 2012, the date which the financial statements were available to be issued, the issuance of these bonds has not been completed. Management expects these bonds to be issued within the next fiscal period. Management has evaluated any other subsequent events through September 20, 2012, and there are no other issues which would impact the information included here.

## **Required Supplementary Information**

**CITY OF MONETT, MISSOURI**  
**NOTES TO BUDGETARY COMPARISON SCHEDULES**  
**MARCH 31, 2011**

**Budgets and Budgetary Accounting**

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

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

**CITY OF MONETT, MISSOURI**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2012**

Functions/Programs	Budgeted Amount		Current Year Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Business license and permits	\$ 46,100	\$ 48,750	\$ 48,680	\$ (70)
Federal and state grants	1,960,935	82,100	84,088	1,988
Fines and forfeitures	215,200	168,200	175,555	7,355
Franchise fees	373,500	522,000	499,386	(22,614)
Sales tax	2,737,250	2,537,020	2,501,254	(35,766)
Interest income	50,000	5,000	5,726	726
Intergovernmental	-	-	-	-
Other revenue	713,175	437,181	424,504	(12,677)
Other taxes and assessments	348,000	330,800	334,758	3,958
Rental revenue	142,200	140,800	136,691	(4,109)
Total revenues	6,586,360	4,271,851	4,210,642	(61,209)
<b>Expenditures</b>				
Salaries	3,031,105	3,027,195	2,971,132	(56,063)
Payroll taxes	224,825	231,070	223,433	(7,637)
Community development block grant	-	-	-	-
Computer	34,000	78,575	94,022	15,447
Education and travel	35,500	30,250	28,552	(1,698)
Election	4,000	10,000	9,710	(290)
Health and life insurance	423,800	466,520	443,769	(22,751)
Insurance	74,625	106,610	71,070	(35,540)
Merchandise	125,000	18,750	29,173	10,423
Miscellaneous	23,500	31,220	41,227	10,007
Professional and consulting service	156,500	304,750	329,960	25,210
Repairs and maintenance	862,020	1,028,545	1,018,558	(9,987)
Retirement	320,950	342,125	374,057	31,932
Supplies	320,100	300,850	266,012	(34,838)
Telephone	35,700	39,950	38,862	(1,088)
Utilities	5,000	36,000	30,259	(5,741)
Condemnation	-	297,598	297,598	-
Workman's compensation	74,130	146,590	137,870	(8,720)
Capital outlay	3,402,325	541,050	550,712	9,662
Debt service - principal	659,075	632,960	632,952	(8)
Debt service - interest	170,200	100,514	99,660	(854)
Total expenditures	9,982,355	7,771,122	7,688,588	(82,534)
Excess (deficiency) of revenues over expenditures	(3,395,995)	(3,499,271)	(3,477,946)	21,325
<b>Other financing sources (uses)</b>				
Due from (to) other funds	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	642	642
Settlement	-	-	-	-
Proceeds from Financing	-	-	-	-
Payments in Lieu of Taxes (PILOTS)	2,133,040	2,369,420	2,348,636	(20,784)
Transfers	650,000	637,250	637,250	-
Total other financing sources (uses)	2,783,040	3,006,670	2,986,528	(20,142)
Revenues and other sources over (under) expenditures and other uses	\$ (612,955)	\$ (492,601)	\$ (491,418)	\$ 1,183

**CITY OF MONETT, MISSOURI**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,**  
**BUDGET AND ACTUAL**  
**E - 911 FUND**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2012**

<b>Functions/Programs</b>	<b>Budgeted Amount</b>		<b>Current Year Actual Amounts</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Business license and permits	\$ -	\$ -	\$ -	\$ -
Federal and state grants	-	-	-	-
Fines and forfeitures	-	-	-	-
Franchise fees	-	-	-	-
Sales tax	-	-	-	-
Interest income	-	-	-	-
Intergovernmental	-	-	-	-
Other revenue	10,800	10,800	10,800	-
Other taxes and assessments	40,000	38,000	38,606	606
Rental revenue	-	-	-	-
Total revenues	<u>50,800</u>	<u>48,800</u>	<u>49,406</u>	<u>606</u>
<b>Expenditures</b>				
Salaries	39,275	42,138	41,328	(810)
Payroll taxes	2,950	3,025	3,135	110
Community development block grant	-	-	-	-
Computer	6,200	3,500	3,844	344
Education and travel	4,400	4,000	2,742	(1,258)
Election	-	-	-	-
Health and life insurance	6,500	5,015	4,993	(22)
Insurance	400	300	336	36
Merchandise	-	-	-	-
Miscellaneous	100	100	66	(34)
Professional and consulting service	2,500	500	415	(85)
Repairs and maintenance	-	-	-	-
Retirement	4,400	4,465	5,068	603
Supplies	1,500	1,500	1,362	(138)
Telephone	25,000	24,500	25,767	1,267
Workman's compensation	100	175	162	(13)
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	<u>93,325</u>	<u>89,218</u>	<u>89,218</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(42,525)</u>	<u>(40,418)</u>	<u>(39,812)</u>	<u>606</u>
<b>Other financing sources (uses)</b>				
Due from (to) other funds	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-
Settlement	-	-	-	-
Proceeds from Financing	-	-	-	-
Payments in Lieu of Taxes (PILOTS)	-	-	-	-
Transfers	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ (42,525)</u>	<u>\$ (40,418)</u>	<u>\$ (39,812)</u>	<u>\$ 606</u>

**CITY OF MONETT, MISSOURI**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,**  
**BUDGET AND ACTUAL**  
**TAX INCREMENT FINANCING - DISTRICT 1**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2012**

Functions/Programs	Budgeted Amount		Current Year Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Business license and permits	\$ -	\$ -	\$ -	\$ -
Federal and state grants	-	-	-	-
Fines and forfeitures	-	-	-	-
Franchise fees	-	-	-	-
Sales tax	589,250	535,500	566,480	30,980
Interest income	137,000	5,800	6,001	201
Intergovernmental	-	-	-	-
Other revenue	-	-	-	-
Other taxes and assessments	241,000	126,000	125,924	(76)
Rental revenue	-	-	-	-
Total revenues	<u>967,250</u>	<u>667,300</u>	<u>698,405</u>	<u>\$ 31,105</u>
<b><u>Expenditures</u></b>				
Salaries	-	-	-	-
Payroll taxes	-	-	-	-
Community development block grant	-	-	-	-
Computer	-	-	-	-
Education and travel	-	-	-	-
Election	-	-	-	-
Health and life insurance	-	-	-	-
Insurance	-	-	-	-
Merchandise	-	-	-	-
Miscellaneous	2,000	500	420	(80)
Professional and consulting service	5,000	105,000	74,731	(30,269)
Repairs and maintenance	-	-	-	-
Retirement	-	-	-	-
Supplies	-	-	-	-
Telephone	239,000	-	-	-
Workman's compensation	-	-	-	-
Capital outlay	8,035,000	-	-	-
Debt service - principal	355,000	3,710,000	3,710,000	-
Debt service - interest	505,000	325,705	314,410	(11,295)
Total expenditures	<u>9,141,000</u>	<u>4,141,205</u>	<u>4,099,561</u>	<u>(41,644)</u>
Excess (deficiency) of revenues over expenditures	<u>(8,173,750)</u>	<u>(3,473,905)</u>	<u>(3,401,156)</u>	<u>72,749</u>
<b><u>Other financing sources (uses)</u></b>				
Due from (to) other funds	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-
Settlement	-	-	-	-
Proceeds from Financing	-	-	-	-
Payments in Lieu of Taxes (PILOTS)	-	-	-	-
Transfers	<u>(414,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(414,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ (8,587,750)</u>	<u>\$ (3,473,905)</u>	<u>\$ (3,401,156)</u>	<u>\$ 72,749</u>



**CITY OF MONETT, MISSOURI**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,**  
**BUDGET AND ACTUAL**  
**TAX INCREMENT FINANCING - DISTRICT 2**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2012**

<u>Functions/Programs</u>	<u>Budgeted Amount</u>		<u>Current Year Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Business license and permits	\$ -	\$ -	\$ -	\$ -
Federal and state grants	-	-	-	-
Fines and forfeitures	-	-	-	-
Franchise fees	-	-	-	-
Sales tax	284,200	201,200	217,061	15,861
Interest income	35,000	500	98	(402)
Intergovernmental	-	-	-	-
Other revenue	-	-	-	-
Other taxes and assessments	87,200	-	-	-
Rental revenue	-	-	-	-
Total revenues	<u>406,400</u>	<u>201,700</u>	<u>217,159</u>	<u>15,459</u>
<u>Expenditures</u>				
Salaries	-	-	-	-
Payroll taxes	-	-	-	-
Community development block grant	-	-	-	-
Computer	-	-	-	-
Education and travel	-	-	-	-
Election	-	-	-	-
Health and life insurance	-	-	-	-
Insurance	-	-	-	-
Merchandise	-	-	-	-
Miscellaneous	-	-	-	-
Professional and consulting service	5,000	7,377	7,539	162
Repairs and maintenance	-	-	-	-
Retirement	-	-	-	-
Supplies	-	-	-	-
Telephone	-	-	-	-
Workman's compensation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	215,000	189,750	189,588	(162)
Total expenditures	<u>220,000</u>	<u>197,127</u>	<u>197,127</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>186,400</u>	<u>4,573</u>	<u>20,032</u>	<u>15,459</u>
<u>Other financing sources (uses)</u>				
Due from (to) other funds	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-
Settlement	-	-	-	-
Proceeds from Financing	-	-	-	-
Payments in Lieu of Taxes (PILOTS)	-	-	-	-
Transfers	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ 186,400</u>	<u>\$ 4,573</u>	<u>\$ 20,032</u>	<u>\$ 15,459</u>

<b>Actuarial Valuation Date</b>	<b>(a) Actuarial Value of Assets</b>	<b>(b) Entry Age Actuarial Accrued Liability</b>	<b>(b-a) Unfunded Accrued Liability (UAL)</b>	<b>(a/b) Funded Ratio</b>	<b>(c) Annual Covered Payroll</b>	<b>[(b-a)/c] UAL as a Percentage of Covered Payroll</b>
02/28/2009	8,815,555	10,382,004	1,566,449	85%	4,668,686	34%
02/28/2010	9,384,712	10,625,773	1,241,061	88	4,453,440	28
02/28/2011	9,908,020	11,019,500	1,111,480	90	4,443,165	25

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, 2011, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

## FEDERAL COMPLIANCE SECTION



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

To the Honorable Mayor, Commissioners  
and City Administrator of the City of Monett, Missouri

We have audited the financial statements of the governmental activities, the business-type activities, each major fund City of Monett, Missouri as of and for the year ended March 31, 2012 which collectively comprise the City of Monett, Missouri's basic financial statements and have issued our report thereon dated September 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Monett, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of

our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard*.

We noted certain matters that we reported to management of City of Monett, Missouri, in a separate letter dated September 20, 2012.

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

*THE CPA GROUP, P.C.*

Monett, Missouri  
September 20, 2012



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVERCOMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor, Commissioners  
and the City Administrator of the City of Monett, Missouri

**Compliance**

We have audited City of Monett's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Monett's major federal programs for the year ended March 31, 2012. City of Monett'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 its major federal programs is the responsibility of City of Monett's management. Our responsibility is to express an opinion on City of Monett's compliance based on our audit.

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

In our opinion, City of Monett complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2012.

**Internal Control Over Compliance**

Management of The City of Monett is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Monett's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Monett's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, City Council, others within the entity, 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.*

Monett, Missouri  
September 20, 2012

**CITY OF MONETT, MISSOURI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED MARCH 31, 2012**

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Federal Expenditures (\$)</i>
<b>Highway Safety Cluster-Cluster</b>			
Department of Transportation Pass-Through Programs From			
Alcohol Impaired Driving	20.601		907
Countermeasures Incentive Grants I			
<i>Total Alcohol Impaired Driving</i>			<u>907</u>
Countermeasures Incentive Grants I			
Child Safety and Child Booster Seats	20.613		172
Incentive Grants			
<i>Total Child Safety and Child Booster</i>			<u>172</u>
<i>Seats Incentive Grants</i>			
State and Community Highway Safety	20.600		2,566
<i>Total State and Community Highway</i>			<u>2,566</u>
<i>Safety</i>			
<i>Total Department of Transportation Pass-</i>			<u>3,645</u>
<i>Through Programs</i>			
<i>Total Department of Transportation</i>			<u>3,645</u>
<b>Total Highway Safety Cluster-Cluster</b>			<u>3,645</u>
<b>JAG Program Cluster-Cluster</b>			
United States Department of Justice Pass-Through Programs From			
Edward Byrne Memorial Justice	16.738		8,991
Assistance Grant Program			
<i>Total Edward Byrne Memorial Justice</i>			<u>8,991</u>
<i>Assistance Grant Program</i>			
<i>Total United States Department of Justice</i>			<u>8,991</u>
<b>Total JAG Program Cluster-Cluster</b>			<u>8,991</u>
<b>Other Programs</b>			
Department of Homeland Security Pass-Through Programs From			
Emergency Management Performance	97.042		5,715
Grants			
<i>Total Emergency Management</i>			<u>5,715</u>
<i>Performance Grants</i>			
<i>Total Department of Homeland Security</i>			<u>5,715</u>
United States Department of Justice Direct Programs			
Bulletproof Vest Partnership Program	16.607		1,853
<i>Total United States Department of Justice</i>			<u>1,853</u>

The accompanying notes are an integral part of this schedule.



**CITY OF MONETT, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED MARCH 31, 2012**

Department of Transportation Direct Programs		
Alcohol Open Container Requirements	20.607	3,525
Department of Transportation Pass-Through Programs From		
Airport Improvement Program	20.106	5,415
<i>Total Airport Improvement Program</i>		<u>5,415</u>
<i>Total Department of Transportation</i>		<u>8,940</u>
United States Environmental Protection Agency Pass-Through Programs From		
Capitalization Grants for Clean Water State Revolving Funds	66.458	140,246
<i>Total Capitalization Grants for Clean Water State Revolving Funds</i>		<u>140,246</u>
Capitalization Grants for Drinking Water State Revolving Funds	66.468	7,094,378
<i>Total Capitalization Grants for Drinking Water State Revolving Funds</i>		<u>7,094,378</u>
<i>Total United States Environmental Protection Agency Pass-Through Programs</i>		<u>7,234,624</u>
<i>Total United States Environmental Protection Agency</i>		<u>7,234,624</u>
<i>Total Other Programs</i>		<u>7,251,132</u>
<i>Total Expenditures of Federal Awards</i>		<u>7,263,768</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 in conformity with accounting principles generally accepted in the United States of America (GAAP).

**NOTE B - NON CASH EXPENDITURES**

Non-cash expenditures were determined using current loan values.

The accompanying notes are an integral part of this schedule.

**CITY OF MONETT, MISSOURI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COST**  
**MARCH 31, 2012**

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

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? ☐ Yes ☒ No

Significant Deficiency 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 identified? ☐ Yes ☒ No

Significant Deficiency 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>
66.468	Capitalization Grants for Drinking Water State Revolving Fund
66.458	Capitalization Grants for Clean Water State Revolving

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

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

**CITY OF MONETT, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COST  
MARCH 31, 2012**

**Section II - Financial Findings**

No matters were noted.

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

No matters were noted.