

INTRODUCTION SECTION

City of Monett, Missouri
List of Elected and Appointed Officials
March 31, 2010

Elected Officials

Mayor
Commissioner
Commissioner

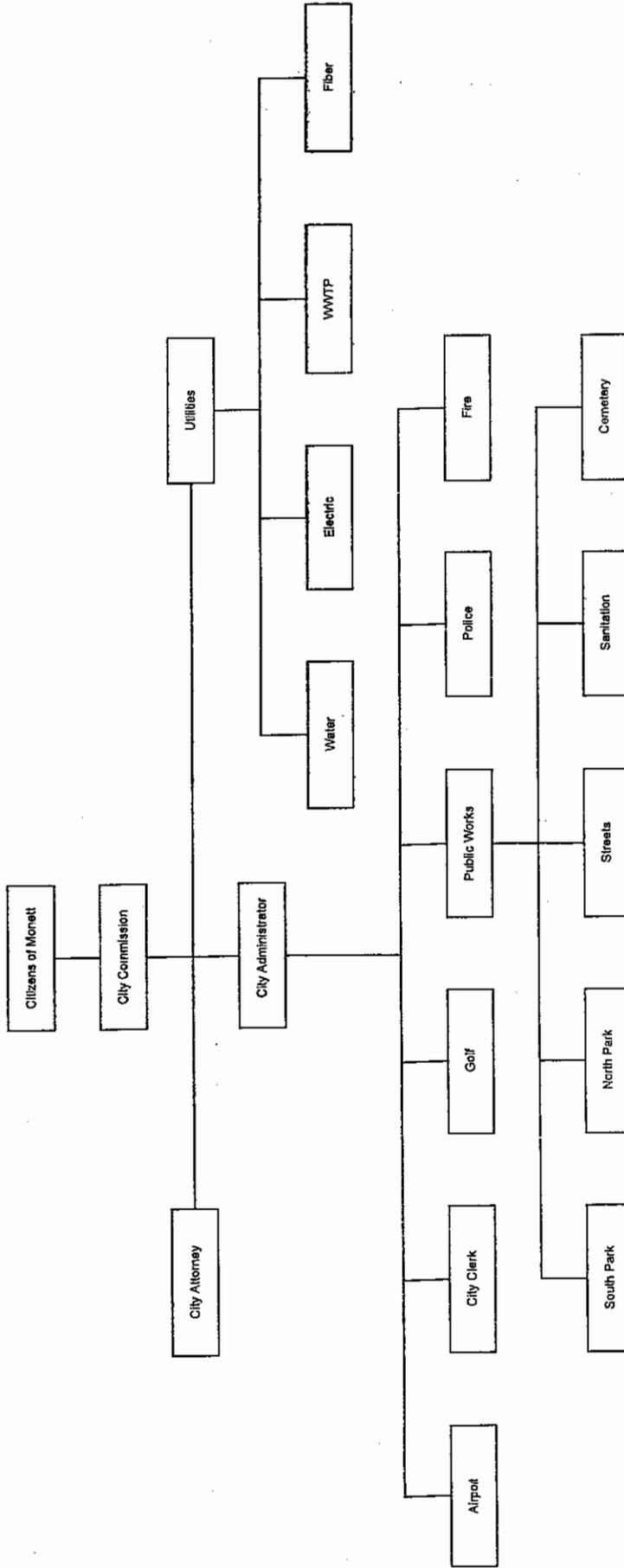
James Orr
Jerry Dierker
Michael Brownsberger

Appointed Officials

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

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

City of Monett, Missouri
Organization Chart



City of Monett, Missouri

THIRD CLASS CITY - COMMISSION FORM OF GOVERNMENT

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

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

City Clerk - (417) 235-3763

City Collector - (417) 235-3544

Council - (417) 235-3355

Fax - (417) 235-4608

September 1, 2010

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, 2010. This report is submitted to you in compliance with state law requiring that all political subdivisions in the state shall cause to be prepared an annual report of the financial transactions in such summary form as the state auditor shall prescribe (105.145, RSMO) and the state auditor shall receive a copy of the financial report (15 CRS 40-3.030).

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

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

The City of Monett, Missouri's financial statements have been audited by The CPA Group, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Monett, Missouri for the fiscal year ended March 31, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

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

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

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

Profile of the Government

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

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

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

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

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

Factors Affecting Financial Condition

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

Local economy – The City of Monett 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 19.4% 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 FY2010, the City experienced a decline of 7% in general sales tax revenue compared with the previous year. This was attributable to an economy that continued a slow recovery from the recession of 2008-2009. Relatively high unemployment and modest levels of consumer confidence led consumers to increase personal savings and reduce spending. General sales tax revenue for the last half of FY2010 appeared to indicate some improvement leading into FY2011.

Total General revenues and transfers for FY2010 declined 6.3% from the previous year despite a substantial increase in revenue derived from settlements with various phone companies relating to the payment of back taxes. Total expenditures decreased in FY2010 by less than one percent from the previous year.

The Monett Industrial Council indicates that business conditions have improved since 2009 and particularly in the last 30 to 45 days, however, they caution that there is uncertainty in the market which is acting as a barrier to significant economic growth. Employment levels in local industries remains stable but some companies have modified workweeks that have reduced the total number of employee hours. The outlook for 2011 remains cautiously optimistic with concern voiced for the impact of federal health care reform on small businesses.

Long-term financial planning – As of March 31, 2010, the City was preparing to issue \$2,859,000 in Recovery Zone Bonds to finance major improvements to the water distribution system. These improvements were preliminary but significant steps toward the construction of a new water treatment plant. The scope of work consisted generally of new transmission lines looping the system, improvements to Well # 21, a new raw water line from Well # 12 to the future site of the water treatment facility, and a booster pump station that would resolve low pressure problems in certain areas of the system. The City Council intends to increase water rates by \$0.40 per 1,000 gallons in April, 2010 and \$0.43 per 1,000 gallons in April, 2011 to pay for these improvements.

It is the City's intent to proceed with plans for the construction of a water treatment facility and to ask voters to approve the issuance of revenue bonds to pay for such improvements. An election is likely to be scheduled for August, 2011. These improvements to the water distribution system remain the City's top priority in the Capital Improvement Plan.

The City's Capital Improvement Plan includes Public Facility Improvements relating to the Casino building and Community Building; planning associated with the Vision 2030 Downtown Revitalization plan; constructing 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,



James Orr, Mayor