CITY OF MONETT, MISSOURI
ANNUAL FINANCIAL REPORTS
WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
MARCH 31, 2013

CITY OF MONETT,
MISSOURI

ANNUAL
FINANCIAL REPORTS

FOR THE YEAR ENDED
MARCH 31, 2013

CITY OF MONETT, MISSOURI

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INTRODUCTION SECTION

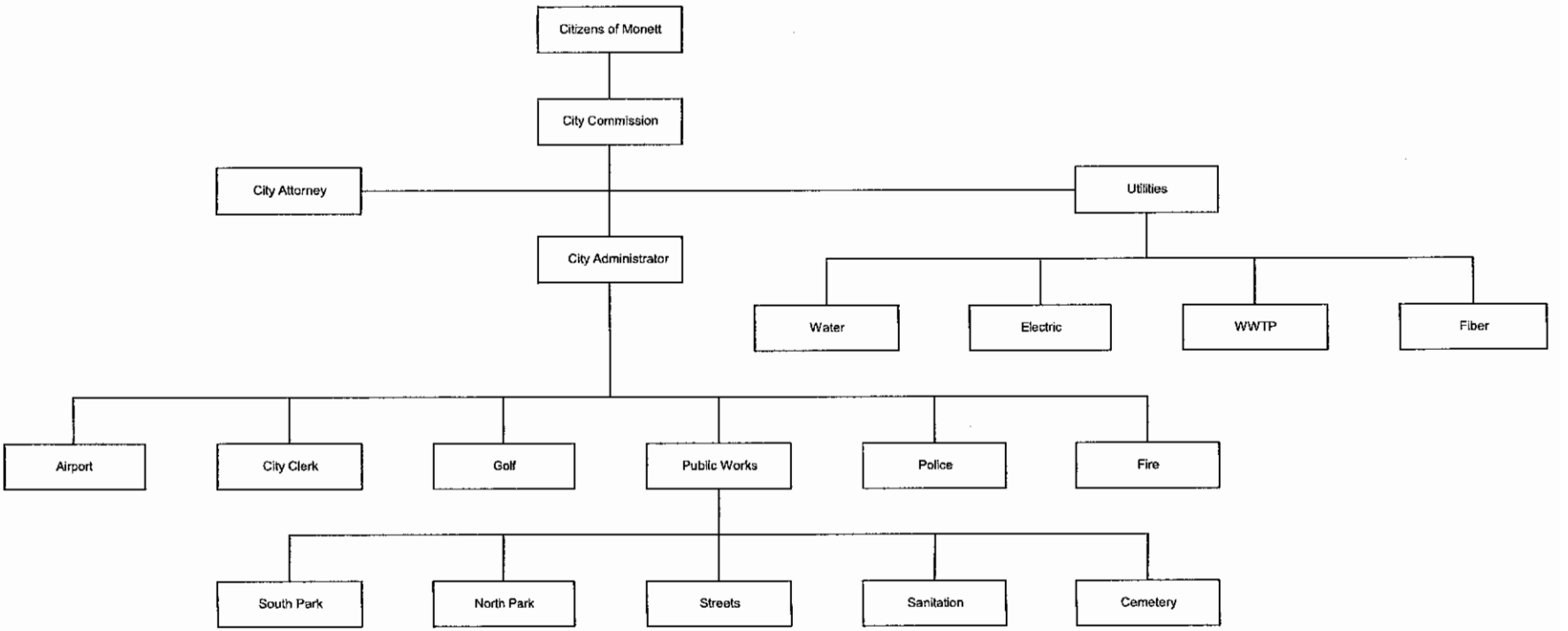
City of Monett, Missouri
List of Elected and Appointed Officials
March 31, 2013

Elected Officials

Mayor	James Orr
Commissioner	Jerry Dierker
Commissioner	Michael Brownsberger

Appointed Officials

City Administrator	Dennis Pyle
Airport Superintendent	Howard Frazier
City Clerk/Treasurer	Janie Knight
Fire Chief	Tom Jones
Golf Superintendent	Mike Knight
Police Chief	Tim Schweder
Public Works Superintendent	Russ Balmas
Utilities General Manager	Pete Rauch
Utilities Assistant Superintendent	Skip Schaller


Citizens of Monett
City Commission
City Attorney
Utilities
City Administrator
Water
Electric
WWTP
Fiber
Airport
City Clerk
Golf
Public Works
Police
Fire
South Park
North Park
Streets
Sanitation
Cemetery

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

The CPA Group
A Professional Corporation
Big Firm Quality, Small Firm Values
WWW.CPA2WEB.COM

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund, of the City of Monett, Missouri as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund, of the City of Monett, Missouri as of March 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and Schedule of Funding Process – Retirement System on pages 5-12, 46-50 and 51 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Monett, Missouri basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The introductory 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.

Other Reporting Required* by *Government Auditing Standard

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2013, 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* in considering City of Monett, Missouri's internal control over financial reporting and compliance.

The CPA Group, PC

THE CPA GROUP, P.C.

Monett, MO
November 1, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Monett, Missouri

THIRD CLASS CITY – COMMISSION FORM OF GOVERNMENT
James Orr, Mayor • Michael Brownsberger, Commissioner • Jerry Dierker, Commissioner
217 Fifth Street • P.O. Box 110 • Monett, Missouri 65708

City Clerk - (417) 235-3763
City Collector - (417) 235-3544
Council - (417) 235-3355
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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, 2013. 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 $37,223,915 *(net position)*. Of this amount, $6,922,753 *(unrestricted net position)* may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's total net position decreased $129,594. Of this amount, ($467,175) was from the City's "governmental activities" and a gain of $337,581 from the "business-type activities".

- The City's total debt increased by $94,733 during the current fiscal year. The City's fiscal year started with existing debt of $20,956,545, additional debt was issues for $1,777,709, and principal payments of $1,682,976 were made during the year, which created ending fiscal year debt balance of $21,051,278.

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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.

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.

Government-wide Financial Analysis

Net position may serve as a useful indicator of the City's financial position. As of March 31, 2013, assets exceeded liabilities by $37,223,915. The City uses capital assets to provide services to citizens; consequently, these assets ($23,685,131 net of related debt) are not available for future spending.

NET POSITION

The following table reflects the condensed schedule of net position as of March 31, 2013 and 2012:

City of Monett Net Position

	Governmental Activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	$ 4,837,164	$ 4,503,788	$ 12,029,038	$ 11,573,100	$ 16,866,202	$ 16,076,888
Capital assets	23,972,263	24,290,190	20,764,146	21,303,489	44,736,409	45,593,679
Total assets	28,809,427	28,793,978	32,793,184	32,876,589	61,602,611	61,670,567
Long-term debt outstanding	9,986,208	9,563,682	9,171,396	9,798,545	19,157,604	19,362,227
Other liabilities	2,416,011	2,305,913	2,805,081	2,598,918	5,221,092	4,904,831
Total liabilities	12,402,219	11,869,595	11,976,477	12,397,463	24,378,696	24,267,058
Net position:						
Net investment of capital asset	12,681,165	13,614,885	11,003,966	10,972,249	23,685,131	24,587,134
Restricted	1,680,111	2,062,638	4,915,400	4,574,313	6,595,511	6,636,951
Unrestricted	2,045,932	1,196,860	4,897,341	4,932,564	6,943,273	6,129,424
Total net position	$ 16,407,208	$ 16,874,383	$ 20,816,707	$ 20,479,126	$ 37,223,915	$ 37,353,509

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The City's combined net position decreased to $37,223,915 from $37,353,509.

The largest portion of the City's net position, $23,685,131 (64%), reflects its net 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 position, $6,616,031 (18%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net position, $6,922,753 (18%), represents unrestricted net position that may be used to meet the City's ongoing obligations to citizens and creditors.

Change in Net Position

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

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	$ 744,376	$ 719,064	$ 24,752,695	$ 24,341,542	$ 25,497,071	$ 25,060,606
Capital grants and contributions	22,745	84,088	281,582	318,054	304,327	402,142
General revenues:					-	
Sales taxes	2,763,761	2,795,552	-	-	2,763,761	2,795,552
TIF taxes	670,637	909,465	-	-	670,637	909,465
TIF reimbursement	-	-	-	-	-	-
Franchise fees	419,274	499,386	-	-	419,274	499,386
Other taxes	70,684	79,066	-	-	70,684	79,066
Other revenues	251,689	88,990	275,038	203,895	526,727	292,885
Total revenues	4,943,166	5,175,611	25,309,315	24,863,491	30,252,481	30,039,102
Expenses:						
Policy development and administration	541,202	549,895	-	-	541,202	549,895
Public works	3,562,899	3,522,642	-	-	3,562,899	3,522,642
Public safety	2,226,567	2,531,339	-	-	2,226,567	2,531,339
Parks and recreation	1,227,197	1,268,520	-	-	1,227,197	1,268,520
Interest on long-term debt	421,575	396,490	-	-	421,575	396,490
Airport	478,571	551,570	-	-	478,571	551,570
Waterworks	-	-	2,126,515	2,022,274	2,126,515	2,022,274
Electric	-	-	16,572,513	15,237,089	16,572,513	15,237,089
Wastewater-sewer	-	-	2,426,235	2,531,127	2,426,235	2,531,127
Sanitation	-	-	543,815	541,432	543,815	541,432
Fiber optics	-	-	174,747	110,623	174,747	110,623
Total expenses	8,458,011	8,820,456	21,843,825	20,442,545	30,301,836	29,263,001
Gain (loss) on sale of assets	(88,739)	642	8,500	(21,678)	(80,239)	(21,036)
Other Sources	(88,739)	642	8,500	(21,678)	(80,239)	(21,036)
Increase in net position before transfers	(3,603,584)	(3,644,203)	3,473,990	4,399,268	(129,594)	755,065
Transfers - Payments in lieu of taxes	2,386,409	2,348,636	(2,386,409)	(2,348,636)	-	-
Transfers	750,000	637,250	(750,000)	(637,250)	-	-
Total transfers	3,136,409	2,985,886	(3,136,409)	(2,985,886)	-	-
Increase in net position	(467,175)	(658,317)	337,581	1,413,382	(129,594)	755,065
Net position, beginning	16,874,383	17,532,700	20,479,126	19,065,744	37,353,509	36,598,444
Net position, ending	$ 16,407,208	$ 16,874,383	$ 20,816,707	$ 20,479,126	$ 37,223,915	$ 37,353,509

Governmental Activities

Governmental activities decreased the City's net position by $467,175. Sales tax revenues are one of the largest governmental categories and it amounted to $2,763,761. For the fiscal year ended March 31, 2013, revenues from all sources totaled $30,252,481 (governmental and business-type). Revenues from governmental activities total $4,943,166, or 16%, of the total City revenues.

Certain revenues are generated that are specific to governmental program activity. These totaled $767,121. The following table shows expenses and program revenues of the governmental activities for the years ended March 31, 2013 and 2012:

Net Cost of City of Monett Governmental Activities

	Total cost of service		Net cost of service	
	2013	2012	2013	2012
Policy development and administration	$ 541,202	$ 549,895	$ 352,146	$ 345,473
Public safety	3,562,899	3,522,642	3,490,346	3,413,148
Public works	2,226,567	2,531,339	2,180,925	2,474,677
Parks and recreation	1,227,197	1,268,520	934,558	991,842
Municipal airport	421,575	396,490	254,344	240,594
Interest on long-term debt	478,571	551,570	478,571	551,570
	$8,458,011	$8,820,456	$7,690,890	$8,017,304

As previously noted, expenses from governmental activities total $8,458,011 million. However, net costs of these services were $7,690,890.

Business-type Activities

Business-type activities increased the City's net position by $337,581. Key elements of this increase are as follows:

- The waterworks recorded net income of $649,256 for the year. Revenues relating to charges for services increased $5,927. Operating expenses increased $108,434 compared to prior year expenses due to increases in supplies expense.

- The electric recorded net loss of $403,533 for the year. Revenues relating to charges for services increased $259,177. Operating expenses increased $1,335,421, due to increases in electricity purchase charges of $1,093,381, supplies of $126,613, and professional fees of $57,752.

- The sewer recorded a net income of $48,606 for the year. Revenues increased by $153,200 relating to charges for services. Operating expenses decreased $91,531 due to decreases in repairs and maintenance.

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 $4,003,631.

At the end of the fiscal year, the General Fund ended with a fund balance of $2,323,520 which is an increase of $895,802. Factors contributing to this increase included a sale of the gymnastic building for $306,883 and proceeds from the financing for the Casino/Community Building of $1,777,709. The Capital outlay increased from the prior year by $1,242,188.

The fund balance in the E-911 Fund decreased by $42,354 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 by $283,738 in the fiscal year due to debt service payments.

The fund balance in the TIF – District 2 Fund decreased by $56,435 in the fiscal year due to debt service payments.

Capital Assets and Debt Administration Capital Assets

The City's net investment in capital assets for its governmental and business-type activities as of March 31, 2013, amounts to $45.5 million. This net investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, accumulated depreciation and debt.

City of Monett Capital Assets
(net of accumulated depreciation)

	Governmental Activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Land	$ 884,679	$ 937,038	$ 305,504	$ 305,504	$ 1,190,183	$ 1,242,542
Construction in progress	676,394	50,880	97,989	136,876	774,383	187,756
Building and improvements	4,181,197	4,521,401	469,571	524,000	4,650,768	5,045,401
Machinery and equipment	2,105,331	1,832,318	1,337,118	1,311,979	3,442,449	3,144,297
Infrastructure	16,124,662	16,898,553	18,553,964	19,025,130	34,678,626	35,923,683
Total	$ 23,972,263	$ 24,240,190	$ 20,764,146	$ 21,303,489	$ 44,736,409	$ 45,543,679

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 2013, had a total of $21,051,278 of outstanding long-term debt. This was an increase of $94,733 from the previous year.

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	$ 49,950	$ 65,604	$ 275,000	$ 290,000	$ 324,950	$ 355,604
Revenue bonds	7,460,000	7,422,091	6,615,000	7,015,000	14,075,000	14,437,091
Developers Agreements	540,194	540,194			540,194	540,194
Capital leases and participation obligations	3,240,954	2,597,416	2,870,180	3,026,240	6,111,134	5,623,656
Total	$11,291,098	$10,625,305	$ 9,760,180	$10,331,240	$21,051,278	$20,956,545

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

Original Budget to Actual Comparison

The original FY2012-2013 budget for the General Fund projected revenues of $4,455,795 (not including transfers and other financing sources). The actual General Fund revenues for the fiscal year were $4,230,112, a variance of 5%. General Fund expenditures were budgeted at $9,199,565 with actual expenditures of $8,537,211, a variance of 7.7%. The expenditures were less than budgeted in capital outlay, utilities, and supplies. The City's budget practices relating to capital outlay items are to budget for the expense but delay purchases of capital items if revenues do not appear to be sufficient to cover expenses. Throughout FY2012-2013, sales taxes lagged behind projections that warranted the caution in spending on capital improvements. The original budget had anticipated General Fund revenues and other financing sources would exceed expenditures by $14,630 but the actual budget surplus was greater due to proceeds from financing and the sale of assets.

The original budget had projected revenues of $48,800 for the E-911 Fund; however, actual revenues were only $41,430 due to a continuing decline in landline tariff revenues. Original expenditures were budgeted at $101,515 but actual expenses were only $94,985 due to not spending the allotted amounts for capital outlay. E-911 expenditures exceed revenues due to the loss of the phone tariff on rural Monett customers that were incorporated into the Barry County E-911 system. Due to this loss of revenue, the losses in the E-911 Fund are covered by transfers from the City's General Fund.

TIF – District 1 revenues were budgeted at $543,650 and actual revenues were $533,212 due to sales taxes not meeting projections. Expenditures were budgeted at $871,720; however, the actual expenses were only $816,950 due to legal expenses being less than anticipated. TIF – District 2 revenues were budgeted at $140,850 with actual revenues of $138,461, a variance of less than 2%, again due to sales taxes not meeting projections. Actual expenditures were higher than anticipated due to debt service interest cost being higher than projected.

All funds that had expenditures exceed revenues for FY2012-2013 had sufficient reserves to cover the loss for this particular fiscal year.

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 5th Street, Monett, MO 65708.

BASIC FINANCIAL STATEMENTS

CITY OF MONETT, MISSOURI
STATEMENT OF NET POSITION
MARCH 31, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 2,312,824	$ 3,251,315	$ 5,564,139
Accounts receivable	428,806	1,980,747	2,409,553
Prepaid health insurance	59,062	20,046	79,108
Prepaid workmen's compensation	117,950	66,345	184,295
Inventory		1,100,472	1,100,472
Premium on bond issuance	271,793	419,713	691,506
Restricted assets:			
Cash and cash equivalents	1,646,729	2,341,522	3,988,251
Investments		2,573,878	2,573,878
Other		275,000	275,000
Capital assets:			
Non depreciable	937,038	305,504	1,242,542
Depreciable, net	23,035,225	20,458,642	43,493,867
Total Assets	28,809,427	32,793,184	61,602,611
LIABILITIES			
Accounts payable	390,784	1,401,748	1,792,532
Accrued payroll and payroll taxes	155,377	64,930	220,307
Accrued interest payable	142,915	81,806	224,721
Due to depositors	15,625	390,741	406,366
Accrued compensated absences liabilities:			
Due within one year	365,778	255,707	621,485
Due in more than one year	40,642	21,365	62,007
Long-term debt liabilities:			
Due within one year	1,304,890	588,784	1,893,674
Due in more than one year	9,986,208	9,171,396	19,157,604
Total Liabilities	12,402,219	11,976,477	24,378,696
NET POSITION			
Net investment in capital assets	12,681,165	11,003,966	23,685,131
Restricted for:			
Capital projects	1,681,713		1,681,713
Other purposes	18,918	4,915,400	4,934,318
Unrestricted	2,025,412	4,897,341	6,922,753
	$ 16,407,208	$ 20,816,707	$ 37,223,915

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Service	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Assets: Governmental Activities	Net Revenue (Expense) and Changes in Net Assets: Business-type Activities	Net Revenue (Expense) and Changes in Net Assets: Total
Governmental activities:						
Policy development and administration	$ 541,202	$ 189,056	$ -	$ (352,146)	$	$ (352,146)
Public safety	3,562,899	65,132	7,421	(3,490,346)		(3,490,346)
Public works	2,226,567	45,642	-	(2,180,925)		(2,180,925)
Parks and recreation	1,227,197	277,315	15,324	(934,558)		(934,558)
Municipal Airport	421,575	167,231	-	(254,344)		(254,344)
Interest on long-term debt	478,572	-		(478,572)		(478,572)
Total governmental activities	8,458,012	744,376	22,745	(7,690,891)		(7,690,891)
Business-type activities:						
Waterworks	2,126,517	2,975,805	73,304		922,592	922,592
Electric	16,572,510	18,556,902			1,984,392	1,984,392
Wastewater-sewer	2,426,236	2,383,580	208,278		165,622	165,622
Sanitation	543,815	574,723			30,908	30,908
Fiber optics	174,747	261,685			86,938	86,938
Total business-type activities	21,843,825	24,752,695	281,582		3,190,452	3,190,452
Total City	$ 30,301,837	$ 25,497,071	$ 304,327	(7,690,891)	3,190,452	(4,500,439)
General revenues						
Sales and use taxes				2,126,070		2,126,070
Sales and use taxes - police station				319,158		319,158
Motor fuel sales tax				318,533		318,533
M & M Surcharge Tax				41,279		41,279
Emergency Telephone Tax				29,405		29,405
Sales Tax - TIF				628,201		628,201
Real Estate Tax - TIF				42,436		42,436
Franchise fees				419,274		419,274
Payments in lieu of taxes				2,386,409	(2,386,409)	-
Investment revenue (Note 2)				9,820	142,365	152,185
Gain (Loss) Sale of Assets				(88,739)	8,500	(80,239)
Settlement				-		-
Miscellaneous				241,870	132,673	374,543
Transfers				750,000	(750,000)	-
Total general revenues and transfers				7,223,716	(2,852,871)	4,370,845
Change in net position				(467,175)	337,581	(129,594)
Net position - beginning				16,874,383	20,479,126	37,353,509
Net position - ending				$ 16,407,208	$ 20,816,707	$ 37,223,915

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2013

	Major Funds				
	General	E-911	Tax Increment Finance - 1	Tax Increment Finance - 2	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 2,312,824	$ -	$ -	$ -	$ 2,312,824
Investments	-	-	-	-	-
Accounts receivable	372,125	-	48,048	8,633	428,806
Due from other funds	2,779	-	-	-	2,779
Prepaid health insurance	59,108	-	-	-	59,108
Prepaid workmen's compensation	117,950	-	-	-	117,950
Restricted assets:					-
Cash and cash equivalents	18,918	-	875,299	752,512	1,646,729
Investments	-	-	-	-	-
Total assets	$ 2,883,704	$ -	$ 923,347	$ 761,145	$ 4,568,196
LIABILITIES					
Accounts payable	390,784	-	-	-	$ 390,784
Accrued payroll and payroll taxes	153,775	1,602	-	-	155,377
Due to depositors	15,625	-	-	-	15,625
Due to other funds	-	-	411	2,368	2,779
Total liabilities	560,184	1,602	411	2,368	564,565
FUND BALANCE					
Nonspendable:					
Inventory and prepaid	177,059	-	-	-	177,059
Restricted for:					
E 911 communication	-	-	-	-	-
Court	18,918	-	-	-	18,918
Community redevelopment expenditures	-	-	922,936	758,777	1,681,713
Committed:					
South Park Casino Project	1,090,087	-	-	-	1,090,087
Unassigned	1,037,456	(1,602)	-	-	1,035,854
Total fund balances	2,323,520	(1,602)	922,936	758,777	4,003,631
Total liabilities and fund balances	$ 2,883,704	$ -	$ 923,347	$ 761,145	$ 4,568,196

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MARCH 31, 2013

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

Total fund balance - total governmental funds		$ 4,003,631
Capital assets used in governmental activities are not current financial resource, and therefore, are not reported in the governmental funds.		
Governmental capital assets	$ 43,076,790	
Less accumulated depreciation	(19,104,527)	
		23,972,263
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	(49,950)	
Revenue bonds	(7,460,000)	
Notes payable	(2,317,903)	
Capital lease obligations	(1,463,245)	
Accrued compensated absences	(406,420)	
Unamortized premium on bond issuance	271,747	
Accrued interest liability	(142,915)	
		(11,568,686)
Net position of Governmental Activities		$ 16,407,208

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2013

	Major Funds				
	General	E-911	Tax Increment Finance -District 1	Tax Increment Finance - District 2	Total Governmental Funds
REVENUES					
Business license and permits	$ 25,033	$ -	$ -	$ -	$ 25,033
Federal and state grants	22,793	-	-	-	22,793
Fines and forfeitures	167,102	-	-	-	167,102
Franchise fees	419,274	-	-	-	419,274
Sales tax	2,445,228	-	489,792	138,409	3,073,429
Investment income	8,784	-	984	52	9,820
Other revenue	649,988	12,025	-	-	662,013
Other taxes and assessments	359,812	29,405	42,436	-	431,653
Rental revenue	132,098	-	-	-	132,098
Total Revenues	4,230,112	41,430	533,212	138,461	4,943,215
EXPENDITURES					
Current					
Policy development and administration	507,930	-	-	-	507,930
Public safety	3,115,137	94,985	-	-	3,210,122
Public works	1,291,803	-	57,028	6,138	1,354,969
Parks and recreation	980,463	-	-	-	980,463
Municipal airport	239,600	-	-	-	239,600
Capital outlay	1,792,900	-	-	-	1,792,900
Debt service:					
Principal	531,916	-	580,000	-	1,111,916
Interest and other charges	84,361	-	179,922	188,758	453,041
Total Expenditures	8,544,110	94,985	816,950	194,896	9,650,941
Excess (Deficiency) of Revenues over Expenditures	(4,313,998)	(53,555)	(283,738)	(56,435)	(4,707,726)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of assets	306,883	-	-	-	306,883
Proceeds from financing	1,777,709	-	-	-	1,777,709
Transfers - Payments in lieu of taxes (PILOTS)	2,386,409	-	-	-	2,386,409
Transfers in	738,799	11,201	-	-	750,000
	5,209,800	11,201	-	-	5,221,001
Net Change in Fund Balances	895,802	(42,354)	(283,738)	(56,435)	513,275
Fund balance - beginning	1,427,718	40,752	1,206,674	815,212	3,490,356
Fund balance - ending	$ 2,323,520	$ (1,602)	$ 922,936	$ 758,777	$ 4,003,631

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, 2013

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

Net change in fund balance - total governmental funds	$ 513,275
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.	1,792,900
In the Statement of Activities cost of capital outlay assets is allocated over their estimated useful lives and reported as depreciation expense.	(1,665,204)
In the Statement of Activities cost of accrued compensated absences are expenses as salary costs.	(21,153)
Governmental funds report proceeds from sale of assets as revenues. However, in the statement of activities the proceeds of the sales are not reported on the Statement of Activities	(395,669)
Governmental funds report unamoritzed bond preimum as expenditures. However, in the s 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.	6,637
Governmental funds report proceeds from financing as revenue. However, in the statement of activities the proceeds of those loans are balance sheet items and not reported on the Statement of Activities.	(1,777,709)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	1,111,916
Change in net position of governmental activities	$ (467,175)

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
PROPRIETARY FUNDS STATEMENT OF NET POSITION
MARCH 31, 2013

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
ASSETS						
Current assets:						
Cash and cash equivalents	$ -	$ 2,839,667	$ -	$ 339,297	$ 72,351	$ 3,251,315
Investments	-	-	-	-	-	
Accounts receivable	211,672	1,515,545	186,571	44,739	22,220	1,980,747
Prepaid health insurance	5,991	6,984	5,120	1,951	-	20,046
Prepaid workmen's compensation	12,901	25,799	11,058	16,587	-	66,345
Inventory	330,113	695,393	19,321	-	55,645	1,100,472
Due from other funds	-	-	-	-	-	
Unamortized bond issue costs/investments	72,905	-	346,808	-	-	419,713
Total current assets	633,582	5,083,388	568,878	402,574	150,216	6,838,638
Restricted assets:						
Cash and cash equivalents	2,326,756	-	14,766	-	-	2,341,522
Investments	-	-	2,573,878	-	-	2,573,878
Total restricted assets	2,326,756		2,588,644			4,915,400
Other			275,000			275,000
Capital assets:						
Land	56,932	58,400	178,071	12,101	-	305,504
Building and Improvements	908,946	769,758	33,704	84,877	-	1,797,285
Machinery and equipment	506,697	1,088,809	494,599	937,442	145,122	3,172,669
Infrastructure	9,666,693	5,381,749	25,419,028	61,189	635,923	41,164,582
Construction in progress	-	-	97,989	-	-	97,989
Less: accumulated depreciation	(4,583,285)	(5,574,557)	(14,658,699)	(604,047)	(353,295)	(25,773,883)
Total capital assets (net of accumulated depreciation)	6,555,983	1,724,159	11,564,692	491,562	427,750	20,764,146
Total noncurrent assets	6,555,983	1,724,159	11,564,692	491,562	427,750	20,764,146
Total Assets	9,516,321	6,807,547	14,997,214	894,136	577,966	32,793,184
LIABILITIES						
Current liabilities:						
Accounts payable	59,312	1,278,657	42,085	18,071	3,623	1,401,748
Accrued payroll and payroll taxes	15,908	26,893	17,040	5,089	-	64,930
Accrued interest payable	27,000	-	54,806			81,806
Due to other funds	-	-	-	-	-	-
Current maturities of long-term liabilities	158,784	-	430,000	-	-	588,784
Total current liabilities	261,004	1,305,550	543,931	23,160	3,623	2,137,268
Long-term liabilities, less current maturities:						
Due to depositors	30,615	360,126	-	-	-	390,741
Accrued compensated absences	39,543	172,162	52,557	12,810	-	277,072
Notes and capitalized lease oabligaitons payable	2,711,396	-	-	-	-	2,711,396
Neghborhood improvement bonds	-	-	275,000	-	-	275,000
Revenue bonds payable, net	-	-	6,185,000	-	-	6,185,000
Total noncurrent liabilities	2,781,554	532,288	6,512,557	12,810		9,839,209
	3,042,558	1,837,838	7,056,488	35,970	3,623	11,976,477
NET POSITION						
Net investment in capital assets	3,685,803	1,724,159	4,674,692	491,562	427,750	11,003,966
Restricted for:						
Capital projects						
Other purposes	2,326,756	-	2,588,644	-	-	4,915,400
Unrestricted	461,204	3,245,550	677,390	366,604	146,593	4,897,341
Total Net Position	$ 6,473,763	$ 4,969,709	$ 7,940,726	$ 858,166	$ 574,343	$ 20,816,707

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
YEAR ENDED MARCH 31, 2013

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
OPERATING REVENUES						
Charges for services	$ 2,975,805	$ 18,556,902	$ 2,383,580	$ 574,723	$ 261,685	$ 24,752,695
OPERATING EXPENSES						
Salaries	437,987	728,572	442,287	135,669		1,744,515
Payroll taxes	30,323	50,038	31,858	10,251		122,470
Depreciation	342,193	173,937	750,112	64,144	46,308	1,376,694
Computer	11,504	23,374	8,074		6,013	48,965
Education	3,427	7,511	1,536	9		12,483
Electric purchases		14,759,694				14,759,694
Health and life insurance	59,319	80,577	59,079	22,516		221,491
Insurance	18,238	73,988	21,936	4,847		119,009
Landfill and recycling				156,748		156,748
Miscellaneous	341	3,113	197	596	37,800	42,047
Professional and consulting service	75,033	96,312	133,195	5,419	32,430	342,389
Repairs and maintenance	491,320	158,073	495,772	101,152	28,185	1,274,502
Retirement	54,525	97,796	60,654	18,868		231,843
Supplies	410,184	277,875	40,606	4,641	23,669	756,975
Telephone	2,766	12,205	1,818	379	342	17,510
Utilities						
Workman's compensation	15,789	29,445	11,630	18,576		75,440
Total Operating Expenses	1,952,949	16,572,510	2,058,754	543,815	174,747	21,302,775
Operating Income (Loss)	1,022,856	1,984,392	324,826	30,908	86,938	3,449,920
NONOPERATING REVENUES (EXPENSES)						
Investment income	38	1,738	140,589			142,365
Federal and State Grants	73,304		208,278			281,582
Miscellaneous income	35,806	53,690	2,822	2,555	37,800	132,673
Gain(loss) on asset disposal		8,500				8,500
Interest expense and fees	(173,568)		(367,482)			(541,050)
Total Nonoperating Revenues (Expenses)	(64,420)	63,928	(15,793)	2,555	37,800	24,070
Income (Loss) Before Contributions and Transfers	958,436	2,048,320	309,033	33,463	124,738	3,473,990
Payments in lieu of taxes (PILOTS)	(309,180)	(1,786,853)	(260,427)		(29,949)	(2,386,409)
Transfers out		(665,000)			(85,000)	(750,000)
	649,256	(403,533)	48,606	33,463	9,789	337,581
Net position - beginning	5,824,507	5,373,242	7,892,120	824,703	564,554	20,479,126
Net position - ending	$ 6,473,763	$ 4,969,709	$ 7,940,726	$ 858,166	$ 574,343	$ 20,816,707

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
PROPRIETARY FUNDS STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2013

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
Cash flows from operating activities:						
Cash received from customers	$ 2,985,070	$ 18,293,922	$ 2,364,702	$ 570,817	$ 265,619	$ 24,480,130
Cash received from other sources	35,806	53,690	2,822	2,555	37,800	132,673
Cash payments to suppliers	(410,184)	(277,875)	(40,606)	(4,641)	(23,669)	(756,975)
Cash payments to employees	(441,674)	(696,093)	(439,486)	(135,185)		(1,712,438)
Cash payments to employee benefits and payroll taxes	(145,179)	(228,737)	(151,828)	(51,726)		(577,470)
Cash payments for other expenses	(798,146)	(14,959,001)	(660,693)	(285,611)	(93,245)	(16,796,696)
Net cash provided by (used in) operating activities	1,225,693	2,185,906	1,074,911	96,209	186,505	4,769,224
Cash flows from non-capital financing activities:						
Transfers from (to) other funds	-	(665,000)	-	-	(85,000)	(750,000)
Transfer NBV of Capital Asset	-	15,000	-	-	(15,000)	-
Transfers - Payments in lieu of taxes (PILOTS)	(309,180)	(1,786,853)	(260,427)	-	(29,949)	(2,386,409)
Net cash provided by (used in) non-capital financing activities	(309,180)	(2,436,853)	(260,427)	-	(129,949)	(3,136,409)
Cash flows from capital and related financing activities:						
Interest expense & fees	(170,574)	-	(347,115)	-	-	(517,689)
Principal payment on capital lease	(156,077)	-	(415,000)	-	-	(571,077)
Purchase of capital acquisitions	(519,761)	(213,975)	(97,988)	-	-	(831,724)
Proceeds from assessment receivable	-	-	(105,604)	-	-	(105,604)
Federal and state grants	73,304	-	208,278	-	-	281,582
Net cash provided by (used in) capital and related financing activities	(773,108)	(213,975)	(757,429)	-	-	(1,744,512)
Cash flows from investing activities:						
Investment income	38	1,738	140,589	-	-	142,365
Purchase of investments	-	-	(1,459,285)	-	-	(1,459,285)
Proceeds from maturity of investments	-	2,873	-	-	-	2,873
Net cash provided by (used in) investing activities	38	4,611	(1,318,696)	-	-	(1,314,047)
Net increase (decrease) in cash and cash equivalents	143,443	(460,311)	(1,261,641)	96,209	56,556	(1,425,744)
	2,183,313	3,299,978	1,276,407	243,088	15,795	7,018,581
Cash and cash equivalents - ending	$ 2,326,756	$ 2,839,667	$ 14,766	$ 339,297	$ 72,351	$ 5,592,837
Displayed as:						
Cash and cash equivalents	$ -	$ 2,839,667	$ -	$ 339,297	$ 72,351	$ 3,251,315
Restricted - cash and cash equivalents	2,326,756	-	14,766	-	-	2,341,522
Total cash and cash equivalents	$ 2,326,756	$ 2,839,667	$ 14,766	$ 339,297	$ 72,351	$ 5,592,837

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

Operating income (loss)	$ 1,022,856	$ 1,984,392	$ 324,826	$ 30,908	$ 86,938	$ 3,449,920
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	342,193	173,937	750,112	64,144	46,308	1,376,694
Miscellaneous revenue	35,806	53,690	2,822	2,555	37,800	132,673
(Increase) decrease in accounts receivable	9,024	(267,235)	(18,878)	(3,906)	3,934	(277,061)
(Increase) decrease in prepaid sales tax	-	-	-	-	-	-
(Increase) decrease in inventory	(76,692)	(22,943)	(1,756)	-	14,509	(86,882)
Increase (decrease) in prepaid health insurance	(1,012)	(326)	(237)	(91)	-	(1,666)
Increase (decrease) in prepaid workmen's compensation	22,894	4,225	(2,488)	(2,338)	-	22,293
Increase (decrease) in accounts payable	(125,930)	223,432	17,709	4,453	(2,984)	116,680
Increase (decrease) in accrued payroll	1,042	2,329	1,653	-	-	5,024
Increase (decrease) in customer deposits	241	4,255	-	-	-	4,496
Increase (decrease) in accrued compensated absences	(4,729)	30,150	1,148	484	-	27,053
Net cash provided by (used in) operating activities	$ 1,225,693	$ 2,185,906	$ 1,074,911	$ 96,209	$ 186,505	$ 4,769,224

NONCASH CAPITAL FINANCING ACTIVITES

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Reporting Entity

The City of Monett, Missouri, was incorporated as a town in 1888 and, as a city on March 3, 1913, 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 financial statements of the City of Monett have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for government accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations, constitutes GAAP for governmental unites. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

GASB Statements No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA pronouncements, effective for periods beginning after December 15, 2011, incorporates into GASB's authoritative literature certain accounting and financial reporting guidance included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure, which do not conflict with or contradict GASB pronouncements. The City has implemented this new requirement in the current year.

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position, effective for periods beginning after December 15, 2011, provides financial reporting guidance for net position. The City has implemented this new requirement in the current fiscal year.

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

The basic financial statements include both the government-wide (the Statement of Net Position 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 Position, 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.

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 Position or Equity

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. Investment in securities at March 31, 2013 consists mainly of certificate of deposits, obligations of government backed securities, obligations of government sponsored enterprises, U.S. Treasury securities, state and local governmental obligations, and governmental invested mutual funds. The City classifies its investments as available-for-sale securities. Available-for-sale securities are recorded at fair value. The fair values of governmental invested mutual funds are based on quoted market prices for those or similar investments at the reporting date.

If a fixed maturity security is in an unrealized loss position and the City has the intent to sell the fixed maturity security, or it is more likely than not that the City will have to sell the fixed maturity security before recovery of its amortized cost basis, the decline in value is deemed to be other-than temporary and is recorded as an other-than-temporary impairment loss recognized in the City's Statement of Activities. For impaired fixed maturity securities that the City does not intend to sell or it is more likely than not that such securities will not have to be sold, but the City expects not to fully recover the amortized cost basis, the credit component of the other-than-temporary impairment is recorded as an other-than-temporary impairment loss recognized in the City's Statement of Net Position and the non-credit component of the other-than-temporary impairment is reported in other comprehensive income. Unrealized losses entirely caused by non-credit related factors related to fixed maturity securities for which the City expects to fully recover the amortized cost basis are reported in accumulated other comprehensive income.

The unrealized gains or losses on the City's equity securities classified as available-for-sale are included in accumulated other comprehensive income as a separate component of surplus equity, unless the decline in value is deemed to be other-than-temporary and the City does not have the intent and ability to hold such equity securities until their full cost can be recovered, in which case such equity securities are written down to fair value and the loss is charged to other-than-temporary impairment losses recognized in earnings.

A decline in the fair value of any available-for-sale security below cost that is deemed to be other-than temporary results in an impairment reducing the carrying amount to fair value. The impairment is charged to earnings and a new cost basis for the security is established. To determine whether impairment is other-than-temporary, the City considers whether it has the ability and intent to hold the investment until a market price recovery and considers whether evidence indicating the cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, market conditions, changes in value subsequent to year end, forecasted performance of the investee, and the general market condition in the geographic area or industry the investee operates in.

Premiums and discounts are amortized or accreted over the life of the related available-for-sale security as an adjustment to yield. Dividend and interest income are recognized when earned.

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, at cost, 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 position 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.

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:

	Years
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, 2013 and 2012 are $683,492 and $635,284 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 Position 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.

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. At the end of March 2013, $1,090,087 was committed for the South Park Casino building project.

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 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 $541,067, 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, 2013 reflect payments in lieu of taxes (PILOTS) to the City of $2,386,409.

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 $650,812 in the current fiscal year.

k. Net Position

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

Net investment in Capital Assets - 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 position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted - This consists of net position that do not meet the definition of "restricted" or "net investment of capital assets."

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.

(2) DETAILED NOTES ON ALL FUNDS

(A) Deposits

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, 2013, the bank balance of the City's deposits was $8,704,500, which was covered by federal depository insurance or by collateral held by the City's agent in the City's name. At March 31, 2013, the carrying amount of the City's deposit was $8,529,308 with the difference between bank and book balances of $175,192 due to outstanding checks in transit and other reconciling items.

The City also maintains separate cash accounts restricted for specific purposes. At March 31, 2013, the bank balance of the City's restricted deposits was $3,988,251, which was covered by federal depository insurance or by collateral held by the City's agent in the City's name.

(B) Investments

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

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

b. In bonds, bills, notes, debentures or other obligations guaranteed as to payment of principal and interest by the government of the United States or any agency or instrumentality thereof, the State of Missouri or this city, or;

c. In revenue bonds of the City, or;

d. In certificates of deposit, savings accounts as defined in Chapter 369, Revised Missouri Statutes or in interest bearing time deposits when such funds are held in United States banks, state banks, savings and loan associations operating under Chapter 369, Revised Missouri Statutes, or savings and loan associations authorized by the United States government so long as such deposits, savings accounts, and interest bearing deposits are secured by one or more of the types of securities described in subparagraphs (a), (b), or (c) of this section.

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, 2013, the City held the following investments, all of which have maturities of more than 24 months:

Investment Type	Fair Value
U.S. Agency:	
GNMA II	$ 689,847
GNMA	76,671
FNMA	67,752
FHMA	9,403
Trustee investments	1,077,456
Certificates of deposit	652,749
Total	$ 2,573,878

The following is a listing of cash and investments held by the City as of March 31, 2013:

Money market funds	$	34,271
Deposits		7,876,559
Investment in security		843,673
Investments in CD's		652,749
Petty Cash		1,200
Trustee investments		1,077,456
Trustee accounts		1,640,360
Total	$	12,126,268

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	$	5,564,139
Restricted cash and cash equivalents		3,988,251
Restricted investments		2,573,878
Total	$	12,126,268

The accredited cost, gross unrealized gains, gross unrealized losses, and estimated fair value of **available-for-sale** securities by U.S. Agency at March 31, 2013 were as follows:

	Accredited Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Agency:				
GNMA II	$ 689,847	$ 0.00	$ 0.00	$ 689,847
GNMA	76,671	0.00	0.00	76,671
FNMA	67,752	0.00	0.00	67,752
FHMA	9,403	0.00	0.00	9,403
	$ 843,673	$ 0.00	$ 0.00	$ 843,673

The fair values of all of the available-for-sale securities as of March 31, 2013 are based on unadjusted, quoted prices in active markets as of the measurement date (often referred to as Level 1 inputs). The City regularly monitors and evaluates the difference between the cost and estimated fair value of investments. For investments with a fair value below cost, the process includes evaluating: (1) the length of time and the extent to which the estimated fair value has been less than amortized cost for fixed maturity securities, or cost for equity securities, (2) the financial condition, near-term and long term prospects for the issuer, including relevant industry conditions and trends, and implications of rating agency actions, (3) the City's intent to sell or the likelihood of a required sale prior to recovery, (4) the recoverability of principal and interest for fixed maturity securities, or cost for equity securities, and (5) other factors, as applicable. This process is not exact and requires consideration of risks such as credit and interest rate risks. Consequently, if an investment's cost exceeds its estimated fair value solely due to changes in interest rates, other-than-temporary impairment may not be appropriate. Due to the subjective nature of the City's analysis, along with the judgment that must be applied in the analysis, it is possible that the City could reach a different conclusion whether or not to impair a security if it had access to additional information about the

investee. Additionally, it is possible that the investee's ability to meet future contractual obligations may be different than determined by the City during its analysis, which may lead to a different impairment conclusion in future periods. If after monitoring and analyzing impaired securities, the City determines that a decline in the estimated fair value of any available-for-sale security below cost is other-than-temporary, the carrying amount of the security is reduced to its fair value by the credit component of the other-than-temporary impairment. The new cost basis of an impaired security is not adjusted for subsequent increases in estimated fair value. In periods subsequent to the recognition of an other-than-temporary impairment, the impaired security is accounted for as if it had been purchased on the measurement date of the impairment. For debt securities, the discount (or reduced premium) based on the new cost basis may be accreted into net investment income in future periods based on prospective changes in cash flow estimates, to reflect adjustments to the effective yield.

The City continues to review the investment portfolios. Given the current market conditions and the significant judgments involved, there is a continuing risk that further declines in fair value may occur and material other-than-temporary impairments may be recorded in future periods.

U.S. Government Debt Securities and State and Local Government Debt Securities — Any specific unrealized loss on the City's investments in debt securities was mainly caused by fluctuations in interest rate and general market conditions. The contractual terms of these investments do not permit the issuer to settle the securities at a price less than the par value of the investment. In addition, most of these investments have investment grade ratings. These investments are not considered other-than-temporarily impaired, for the following reasons: (1) the decline in fair value is attributable to changes in interest rates and not credit quality; (2) the City does not intend to sell the investments; (3) the City does not expect to be required to sell the investments before recovery of their amortized cost basis, which may be maturity; and (4) the City expects to collect all contractual cash flows.

Certificates of Deposits - negotiable – Any specific unrealized loss on the City's investments in certificates of deposits negotiable securities are mainly caused by fluctuations in interest rate and general market conditions. The contractual terms of these investments do not permit the issuer to settle the securities at a price less than the face value of the investment. These investments are not considered other-than-temporarily impaired, for the following reasons: (1) the decline in fair value is attributable to changes in interest rates and not credit quality; (2) the City does not intend to sell the investments; (3) the City does not expect to be required to sell the investments before recovery of their amortized cost basis, which may be maturity; and (4) the City expects to collect all contractual cash flows.

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, 2013, the City's investments were rated by Moody's Investment Service or Standard & Poor's as follows:

Investment Type	Rating
U.S. Agency Securities	AAA

(C) Capital Assets

Capital asset activity for the year ended March 31, 2013, was as follows:

Governmental Activities:	Balance March 31, 2012	Additions	Deductions	Transfers	Balance March 31, 2013
Non-Depreciable Capital Assets					
Land	$ 937,038	43,641	(96,000)		$ 884,679
Construction in Process	50,880	663,993	(38,479)		676,394
	987,918	707,634	(134,479)	-	1,561,073
Depreciable Capital Assets					
Buildings and Building Imp.	6,676,713	117,345	(363,795)	-	6,430,263
Machinery and Equipment	6,251,998	682,029	(142,766)	-	6,791,261
Infrastructure	28,008,381	285,891	(16,816)	-	28,277,456
Total Depreciable Capital Assets	40,937,092	1,085,265	(523,377)	-	41,498,980
Less Accumulated Depreciation					
Buildings and Building Imp.	(2,155,312)	(220,990)	127,236	-	(2,249,066)
Machinery and Equipment	(4,419,680)	(394,592)	128,342	-	(4,685,930)
Infrastructure	(11,109,828)	(1,049,622)	6,656	-	(12,152,794)
Total Accumulated Depreciable	(17,684,820)	(1,665,204)	262,234	-	(19,087,790)
Total Capital Assets, Net	23,252,272	(579,939)	(261,143)	-	22,411,190
Total Governmental Activities Capital Assets	$ 24,240,190	127,695	(395,622)	-	$ 23,972,263

Depreciation expense was charged functions as follows:

Policy Development and Administration	27,292
Public Safety	340,138
Public Works	860,604
Parks and Recreation	253,825
Municipal Airport	183,345
Total depreciation expense governmental activates	$ 1,665,204

Business Type Activities:

Water Fund:	Balance March 31, 2012	Additions	Deductions	Transfers	Balance March 31, 2013
Non-Depreciable Capital Assets					
Land	$ 56,932	$ -	$ -	$ -	$ 56,932
Construction in Process	136,876	-	(136,876)	-	-
Total Non-Depreciable Capital Assets	193,808	-	(136,876)	-	56,932
Depreciable Capital Assets					
Buildings and Building Imp.	908,946	-	-	-	908,946
Machinery and Equipment	481,148	25,549	-	-	506,697
Infrastructure	9,034,154	632,539	-	-	9,666,693
Total Depreciable Capital Assets	10,424,248	658,088	-	-	11,082,336
Less Accumulated Depreciation					
Buildings and Building Imp.	(615,562)	(26,374)	-	-	(641,936)
Machinery and Equipment	(304,274)	(28,632)	-	-	(332,906)
Infrastructure	(3,321,256)	(287,187)	-	-	(3,608,443)
Total Accumulated Depreciable	(4,241,092)	(342,193)	-	-	(4,583,285)
Total Depreciable Capital Assets, Net	6,183,156	315,895	-	-	6,499,051
Total Water Fund Business - Type Capital Assets	$ 6,376,964	$ 315,895	$ (136,876)	$ -	$ 6,555,983

Electric Fund:	Balance March 31, 2012	Additions	Deductions	Transfers	Balance March 31, 2013
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	984,957	184,485	(5,631)	(75,000)	1,088,811
Infrastructure	5,346,629	35,121	-	-	5,381,750
Total Depreciable Capital Assets	7,101,342	219,606	(5,631)	(75,000)	7,240,317
Less Accumulated Depreciation					
Buildings and Building Imp.	(622,701)	(24,101)		-	(646,802)
Machinery and Equipment	(486,353)	(61,455)	5,631	60,000	(482,177)
Infrastructure	(4,357,198)	(88,381)	-	-	(4,445,579)
Total Accumulated Depreciable	(5,466,252)	(173,937)	5,631	60,000	(5,574,558)
Total Depreciable Capital Assets, Net	1,635,090	45,669	-	(15,000)	1,665,759
Total Electric Fund Business - Type Capital Assets	$ 1,693,490	$ 45,669	$ -	$ (15,000)	$ 1,724,159

Sewer Fund:	Balance March 31, 2012	Additions	Deductions	Transfers	Balance March 31, 2013
Non-Depreciable Capital Assets					
Land	$ 178,071	$ -	$ -	$ -	$ 178,071
Construction in Process	-	97,989	-	-	97,989
Total Non-Depreciable Capital Assets	178,071	97,989	-	-	276,060
Depreciable Capital Assets					
Buildings and Building Imp.	33,704	-	-	-	33,704
Machinery and Equipment	494,599	-	-	-	494,599
Infrastructure	25,419,028	-	-	-	25,419,028
Total Depreciable Capital Assets	25,947,331	-	-	-	25,947,331
Less Accumulated Depreciation					
Buildings and Building Imp.	(4,714)	(1,124)	-	-	(5,838)
Machinery and Equipment	(367,297)	(19,564)	-	-	(386,861)
Infrastructure	(13,536,576)	(729,424)	-	-	(14,266,000)
Total Accumulated Depreciable	(13,908,587)	(750,112)	-	-	(14,658,699)
Total Depreciable Capital Assets, Net	12,038,744	(750,112)	-	-	11,288,632
Total Sewer Fund Business - Type Capital Assets	$ 12,216,815	$ (652,123)	$ -	$ -	$ 11,564,692

Sanitation Fund:	Balance March 31, 2012	Additions	Deductions	Transfers	Balance March 31, 2013
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.	84,877	-	-	-	84,877
Machinery and Equipment	937,442	-	-	-	937,442
Infrastructure	61,189	-	-	-	61,189
Total Depreciable Capital Assets	1,083,508	-	-	-	1,083,508
Less Accumulated Depreciation					
Buildings and Building Imp.	(30,307)	(2,829)	-	-	(33,136)
Machinery and Equipment	(492,810)	(59,275)	-	-	(552,085)
Infrastructure	(16,787)	(2,039)	-	-	(18,826)
Total Accumulated Depreciable	(539,904)	(64,143)	-	-	(604,047)
Total Depreciable Capital Assets, Net	543,605	(64,143)	-	-	479,461
Total Sanitation Fund Business - Type Capital Assets	$ 555,706	$ (64,143)	$ -	$ -	$ 491,562

Fiber Fund:	Balance March 31, 2012	Additions	Deductions	Transfers	Balance March 31, 2013
Non-Depreciable Capital Assets					
Land	$ -	$ -	$ -	$ -	$ -
Total Non-Depreciable Capital Assets	-	-	-	-	-
Depreciable Capital Assets					
Buildings and Building Imp.	-	-	-	-	-
Machinery and Equipment	70,122	-	-	75,000	145,122
Infrastructure	635,923	-	-	-	635,923
Total Depreciable Capital Assets	706,045	-	-	75,000	781,045
Less Accumulated Depreciation					
Buildings and Building Imp.	-	-	-	-	-
Machinery and Equipment	(7,012)	(14,512)	-	(60,000)	(81,524)
Infrastructure	(239,975)	(31,796)	-	-	(271,771)
Total Accumulated Depreciable	(246,987)	(46,308)	-	(60,000)	(353,295)
Total Depreciable Capital Assets, Net	459,058	(46,308)	-	15,000	427,750
Total Fiber Fund Business - Type Capital Assets	$ 459,058	$ (46,308)	$ -	$ 15,000	$ 427,750

Depreciation expense was charged to the functions as follows:

Water	$ 342,193
Electric	173,937
Sewer	750,112
Sanitation	64,144
Fiber optics	46,308
Total depreciation expense-business -type activities	$ 1,376,694

(D) Long-Term Obligations

The following is a summary of changes in long-term debt for the City for the year ended March 31, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General obligaiton bonds	$ 65,604	$ -	$ 15,654	$ 49,950	$ 16,535
Revenue bonds	8,040,000		580,000	7,460,000	620,000
Total Bonds Payable	8,105,604	-	595,654	7,509,950	636,535
Capital Lease Obligations	1,979,507	1,777,709	516,262	3,240,954	668,355
Developers Agreements	540,194	-		540,194	
Total Governmental Activities Long-Term Liabilities	$ 10,625,305	$ 1,777,709	$ 1,111,916	$ 11,291,098	$ 1,304,890
Business Type Activities					
Sanitary Sewerage System Fund					
Revenue Bonds	$ 7,015,000	$ -	$ 400,000	$ 6,615,000	$ 415,000
General obligation bonds	290,000	-	15,000	275,000	15,000
Water System Fund					
Capital Lease Obligations	3,026,240	-	156,060	2,870,180	158,784
Total Business Type Activities Long-Term Liabilities	$ 10,331,240	$ -	$ 571,060	$ 9,760,180	$ 588,784
Total Governmental Activities and Business Type Activities Long- Term Liabilities	$ 20,956,545	$ 1,777,709	$ 1,682,976	$ 21,051,278	$ 1,893,674

Debt service requirements on long-term debt at March 31, 2013 are as follows:

The annual Governmental Activities debt service requirements to maturity, including principal and interest, for long-term debt as of March 31, 2013, are as follows:

Fiscal Year	Governmental Activities					
Ended	General Obligations Bonds		Revenue Bonds		Developer's Agreement	
March 31	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ 16,535	$ 1,848	$ 620,000	$ 347,760	$ -	$ -
2015	17,358	1,026	455,000	324,200	-	-
2016	16,057	2,426	585,000	306,683	-	-
2017	-	-	730,000	282,698	-	-
2018	-	-	775,000	252,038	-	-
2019-2023	-	-	630,000	976,288	540,194	-
2024-2028	-	-	3,665,000	947,936	-	-
	$ 49,950	$ 5,300	$ 7,460,000	$ 3,437,603	$ 540,194	$ -

Fiscal Year	Governmental Activities (Cont'd)		Total	
Ended	Capital Lease Obligations		Governmental Activities	
March 31	Principal	Interest	Principal	Interest
2014	$ 668,355	$ 99,724	$ 1,304,890	$ 449,332
2015	700,589	77,430	1,172,947	402,656
2016	550,504	52,202	1,151,561	361,311
2017	285,152	36,515	1,015,152	319,213
2018	236,519	27,625	1,011,519	279,663
2019-2023	799,835	61,710	1,970,029	1,037,998
2024-2028	-	-	3,665,000	947,936
	$ 3,240,954	$ 355,206	$ 11,291,098	$ 3,798,109

The annual Business Type Activities debt service requirements to maturity, including principal and interest, for long-term debt as of March 31, 2013, are as follows:

Fiscal Year Ended March 31	Business Type Activities					
	General Oblication Bonds - Sewer		Revenues Bonds - Sewer		Capital Lease Obligation - Water	
	Principal	Interest	Principal	Interest	Principal	Interest
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	20,000	9,520	505,000	234,789	85,000	148,715
2019-2023	120,000	30,865	2,930,000	762,919	460,000	676,816
2024-2028	60,000	3,060	1,390,000	98,700	535,000	533,980
2029-2033	-	-	-	-	640,000	344,338
thereafter	-	-	-	-	665,000	86,275
	$ 275,000	$ 90,678	$ 6,615,000	$ 2,261,468	$ 2,870,180	$ 2,424,809

Fiscal Year Ended March 31	Business Type Activities (Cont'd)		Total Business Type Activities	
	Capital Lease Obligation - Sanitation			
	Principal	Interest	Principal	Interest
2014	$ -	$ -	$ 588,784	$ 498,817
2015	-	-	616,396	477,602
2016	-	-	560,000	448,887
2017	-	-	585,000	421,672
2018	-	-	610,000	393,024
2019-2023	-	-	3,510,000	1,470,600
2024-2028	-	-	1,985,000	635,740
2029-2033	-	-	640,000	344,338
thereafter	-	-	665,000	86,275
	$ -	$ -	$ 9,760,180	$ 4,776,955

General Obligation Bonds payable at March 31, 2013 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.	$ 49,950
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, 2012, 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.	275,000
Total General Obligation Bonds	$ 324,950

Revenue bonds payable at March 31, 2013 are comprised of the following individual issues:

Tax Increment Financing fund:

3.80% 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, 2012 through 2014, optional redemption beginning October 1, 2013 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.	$ 1,075,000
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, 2013 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, 2012, 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, 2012, 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, due through January 1, 2025, callable on or after December 1, 2013 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.	6,545,000
5.20% to 6.55% Sewerage Revenues Refunding Bonds, (State Revolving Funds Program) Series 1992A, due through June 1, 2014. 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.	70,000
Total revenue bonds payable	$ 14,075,000

Developer agreements at March 31, 2013 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
Total Developers' Agreements	$ 540,194

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 $160,162, 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 $2,710,000, 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.

In 2012, the City accepted the Community National Bank, N.A. bid to acquire leasehold certificates of participation, and subsequently entered into a Lease Purchase Agreement for the purpose of constructing a community building (Casino). Currently the agreement has a present value of lease payments of $1,500,000, with interest at 2.75%, and is payable in semiannual installments through December 2022.

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 $413,188, 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 $50,451 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, 2013 is $1,050,000, with interest at 4.10%, and is payable in annual installments through January 2016.

Oshkosh Capital Services: In 2012, the City entered into a $264,726 lease for which the funds were used to purchase 2012 Pierce Kenworth Pumper Truck. The present value of lease payments at March 31, 2013 is $214,693, with interest at 2.83%, and is payable in annual installments through March 2017.

PNC Equipment Finance, LLC: In 2012, the City entered into a $12,983 lease for which the funds were used to purchase irrigation equipment for the golf course. The present value of lease payments at March 31, 2013 is $12,623, with interest at 0%, and is payable in annual installments through February 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, 2013 was:

Assessed Valuation	
Real Estate	$ 92,869,595
Personal Property	36,293,977
Total Assessed Valuation	$129,163,572

The legal debt margin at March 31, 2013, was computed as follows:

General Obligation	
Debt Limit	$ 25,832,714
Bonds Payable	324,950
Legal Debt Margin	$ 25,507,764

As of March 31, 2013, the City of Monett had $324,950 outstanding general obligation bonds.

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

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

Fund	Contract Amount
General – Casino Construction	$1,133,001.51
Sewer – Sludge Tank Modifications	$54,961.20

(F) Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of March 31, 2013 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.

Interfund Transfers

General fund	Electric Fund	Fiber	Total
$ 750,000	$ (665,000)	$ (85,000)	$ -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.

(3) OTHER INFORMATION

(A) Employee Retirement Systems and Plans

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

Missouri Local Government Employees Retirement System (LAGERS) Plan Description

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

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 contribute 4% of their gross pay to the pension plan. The June 30th statutorily required contribution rates are 14.0% (General), 11.6% (Police), and 14.5% (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	$609,235
Interest on net pension obligation	4,942
Adjustment to annual required contribution	(5,054)
Annual pension cost	609,123
Actual contributions	604,970
Increase (decrease) in NPO	4,153
NPO beginning of year	68,172
NPO end of year	$72,325

The annual required contribution (ARC) was determined as part of the February 28, 2010 and February 28, 2011 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012 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 75% of 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 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 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. The amortization period as of February 28, 2011 was 19 years for the General division, 15 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
2010	508,336	96.7	16,775
2011	567,449	90.9	68,172
2012	609,123	99.3	72,325

Contribution Information

All Monett City full-time employees participate in LAGERS. The payroll for employees covered by LAGERS for the year ended March 31, 2013, was $4,645,382; the City's total payroll was $4,894,382. All City full-time employees are eligible to participate in the LAGERS Program. Employees who retire at or after age 60 (55 for police and fire employees) with 5 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 1.60 percent of their final-average salary for each year of credited service. Final-average salary is the employee's monthly average of gross salary paid an employee during the period of sixty months or, if an election has been made in accordance with the plan, thirty-six consecutive months or credited service producing the highest monthly average within the last 120 months of credited service. Benefits fully vest on reaching 5 years of service. Vested employees may retire at or after age 55 (age 50 for police and fire employees) and receive reduced retirement benefits.

(B) Litigation and Contingent Liabilities

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

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

(C) Risk Management

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

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

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

(D) Subsequent Events

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. On August 20, 2013 a bill was presented authorizing the issuance of combined waterworks and sewerage system revenue bonds Series 2013, not to exceed $11,012,000. On September 9, 2013 these bonds were funded. Management has evaluated any other subsequent events through November 1, 2013, 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, 2013

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 10th.

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 YEAR ENDED MARCH 31, 2013

Functions/Programs	Budgeted Amount Original	Budgeted Amount Final	Current Year Actual Amounts	Variance With Final Budget Positive (Negative)
Business license and permits	$ 16,750	$ 25,000	$ 25,033	$ 33
Federal and state grants	157,500	22,400	22,793	393
Fines and forfeitures	179,900	167,800	167,102	(698)
Franchise fees	285,500	419,000	419,274	274
Sales tax	2,565,500	2,405,000	2,445,228	40,228
Interest income	3,500	5,900	8,784	2,884
Intergovernmental	45,750	-	-	-
Other revenue	457,000	1,281,780	649,988	(631,792)
Other taxes and assessments	590,125	344,000	359,812	15,812
Rental revenue	154,270	126,050	132,098	6,048
Total revenues	4,455,795	4,796,930	4,230,112	(566,818)
Expenditures				
Salaries	3,167,890	3,206,290	3,069,049	(137,241)
Payroll taxes	253,345	239,525	222,294	(17,231)
Community development block grant	-	-	-	-
Computer	75,950	88,900	84,468	(4,432)
Education and travel	31,250	40,250	36,849	(3,401)
Election	5,000	5,000	3,647	(1,353)
Health and life insurance	460,275	484,400	460,046	(24,354)
Insurance	100,540	170,540	72,486	(98,054)
Merchandise	-	28,500	28,491	(9)
Miscellaneous	57,700	988,900	37,798	(951,102)
Professional and consulting service	414,500	285,800	266,108	(19,692)
Repairs and maintenance	912,100	1,155,400	1,043,533	(111,867)
Retirement	407,525	407,525	385,859	(21,666)
Supplies	442,430	335,000	229,443	(105,557)
Telephone	39,500	43,200	37,514	(5,686)
Utilities	48,750	44,250	12,204	(32,046)
Condemnation	-	297,598	-	(297,598)
Workman's compensation	136,760	142,760	145,144	2,384
Capital outlay	2,100,300	1,836,800	1,792,900	(43,900)
Debt service - principal	469,465	469,465	531,917	62,452
Debt service - interest	76,285	76,285	84,360	8,075
Total expenditures	9,199,565	10,346,388	8,544,110	(1,802,278)
Excess (deficiency) of revenues over expenditures	(4,743,770)	(5,549,458)	(4,313,998)	1,235,460
Other financing sources (uses)				
Due from (to) other funds	-	-	-	-
Gain (Loss) on Sale of Assets	257,000	283,000	306,883	23,883
Proceeds from Financing	1,175,000	1,500,000	1,777,709	277,709
Payments in Lieu of Taxes (PILOTS)	2,576,400	2,385,000	2,386,409	1,409
Transfers	750,000	742,500	738,799	(3,701)
Total other financing sources (uses)	4,758,400	4,910,500	5,209,800	299,300
Revenues and other sources over (under) expenditures and other uses	$ 14,630	$ (638,958)	$ 895,802	$ 1,534,760

CITY OF MONETT, MISSOURI
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL
E - 911 FUND
FOR THE YEAR ENDED MARCH 31, 2013

Functions/Programs	Budgeted Amount Original	Budgeted Amount Final	Current Year Actual Amounts	Variance With Final Budget Positive (Negative)
Business license and permits	$ -	$ -	$ -	$ -
Federal and state grants	-	-	-	-
Fines and forfeitures	-	-	-	-
Franchise fees	-	-	-	-
Sales tax	-	-	-	-
Interest income	-	-	-	-
Intergovernmental	-	-	-	-
Other revenue	10,800	10,800	12,025	1,225
Other taxes and assessments	38,000	29,000	29,405	405
Rental revenue	-	-	-	-
Total revenues	48,800	39,800	41,430	1,630
Expenditures				
Salaries	39,500	39,500	40,903	1,403
Payroll taxes	3,025	3,025	3,125	100
Community development block grant	-	-	-	-
Computer	11,000	11,000	4,050	(6,950)
Education and travel	4,000	4,000	2,951	(1,049)
Election	-	-	-	-
Health and life insurance	5,015	5,015	5,053	38
Insurance	300	300	85	(215)
Merchandise	-	-	-	-
Miscellaneous	100	100	-	(100)
Professional and consulting service	500	500	424	(76)
Repairs and maintenance	2,000	2,000	3,685	1,685
Retirement	4,900	5,500	5,700	200
Supplies	1,500	1,500	758	(742)
Telephone	24,500	28,500	28,095	(405)
Workman's compensation	175	175	156	(19)
Capital outlay	5,000	5,000	-	(5,000)
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	101,515	106,115	94,985	(11,130)
Excess (deficiency) of revenues over expenditures	(52,715)	(66,315)	(53,555)	12,760
Other financing sources (uses)				
Due from (to) other funds	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-
Settlement	-	-	-	-
Proceeds from Financing	-	-	-	-
Payments in Lieu of Taxes (PILOTS)	-	-	-	-
Transfers	-	5,000	11,201	6,201
Total other financing sources (uses)	-	5,000	11,201	6,201
Revenues and other sources over (under) expenditures and other uses	$ (52,715)	$ (61,315)	$ (42,354)	$ 18,961

CITY OF MONETT, MISSOURI
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
TAX INCREMENT FINANCING - DISTRICT 1
FOR THE YEAR ENDED MARCH 31, 2013

Functions/Programs	Budgeted Amount Original	Budgeted Amount Final	Current Year Actual Amounts	Variance With Final Budget Positive (Negative)
Business license and permits	$ -	$ -	$ -	$ -
Federal and state grants	-	-	-	-
Fines and forfeitures	-	-	-	-
Franchise fees	-	-	-	-
Sales tax	500,650	455,500	489,792	34,292
Interest income	1,000	1,000	984	(16)
Intergovernmental	-	-	-	-
Other revenue	-	-	-	-
Other taxes and assessments	42,000	42,000	42,436	436
Rental revenue	-	-	-	-
Total revenues	543,650	498,500	533,212	$ 34,712
Expenditures				
Salaries	-	-	-	-
Payroll taxes	-	-	-	-
Community development block grant	-	-	-	-
Computer	-	-	-	-
Education and travel	-	-	-	-
Election	-	-	-	-
Health and life insurance	-	-	-	-
Insurance	-	-	-	-
Merchandise	-	-	-	-
Miscellaneous	500	500	471	(29)
Professional and consulting service	100,000	75,000	56,557	(18,443)
Repairs and maintenance	-	-	-	-
Retirement	-	-	-	-
Supplies	-	-	-	-
Telephone	-	-	-	-
Workman's compensation	-	-	-	-
Capital outlay	-	-		-
Debt service - principal	580,000	580,000	580,000	-
Debt service - interest	191,220	191,220	179,922	(11,298)
Total expenditures	871,720	846,720	816,950	(29,770)
Excess (deficiency) of revenues over expenditures	(328,070)	(348,220)	(283,738)	64,482
Other financing sources (uses)				
Due from (to) other funds	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-
Settlement	-	-	-	-
Proceeds from Financing	-	-	-	-
Payments in Lieu of Taxes (PILOTS)	-	-	-	-
Transfers	(414,000)	-	-	-
Total other financing sources (uses)	(414,000)	-	-	-
Revenues and other sources over (under) expenditures and other uses	$ (742,070)	$ (348,220)	$ (283,738)	$ 64,482

CITY OF MONETT, MISSOURI
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL
TAX INCREMENT FINANCING - DISTRICT 2
FOR THE YEAR ENDED MARCH 31, 2013

Functions/Programs	Budgeted Amount Original	Budgeted Amount Final	Current Year Actual Amounts	Variance With Final Budget Positive (Negative)
Business license and permits	$ -	$ -	$ -	$ -
Federal and state grants	-	-	-	-
Fines and forfeitures	-	-	-	-
Franchise fees	-	-	-	-
Sales tax	140,850	143,950	138,409	(5,541)
Interest income	-	-	52	52
Intergovernmental	-	-	-	-
Other revenue	-	-	-	-
Other taxes and assessments	-	-	-	-
Rental revenue	-	-	-	-
Total revenues	140,850	143,950	138,461	(5,489)
Expenditures				
Salaries	-	-	-	-
Payroll taxes	-	-	-	-
Community development block grant	-	-	-	-
Computer	-	-	-	-
Education and travel	-	-	-	-
Election	-	-	-	-
Health and life insurance	-	-	-	-
Insurance	-	-	-	-
Merchandise	-	-	-	-
Miscellaneous	-	-	-	-
Professional and consulting service	4,000	4,000	6,138	2,138
Repairs and maintenance	-	-	-	-
Retirement	-	-	-	-
Supplies	-	-	-	-
Telephone	-	-	-	-
Workman's compensation	-	-	-	-
Capital outlay		-		-
Debt service - principal	-	-	-	-
Debt service - interest	159,590	190,000	188,758	(1,242)
Total expenditures	163,590	194,000	194,896	896
Excess (deficiency) of revenues over expenditures	(22,740)	(50,050)	(56,435)	(6,385)
Other financing sources (uses)				
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)	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	$ (22,740)	$ (50,050)	$ (56,435)	$ (6,385)

CITY OF MONETT
SCHEDULE OF FUNDING PROCESS – RETIREMENT
YEAR ENDED MARCH 31, 2013

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
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
02/29/2012	10,818,828	11,451,979	633,151	94	4,443,828	14
02/29/2012#	10,818,828	12,985,570	2,166,742	83	4,443,828	49

#After benefit changes.

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, and each major fund of the City of Monett, as of and for the year ended March 31, 2013, which collectively comprise City of Monett's basic financial statements and have issued our report thereon dated November 1, 2013. 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'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Monett'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 previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Monett's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of City of Monett in a separate letter dated November 1, 2013.

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
November 1, 2013

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited City of Monett, Missouri'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, Missouri's major federal programs for the year ended March 31, 2013. City of Monett, Missouri major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Monett, Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. 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, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Missouri's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Monett, Missouri, complied, in all material respects, with the types of 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, 2013.

Report on Internal Control over Compliance

Management of City of Monett, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Monett, Missouri's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 City of Monett, Missouri'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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

THE CPA GROUP, P.C.

Monett, Missouri
November 1, 2013

CITY OF MONETT, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2013

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	*Federal CFDA Number*	*Pass-Through Entity Identifying Number*	*Federal Expenditures ($)*
Other Programs			
United States Department of Justice Direct Programs			
Bulletproof Vest Partnership Program	16.607		$535
Total United States Department of Justice			$535
Department of Transportation Direct Programs			
Youth Seatbelt Enforcement Campaign	20.601		$190
Total Department of Transportation			$190
Department of Transportation Direct Programs			
Alcohol Open Container Requirements	20.607		$6,344
Department of Transportation Pass-Through Programs			
Passed-through Missouri Highways and Transportation Commission			
Missouri Highways and Transportation Commission Airport Improvement Program	20.106		$5,834
Total Airport Improvement Program			$5,834
Total Passed-through Missouri Highways and Transportation Commission			$5,834
Total Department of Transportation			$12,178
United States Environmental Protection Agency Pass-Through Programs			
Passed-through Missouri Department of Natural Resources			
Missouri Department of Natural Resources Capitalization Grants for Clean Water State Revolving Funds	66.458		$73,259
Total Capitalization Grants for Clean Water State Revolving Funds			$73,259
Missouri Department of Natural Resources Capitalization Grants for Drinking Water State Revolving Funds	66.468		$6,750,019
Total Capitalization Grants for Drinking Water State Revolving Funds			$6,750,019
Total Passed-through Missouri Department of Natural Resources			$6,823,278

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, 2013

Total United States Environmental Protection Agency	$6,823,278
Total Other Programs	$6,836,180
Total Expenditures of Federal Awards	**$6,836,180**

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 State 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, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	___ Yes X No
Significant Deficiency identified not considered to be material weaknesses?	___ Yes X No
Noncompliance material to financial statements noted?	___ Yes X No

Federal Awards

Internal Control over major programs:	
Material weakness identified?	___ Yes X No
Significant Deficiency identified not considered to be material weaknesses?	___ Yes X No
Type of auditors' report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	___ Yes X No

Identification of major program:

CFDA Number(s)	Name of Federal Program or Cluster
66.468	Capitalization Grants for Drinking Water State Revolving Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000.00
Auditee qualified as low-risk auditee?	X Yes ___ No

Section II - Financial Findings

No matters were noted.

Section III - Federal Award Findings and Questioned Costs

No matters were noted.