

**CITY OF MONETT, MISSOURI**  
**BASIC FINANCIAL STATEMENTS**  
**Year Ended March 31, 2016**

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## **INDEPENDENT AUDITORS' REPORT**

To the Honorable Mayor Michael Brownsberger,  
Commissioner Jerry Dierker and Commissioner Al Dohmen  
City of Monett  
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, 2016, 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.

### **Auditors' 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 auditors' 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 City'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 City'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.

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Member of The Leading Edge Alliance

To the Honorable Mayor Michael Brownsberger,  
Commissioner Jerry Dierker and Commissioner Al Dohmen  
City of Monett  
Monett, Missouri

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, 2016, 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.

## **Change in Accounting Principle**

As discussed in Note A to the basic financial statements, the City adopted the provisions of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*, during the year ended March 31, 2016.

## **Other Matters**

### *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 pension information 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.

To the Honorable Mayor Michael Brownsberger,  
Commissioner Jerry Dierker and Commissioner Al Dohmen  
City of Monett  
Monett, Missouri

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Monett, Missouri's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits*, and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2016, on our consideration of the City of Monett, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Monett, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC  
Springfield, Missouri  
August 9, 2016

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF MONETT, MISSOURI**  
**March 31, 2016**

The Management's Discussion and Analysis of the City of Monett, Missouri's financial performance provides an overview of the City's financial activities for the fiscal year ended March 31, 2016. Please read it in conjunction with the City's financial statements, which begin on page 16.

***Financial Highlights***

- The net position of the City's governmental activities increased by \$1,077,708 as a result of current year activities. The net position of the City's business activities increased by \$821,723 for the year.
- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of March 31, 2016, by \$50.2 million (net position). Of this amount \$12.6 million was unrestricted and may be used to meet future obligations of the City.
- Total long-term liabilities of the City decreased by \$390,333.
- The City's total net position increased by \$1,899,431 during the fiscal year as a result of current year activities.

***Using This Annual Report***

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

***Government-Wide Financial Statements***

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in it. The City's net position – the difference between assets and liabilities – is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF MONETT, MISSOURI**  
**March 31, 2016**

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental Activities – Most of the City's basic services are reported here. Taxes are the primary source of financing for these activities.
- Business-Type Activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's utility services are provided here.

***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds and not the City as a whole. However, the City Council establishes many other funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes and grants.

- Governmental Funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds are shown in a reconciliation following the fund financial statements.
- Proprietary Funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

***Notes to the Basic Financial Statements***

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF MONETT, MISSOURI**  
**March 31, 2016**

*Government-Wide Financial Analysis*

**NET POSITION**

The following table presents the condensed Statement of Net Position for the City as of March 31, 2016 and 2015, as restated:

	Governmental Activities	Business-Type Activities	Total March 31, 2016	Total March 31, 2015
<b>Assets</b>				
Current and other assets	\$ 2,713,853	\$ 13,116,221	\$ 15,830,074	\$ 14,943,487
Net pension asset	1,903,421	417,014	2,320,435	2,751,613
Capital assets	<u>24,376,286</u>	<u>32,141,097</u>	<u>56,517,383</u>	<u>56,229,868</u>
<b>TOTAL ASSETS</b>	28,993,560	45,674,332	74,667,892	73,924,968
<b>Deferred outflow or resources</b>				
Deferred pension outflows	918,893	490,538	1,409,431	391,657
<b>Liabilities</b>				
Other liabilities	744,379	3,303,042	4,047,421	4,181,665
Long-term liabilities	<u>4,092,459</u>	<u>17,372,041</u>	<u>21,464,500</u>	<u>21,854,833</u>
<b>TOTAL LIABILITIES</b>	4,836,838	20,675,083	25,511,921	26,036,498
<b>Deferred Inflow of Resources</b>				
Deferred pension inflows	<u>231,921</u>	<u>153,923</u>	<u>385,844</u>	<u>-</u>
<b>Net Position:</b>				
Net investment in capital assets	20,348,366	13,966,915	34,315,281	33,588,677
Restricted	704,682	2,571,966	3,276,648	2,941,638
Unrestricted	<u>3,790,646</u>	<u>8,796,983</u>	<u>12,587,629</u>	<u>11,749,812</u>
<b>TOTAL NET POSITION</b>	<u>\$ 24,843,694</u>	<u>\$ 25,335,864</u>	<u>\$ 50,179,558</u>	<u>\$ 48,280,127</u>

Total net position of the City increased by \$1,899,431 for the year due to current year activity. Total liabilities for the City have decreased by \$524,577. Restricted net position of the City totaled \$3.3 million as of March 31, 2016. This amount represents monies that are restricted for debt service and capital improvement.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF MONETT, MISSOURI**  
**March 31, 2016**

**CHANGES IN NET POSITION**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u> <u>March 31, 2016</u>	<u>Total</u> <u>March 31, 2015</u>
<b>REVENUES</b>				
Program Revenues				
Charges for services	\$ 964,893	\$ 25,963,482	\$ 26,928,375	\$ 27,797,284
Operating grants and contributions	12,027	-	12,027	24,607
Capital grants and contributions	686,849	589,099	1,275,948	697,150
General Revenues and Transfers				
Sales taxes	3,446,050	-	3,446,050	3,501,427
Ad valorem taxes	94,613	-	94,613	128,770
Motor vehicle and gas taxes	350,756	-	350,756	342,072
Other taxes	42,138	-	42,138	44,134
Franchise taxes	394,637	-	394,637	414,390
Payment in lieu of taxes	2,640,712	(2,640,712)	-	-
Gain (loss) on sale of property and equipment	-	(55,304)	(55,304)	111,127
Interest	1,955	194,295	196,250	228,323
Other	93,780	-	93,780	37,778
Transfers	950,000	(950,000)	-	-
<b>TOTAL REVENUES</b>	<b>9,678,410</b>	<b>23,100,860</b>	<b>32,779,270</b>	<b>33,327,062</b>
<b>EXPENSES</b>				
Administrative	580,827	-	580,827	470,173
Public safety	3,623,846	-	3,623,846	3,462,861
Public works	2,544,697	-	2,544,697	2,219,443
Airport	477,395	-	477,395	507,001
Parks and Recreation	1,277,694	-	1,277,694	1,318,405
Debt service	96,243	-	96,243	446,489
Water	-	2,458,781	2,458,781	1,854,316
Sewer	-	2,621,199	2,621,199	2,771,694
Electric	-	16,512,650	16,512,650	17,112,416
Sanitation	-	544,077	544,077	614,706
Fiber	-	142,430	142,430	190,463
<b>TOTAL EXPENSES</b>	<b>8,600,702</b>	<b>22,279,137</b>	<b>30,879,839</b>	<b>30,967,967</b>
<b>INCREASE IN NET POSITION</b>	<b>\$ 1,077,708</b>	<b>\$ 821,723</b>	<b>\$ 1,899,431</b>	<b>\$ 2,359,095</b>

***Governmental Activities***

Governmental activities increased the net position of the City by \$1,077,708. Tax revenues for the City were \$4,328,194, which represents 45% of the funding of these activities. Program revenues for the functions totaled \$1,663,769 or only 17% of the funding. The following table shows the cost of the City's programs as well as each programs' net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF MONETT, MISSOURI  
March 31, 2016**

**NET COST OF THE CITY OF MONETT, MISSOURI'S  
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services	Net Cost of Services
Administrative	\$ 580,827	\$ 548,107
Public safety	3,623,846	3,242,414
Public works	2,544,697	2,485,102
Airport	477,395	(376,829)
Parks and Recreation	1,277,694	941,896
Debt service	96,243	96,243
	\$ 8,600,702	\$ 6,936,933

***Business-Type Activities***

Business-type activities increased the City's net position by \$821,723. This is down from the increase received last year from the City's business-type activities. The increase in the prior year was \$1,247,663.

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

The combined fund balances of the City's governmental funds as of March 31, 2016, were \$2,406,522. The General Fund decreased by \$150,412. The Tax Increment Financing #1 Fund decreased \$11,654. The Tax Increment Financing #2 Fund increased \$130,388.

The City's General Fund decreased by \$150,412 from March 31, 2015, primarily due to unanticipated expenses relating to the replacement of a bridge in S. Park and roof repairs to a Fire Station. The Tax Increment Financing #1 Fund and the Tax Increment Financing #2 Fund decreased from March 31, 2015, due to the retirement and refunding of bonds related to the Tax Increment Financing #1 Fund and the Tax Increment Financing #2 Fund. The City also established the Capital Improvement Police Sales Tax Fund during the current year, which had a balance of \$219,310. The Tax Increment Financing #2 Fund is projected to provide approximately \$100,000 in excess revenue annually, which will retire the outstanding principal on the Series 2014 bonds ahead of schedule.

The City's Enterprise Funds net position increased by \$821,723 primarily due to a scheduled increase in sewer rates. The Water, Electric and Sanitation Funds net position decreased and the Sewer and Fiber Funds experienced an increase in net position.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF MONETT, MISSOURI**  
**March 31, 2016**

***General Fund Budgetary Highlights***

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

The City's General Fund ended FY2016 with a balance of \$1,701,840 of which \$914,664 was unassigned, \$705,891 was reserved for unanticipated expenses and the balance of \$81,285 was for prepaid items. The General Fund had total revenues (including transfers, lease proceeds, and payment-in-lieu-of-taxes) of \$9,034,998 and expenses of \$9,185,410 for a budget deficit of \$150,412.

The original General Fund budget projected revenues of \$6,350,585 plus transfers and payment-in-lieu-of-taxes of \$3,118,812 for a total of \$9,469,397 and expenditures of \$9,351,872. Actual revenues and transfers were 4.6% under the original budget and actual expenditures were 1.8% under the original budget. The decrease in General Fund revenues was due to lower than anticipated sales taxes, grants, and charges for services.

***Capital Asset and Debt Administration***

**Capital Assets**

Capital assets of the governmental activities were \$24.4 million (net of accumulated depreciation) as of March 31, 2016. This represents a \$7,826 decrease from the prior year. Capital assets for business-type activities were \$32.1 million as of March 31, 2016. This represents an increase of \$295,341 from the prior year.

During the fiscal year, the City of Monett was involved in several large capital projects that affected the financial statements. The City completed construction on the new clubhouse at Windmill Ridge Golf Course, constructed a new 90' x 90' corporate hangar at the Monett Regional Airport and purchased new vehicles for the Sanitation, Police, Fire and Street departments.

**Debt Administration**

Total debt of the governmental activities as of March 31, 2016, was \$4.5 million, which is down \$698,309 from the prior year. This is due to principal payments made in current year.

Total debt of the business-type activities as of March 31, 2016, was \$18.4 million, an increase of \$285,761 from the prior year. This is primarily due to draws on the 2013 Revenue Bonds and the issuance of the 2015 Revenue Bonds.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF MONETT, MISSOURI**  
**March 31, 2016**

***Economic Factors and Next Year's Budget***

The City's General Fund sales tax revenue increased 3.5% in FY2016 as compared with FY2015. Telephone and gas franchise fee payments were also higher in FY2016. The City prepared the FY2017 budget using FY2016 actual revenues which should be a more accurate projection for the new fiscal year. Through the first three months of FY2017, sales tax revenues are 25.4% of budget. The first quarter GDP growth was revised upward to 0.8% and the economy is expected to improve through the remainder of 2016. U.S. retail sales in April increased by 1.3%, the most in more than a year which indicated that consumers will continue to help the economy grow. Manufacturing firms reported increases in capital spending which has been evident in the Monett area with several businesses investing in plant expansions such as EFCO, WinTech and Monett Metals. Other local companies such as Tyson, Architectural Systems, Inc., PlayPower and Steel Tech report hiring additional workers. If local companies continue to make these investments in their physical plant and human resources, the outlook for the City's finances should remain stable through the remainder of FY2017.

For FY2017, the City has budgeted a small surplus for the General Fund and we anticipate having a surplus at FYE 3/31/2017 that may be larger than expected. The City has eliminated the Back-To-School tax holiday for the first weekend in August and negotiations continue with AT&T relating to the City's contention that AT&T has underpaid gross receipt taxes. Positive outcomes for these issues should enhance the City's General Fund cash balance at year-end.

Lawrence County and the cities of Mount Vernon and Miller have contracted with the City of Monett's E-911 communications department to form the consolidated Monett/Lawrence County E-911 system in September, 2015. Due to higher than expected call volumes, the City re-negotiated those contracts in May, 2016 and the system is better funded for the remaining 2 ½ years of the contracts. The City is working with the Lawrence County E-911 Exploratory Committee to recommend a long-term, sustainable funding solution. A county-wide sales tax-based system of funding E-911 service will be a benefit to Lawrence County residents and the City of Monett.

Building permit revenues are much higher than anticipated due to plant expansions by local industries and new housing construction. State-shared gas tax revenues are higher than budgeted and the City's local transportation sales tax went into effect on April 1<sup>st</sup> which will provide funding for new road construction and sidewalk improvements. Personnel costs are within budgeted amounts across all departments which will have a positive impact on the current year's budget.

In FY2017, the City has completed the City Collector's office renovation on budget with a total cost of \$92,000 and construction of the new Animal Control Facility is nearing completion and should come in under-budget and near the amount raised by private donations for building supplies and materials (\$110,000). The waterline extension to Well #19 at the Monett Regional Airport is also nearing completion and Phase 1 of the WWTP Improvement Project has been completed. Phase 2, which involves improvements to the plant's UV Disinfection System, is anticipated to be completed in the next three months. All of these utility-funded projects are on-budget at this time.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF MONETT, MISSOURI**  
**March 31, 2016**

Through the first quarter of FY2017, there haven't been any unanticipated expenditures that would have a negative impact on this year's budget. The City Council has authorized moving forward with litigation in the aforementioned AT&T gross receipts tax issue if a settlement cannot be reached. If both sides are able to agree to settle the matter without litigation, the City will realize a one-time gain in revenue that wasn't accounted for in this year's budget which will increase the expected surplus in the year-end cash balances.

*Contacting the City's Financial Management*

For additional information or questions, please contact any of the following officers at:

City of Monett  
217 5<sup>th</sup> Street  
PO Box 110  
Monett, Missouri 65708  
(417) 235-3763

Dennis Pyle, City Administrator  
Janie Knight, City Clerk

CITY OF MONETT, MISSOURI  
STATEMENT OF NET POSITION  
March 31, 2016

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current			
Cash and cash equivalents - unrestricted	\$ 1,791,680	\$ 5,861,009	\$ 7,652,689
Investments - unrestricted	-	540,505	540,505
Taxes receivable	280,934	-	280,934
Utilities receivable	-	2,180,744	2,180,744
Other accounts receivable	72,460	-	72,460
Intergovernmental receivable	-	208,609	208,609
Special assessments receivable	-	220,000	220,000
Inventory	-	861,167	861,167
Prepaid expenses	81,285	204,585	285,870
Noncurrent			
Restricted cash and cash equivalents	487,494	1,788,831	2,276,325
Restricted investments	-	1,250,771	1,250,771
Net pension asset	1,903,421	417,014	2,320,435
Capital Assets:			
Non-depreciable	2,830,010	2,027,825	4,857,835
Depreciable, net	21,546,276	30,113,272	51,659,548
<b>TOTAL ASSETS</b>	<b>28,993,560</b>	<b>45,674,332</b>	<b>74,667,892</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred pension outflows	918,893	490,538	1,409,431
<b>LIABILITIES</b>			
Current			
Accounts payable	89,180	1,545,775	1,634,955
Accrued expenses	206,479	85,062	291,541
Accrued interest payable	19,430	147,569	166,999
Court bonds payable	5,977	-	5,977
Deposits payable	5,695	467,636	473,331
Current maturities of long-term debt	417,618	1,057,000	1,474,618
	744,379	3,303,042	4,047,421
Noncurrent			
Compensated absences payable	482,157	254,859	737,016
Certificates of participation	947,438	2,385,000	3,332,438
Tax increment allocation bonds, net	2,042,512	-	2,042,512
Developer agreement	469,418	-	469,418
Lease payable	150,934	-	150,934
Neighborhood improvement bonds	-	200,000	200,000
Revenue bonds payable	-	14,532,182	14,532,182
	4,092,459	17,372,041	21,464,500
<b>TOTAL LIABILITIES</b>	<b>4,836,838</b>	<b>20,675,083</b>	<b>25,511,921</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred pension inflows	231,921	153,923	385,844
<b>NET POSITION</b>			
Net investment in capital assets	20,348,366	13,966,915	34,315,281
Restricted	704,682	2,571,966	3,276,648
Unrestricted	3,790,646	8,796,983	12,587,629
<b>TOTAL NET POSITION</b>	<b>\$ 24,843,694</b>	<b>\$ 25,335,864</b>	<b>\$ 50,179,558</b>

See accompanying notes.

CITY OF MONETT, MISSOURI  
STATEMENT OF ACTIVITIES  
Year Ended March 31, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
Administrative	\$ (580,827)	\$ 32,720	\$ -	\$ -	\$ (548,107)	\$ -	\$ (548,107)
Building official	(194,761)	33,062	-	-	(161,699)	-	(161,699)
Municipal court	(82,410)	-	-	-	(82,410)	-	(82,410)
Police	(1,524,045)	169,817	3,856	-	(1,350,372)	-	(1,350,372)
E911	(662,587)	160,010	-	-	(502,577)	-	(502,577)
Emergency management	(179,098)	27,044	-	20,705	(131,349)	-	(131,349)
Fire	(1,174,275)	-	-	-	(1,174,275)	-	(1,174,275)
Airport	(477,395)	188,080	-	666,144	376,829	-	376,829
Street	(2,148,854)	4,438	-	-	(2,144,416)	-	(2,144,416)
Cemetery	(166,965)	22,095	-	-	(144,870)	-	(144,870)
Communications	(1,432)	-	-	-	(1,432)	-	(1,432)
Pool	(68,046)	-	-	-	(68,046)	-	(68,046)
South park	(293,587)	-	8,171	-	(285,416)	-	(285,416)
North park	(154,939)	-	-	-	(154,939)	-	(154,939)
Golf	(626,433)	272,119	-	-	(354,314)	-	(354,314)
Casino and community building	(130,810)	49,516	-	-	(81,294)	-	(81,294)
Recreation	(3,879)	5,992	-	-	2,113	-	2,113
Public works	(34,116)	-	-	-	(34,116)	-	(34,116)
Debt service	(96,243)	-	-	-	(96,243)	-	(96,243)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>(8,600,702)</b>	<b>964,893</b>	<b>12,027</b>	<b>686,849</b>	<b>(6,936,933)</b>	<b>-</b>	<b>(6,936,933)</b>

See accompanying notes.

CITY OF MONETT, MISSOURI  
STATEMENT OF ACTIVITIES (continued)  
Year Ended March 31, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities							
Water	(2,458,781)	3,002,929	-	-	-	544,148	544,148
Sewer	(2,621,199)	2,861,620	-	589,099	-	829,520	829,520
Electric	(16,512,650)	19,214,464	-	-	-	2,701,814	2,701,814
Sanitation	(544,077)	613,416	-	-	-	69,339	69,339
Fiber	(142,430)	271,053	-	-	-	128,623	128,623
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>(22,279,137)</b>	<b>25,963,482</b>	<b>-</b>	<b>589,099</b>	<b>-</b>	<b>4,273,444</b>	<b>4,273,444</b>
<b>TOTAL GOVERNMENT</b>	<b>\$ (30,879,839)</b>	<b>\$ 26,928,375</b>	<b>\$ 12,027</b>	<b>\$ 1,275,948</b>	<b>(6,936,933)</b>	<b>4,273,444</b>	<b>(2,663,489)</b>
General Revenues:							
					3,446,050	-	3,446,050
					94,613	-	94,613
					350,756	-	350,756
					42,138	-	42,138
					394,637	-	394,637
					2,640,712	(2,640,712)	-
					-	(55,304)	(55,304)
					1,955	194,295	196,250
					93,780	-	93,780
					950,000	(950,000)	-
				Total General Revenues and Transfers	8,014,641	(3,451,721)	4,562,920
				Changes in Net Position	1,077,708	821,723	1,899,431
				Net Position, Beginning of year, as restated	23,765,986	24,514,141	48,280,127
				Net Position, End of year	<u>\$ 24,843,694</u>	<u>\$ 25,335,864</u>	<u>\$ 50,179,558</u>

See accompanying notes.

CITY OF MONETT, MISSOURI  
BALANCE SHEET – GOVERNMENTAL FUNDS  
March 31, 2016

	Special Revenue Funds				Total Governmental Funds
	General Fund	Tax Increment Financing #1 Fund	Tax Increment Financing #2 Fund	Capital Improvement Police Sales Tax Fund	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,604,254	\$ -	\$ -	\$ 187,426	\$ 1,791,680
Taxes receivable	230,400	-	18,650	31,884	280,934
Other accounts receivable	72,460	-	-	-	72,460
Prepaid expenses	81,285	-	-	-	81,285
Restricted cash and cash equivalents	20,772	74	466,648	-	487,494
<b>TOTAL ASSETS</b>	<b>\$ 2,009,171</b>	<b>\$ 74</b>	<b>\$ 485,298</b>	<b>\$ 219,310</b>	<b>\$ 2,713,853</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 89,180	\$ -	\$ -	\$ -	\$ 89,180
Accrued expenses	206,479	-	-	-	206,479
Court bonds payable	5,977	-	-	-	5,977
Deposits payable	5,695	-	-	-	5,695
<b>TOTAL LIABILITIES</b>	<b>307,331</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>307,331</b>
<b>Fund Balances</b>					
<b>Nonspendable:</b>					
Prepaid items	81,285	-	-	-	81,285
<b>Restricted for:</b>					
Debt service	-	74	485,298	-	485,372
Capital improvement	-	-	-	219,310	219,310
<b>Assigned for:</b>					
Reserve	705,891	-	-	-	705,891
Unassigned	914,664	-	-	-	914,664
<b>TOTAL FUND BALANCES</b>	<b>1,701,840</b>	<b>74</b>	<b>485,298</b>	<b>219,310</b>	<b>2,406,522</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,009,171</b>	<b>\$ 74</b>	<b>\$ 485,298</b>	<b>\$ 219,310</b>	<b>\$ 2,713,853</b>

See accompanying notes.

CITY OF MONETT, MISSOURI  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF  
 NET POSITION  
 March 31, 2016

Fund balance - total governmental funds	\$ 2,406,522
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	47,798,671
Less accumulated depreciation	<u>(23,422,385)</u>
	24,376,286
The net pension asset and deferred costs are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Net pension asset	1,903,421
Deferred outflows due to pensions	918,893
Deferred inflows due to pensions	<u>(231,921)</u>
	2,590,393
Compensated absences are not accrued in the governmental funds, but rather are recognized as expenditures when paid	(482,157)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(19,430)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(4,027,920)</u>
Net Position of Governmental Activities	<u><u>\$ 24,843,694</u></u>

See accompanying notes.

CITY OF MONETT, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL  
FUNDS

Year Ended March 31, 2016

	Special Revenue Funds				Total Governmental Funds
	General Fund	Tax Increment Financing #1 Fund	Tax Increment Financing #2 Fund	Capital Improvement Police Sales Tax Fund	
REVENUES					
Taxes	\$ 3,651,305	\$ 14,169	\$ 366,872	\$ 295,848	\$ 4,328,194
Licenses and permits	48,642	-	-	-	48,642
Intergovernmental revenues	832,366	-	-	-	832,366
Charges for services	774,589	-	-	-	774,589
Miscellaneous	137,384	5	254	-	137,643
<b>TOTAL REVENUES</b>	<b>5,444,286</b>	<b>14,174</b>	<b>367,126</b>	<b>295,848</b>	<b>6,121,434</b>
EXPENDITURES					
Current					
Administrative	549,017	-	-	-	549,017
Building official	192,206	-	-	-	192,206
Municipal court	81,991	-	-	-	81,991
Police	1,457,277	-	-	-	1,457,277
E911	600,101	-	-	-	600,101
Emergency management	153,797	-	-	-	153,797
Fire	1,198,185	-	-	-	1,198,185
Airport	278,641	-	-	-	278,641
Street	1,404,679	-	-	-	1,404,679
Cemetery	152,170	-	-	-	152,170
Pool	51,638	-	-	-	51,638
South park	267,833	-	-	-	267,833
North park	131,322	-	-	-	131,322
Golf	502,404	-	-	-	502,404
Casino and community building	91,305	-	-	-	91,305
Public works	-	25,828	8,288	-	34,116
Capital outlay	1,545,871	-	-	-	1,545,871
Debt Service					
Principal and interest	526,973	-	228,450	76,538	831,961
<b>TOTAL EXPENDITURES</b>	<b>9,185,410</b>	<b>25,828</b>	<b>236,738</b>	<b>76,538</b>	<b>9,524,514</b>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(3,741,124)	(11,654)	130,388	219,310	(3,403,080)
OTHER FINANCING SOURCES					
Transfers in	950,000	-	-	-	950,000
Payment in lieu of taxes	2,640,712	-	-	-	2,640,712
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>3,590,712</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,590,712</b>
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(150,412)	(11,654)	130,388	219,310	187,632
FUND BALANCE, April 1	1,852,252	11,728	354,910	-	2,218,890
FUND BALANCE, March 31	\$ 1,701,840	\$ 74	\$ 485,298	\$ 219,310	\$ 2,406,522

See accompanying notes.

CITY OF MONETT, MISSOURI  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 Year Ended March 31, 2016

Net change in fund balances - total governmental funds \$ 187,632

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives on a straight line basis and reported as depreciation expense. The following is the detail of the amount by which depreciation exceeded capital outlay for the year:

Capital outlay	1,630,754
Depreciation	(1,638,580)
	<u>(7,826)</u>

The issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt is a use of current financial resources of governmental funds. In the statement of activities, interest is accrued on outstanding debt whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net affect of these differences:

Discount on bonds	(2,550)
Repayment of principal on long-term debt	732,893
Accrued interest payable	5,375
	<u>735,718</u>

Some expenditures reported in the governmental funds represent the use of current financial resources and were recognized in the statement of activities when incurred:

Change in pension related costs	194,218
Change in compensated absences	(32,034)
	<u>162,184</u>

Change in Net Position of Governmental Activities	<u><u>\$ 1,077,708</u></u>
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See accompanying notes.

CITY OF MONETT, MISSOURI  
STATEMENT OF NET POSITION – ENTERPRISE FUNDS  
March 31, 2016

	Enterprise Funds					Total Enterprise Funds
	Waterworks Fund	Electric Fund	Sewer Fund	Sanitation Fund	Fiber Fund	
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 2,635,693	\$ 2,609,045	\$ -	\$ 245,146	\$ 371,125	\$ 5,861,009
Investments	-	-	540,505	-	-	540,505
Utilities receivable	250,353	1,603,270	252,019	50,622	24,480	2,180,744
Intergovernmental receivable	-	-	208,609	-	-	208,609
Special assessments receivable	-	-	220,000	-	-	220,000
Prepaid expenses	51,182	82,234	37,645	33,524	-	204,585
Inventory	193,551	623,829	3,509	-	40,278	861,167
<b>TOTAL CURRENT ASSETS</b>	<b>3,130,779</b>	<b>4,918,378</b>	<b>1,262,287</b>	<b>329,292</b>	<b>435,883</b>	<b>10,076,619</b>
<b>Restricted Assets</b>						
Cash and cash equivalents	845,656	428,520	514,655	-	-	1,788,831
Investments	-	-	1,250,771	-	-	1,250,771
<b>TOTAL RESTRICTED ASSETS</b>	<b>845,656</b>	<b>428,520</b>	<b>1,765,426</b>	<b>-</b>	<b>-</b>	<b>3,039,602</b>
<b>Capital Assets</b>						
<b>Nondepreciable</b>						
Land	56,932	58,400	178,071	12,101	-	305,504
Construction in progress	453,432	-	1,268,889	-	-	1,722,321
<b>Depreciable</b>						
Building and improvements	12,857,908	778,428	263,491	84,878	-	13,984,705
Machinery and equipment	648,244	1,259,617	896,105	1,068,722	76,522	3,949,210
Infrastructure	10,325,026	5,381,749	25,660,647	61,189	635,923	42,064,534
Less accumulated depreciation	(5,933,881)	(6,087,380)	(16,854,024)	(606,231)	(403,661)	(29,885,177)
<b>TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)</b>	<b>18,407,661</b>	<b>1,390,814</b>	<b>11,413,179</b>	<b>620,659</b>	<b>308,784</b>	<b>32,141,097</b>
Net Pension Asset	129,274	170,975	83,403	33,362	-	417,014
<b>TOTAL NONCURRENT ASSETS</b>	<b>19,382,591</b>	<b>1,990,309</b>	<b>13,262,008</b>	<b>654,021</b>	<b>308,784</b>	<b>35,597,713</b>
<b>TOTAL ASSETS</b>	<b>22,513,370</b>	<b>6,908,687</b>	<b>14,524,295</b>	<b>983,313</b>	<b>744,667</b>	<b>45,674,332</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>						
Deferred pension outflows	152,067	201,121	98,107	39,243	-	490,538

See accompanying notes.

CITY OF MONETT, MISSOURI  
STATEMENT OF NET POSITION – ENTERPRISE FUNDS (continued)  
March 31, 2016

	Enterprise Funds					Total
	Waterworks Fund	Electric Fund	Sewer Fund	Sanitation Fund	Fiber Fund	Enterprise Funds
<b>LIABILITIES</b>						
Current Liabilities						
Accounts payable	49,515	1,019,210	463,986	13,064	-	1,545,775
Accrued payroll and payroll taxes	24,250	32,892	20,317	7,603	-	85,062
Accrued interest payable	82,872	-	64,697	-	-	147,569
Deposits payable	39,116	428,520	-	-	-	467,636
Current maturities of long-term liabilities	557,000	-	500,000	-	-	1,057,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>752,753</b>	<b>1,480,622</b>	<b>1,049,000</b>	<b>20,667</b>	<b>-</b>	<b>3,303,042</b>
Long-Term Liabilities, less current maturities						
Accrued compensated absences	48,274	132,519	61,682	12,384	-	254,859
Certificates of participation payable	2,385,000	-	-	-	-	2,385,000
Neighborhood improvement bonds	-	-	200,000	-	-	200,000
Revenue bonds payable	9,297,321	-	5,234,861	-	-	14,532,182
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>11,730,595</b>	<b>132,519</b>	<b>5,496,543</b>	<b>12,384</b>	<b>-</b>	<b>17,372,041</b>
<b>TOTAL LIABILITIES</b>	<b>12,483,348</b>	<b>1,613,141</b>	<b>6,545,543</b>	<b>33,051</b>	<b>-</b>	<b>20,675,083</b>
<b>DEFERRED INFLOW OF RESOURCES</b>						
Deferred pension inflows	47,717	63,108	30,784	12,314	-	153,923
<b>NET POSITION</b>						
Net investment in capital assets	6,168,340	1,390,814	5,478,318	620,659	308,784	13,966,915
Restricted for debt service	806,540	-	1,765,426	-	-	2,571,966
Unrestricted	3,159,492	4,042,745	802,331	356,532	435,883	8,796,983
<b>TOTAL NET POSITION</b>	<b>\$ 10,134,372</b>	<b>\$ 5,433,559</b>	<b>\$ 8,046,075</b>	<b>\$ 977,191</b>	<b>\$ 744,667</b>	<b>\$ 25,335,864</b>

See accompanying notes.

CITY OF MONETT, MISSOURI  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – ENTERPRISE FUNDS  
Year Ended March 31, 2016

	Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
	Fund	Fund	Fund	Fund	Fund	
<b>OPERATING REVENUES</b>						
Charges for services	\$ 2,975,241	\$ 19,128,991	\$ 2,840,218	\$ 605,037	\$ 271,053	\$ 25,820,540
Other	27,688	85,473	21,402	8,379	-	142,942
<b>TOTAL OPERATING REVENUES</b>	<b>3,002,929</b>	<b>19,214,464</b>	<b>2,861,620</b>	<b>613,416</b>	<b>271,053</b>	<b>25,963,482</b>
<b>OPERATING EXPENSES</b>						
Wages and benefits	701,542	907,044	462,084	199,631	-	2,270,301
Professional and consulting service	161,399	51,533	99,691	-	90,255	402,878
Insurance	18,567	66,030	20,743	4,559	-	109,899
Repairs and maintenance	275,553	121,410	449,926	35,877	1,538	884,304
Utilities	176,010	10,638	362,011	574	589	549,822
Supplies	162,838	269,244	49,706	9,146	9,750	500,684
Depreciation	615,575	180,736	791,683	78,390	39,448	1,705,832
Other operating expenses	83,260	244,997	68,546	49,512	850	447,165
Purchase of power	-	14,661,018	-	-	-	14,661,018
Landfill and recycling	-	-	-	166,388	-	166,388
<b>TOTAL OPERATING EXPENSES</b>	<b>2,194,744</b>	<b>16,512,650</b>	<b>2,304,390</b>	<b>544,077</b>	<b>142,430</b>	<b>21,698,291</b>
<b>OPERATING INCOME</b>	<b>808,185</b>	<b>2,701,814</b>	<b>557,230</b>	<b>69,339</b>	<b>128,623</b>	<b>4,265,191</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income	1,637	354	192,304	-	-	194,295
Federal and State grants	-	-	589,099	-	-	589,099
Gain (loss) on asset disposal	6,600	9,075	9,130	(80,109)	-	(55,304)
Interest expense and fees	(264,037)	-	(316,809)	-	-	(580,846)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(255,800)</b>	<b>9,429</b>	<b>473,724</b>	<b>(80,109)</b>	<b>-</b>	<b>147,244</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>552,385</b>	<b>2,711,243</b>	<b>1,030,954</b>	<b>(10,770)</b>	<b>128,623</b>	<b>4,412,435</b>
<b>CONTRIBUTIONS AND TRANSFERS</b>						
Payments in lieu of taxes (PILOTS)	(306,392)	(1,919,852)	(385,397)	-	(29,071)	(2,640,712)
Transfers (out)	-	(950,000)	-	-	-	(950,000)
<b>TOTAL CONTRIBUTIONS AND TRANSFERS</b>	<b>(306,392)</b>	<b>(2,869,852)</b>	<b>(385,397)</b>	<b>-</b>	<b>(29,071)</b>	<b>(3,590,712)</b>
<b>NET INCOME (LOSS)</b>	<b>245,993</b>	<b>(158,609)</b>	<b>645,557</b>	<b>(10,770)</b>	<b>99,552</b>	<b>821,723</b>
NET POSITION, April 1, as restated	9,888,379	5,592,168	7,400,518	987,961	645,115	24,514,141
NET POSITION, March 31	<u>\$ 10,134,372</u>	<u>\$ 5,433,559</u>	<u>\$ 8,046,075</u>	<u>\$ 977,191</u>	<u>\$ 744,667</u>	<u>\$ 25,335,864</u>

See accompanying notes.

CITY OF MONETT, MISSOURI  
STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS  
Year Ended March 31, 2016

	Enterprise Funds					Total Enterprise Funds
	Waterworks Fund	Electric Fund	Sewer Fund	Sanitation Fund	Fiber Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 2,949,116	\$ 19,156,817	\$ 2,602,749	\$ 593,627	\$ 269,728	\$ 25,572,037
Cash received from other sources	27,688	85,473	21,402	8,379	-	142,942
Cash payments to suppliers	(1,251,944)	(15,228,625)	(1,030,585)	(230,041)	(101,320)	(17,842,515)
Cash payments to employees	(702,821)	(919,534)	(457,018)	(198,530)	-	(2,277,903)
Cash payments for other expenses	(83,260)	(244,997)	(68,546)	(49,512)	(850)	(447,165)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>938,779</b>	<b>2,849,134</b>	<b>1,068,002</b>	<b>123,923</b>	<b>167,558</b>	<b>5,147,396</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers (to) other funds	-	(950,000)	-	-	-	(950,000)
Transfers - Payments in lieu of taxes (PILOTS)	(306,392)	(1,919,852)	(385,397)	-	(29,071)	(2,640,712)
<b>NET CASH (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(306,392)</b>	<b>(2,869,852)</b>	<b>(385,397)</b>	<b>-</b>	<b>(29,071)</b>	<b>(3,590,712)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Interest expense & fees	(270,065)	-	(322,559)	-	-	(592,624)
Proceeds from sale of assets	6,600	9,075	-	56,300	-	71,975
Purchase of capital assets	(517,806)	(54,172)	(894,890)	(232,712)	-	(1,699,580)
Principal payment on certificates of participation	(80,000)	-	-	-	-	(80,000)
Principal payment on bonds	(233,000)	-	(480,000)	-	-	(713,000)
Bond proceeds	674,393	-	409,861	-	-	1,084,254
Federal and state grants	-	-	589,099	-	-	589,099
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(419,878)</b>	<b>(45,097)</b>	<b>(698,489)</b>	<b>(176,412)</b>	<b>-</b>	<b>(1,339,876)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment income	1,637	354	192,304	-	-	194,295
Purchase of investments	-	-	(372,820)	-	-	(372,820)
Proceeds from maturity of investments	2,087	-	-	-	-	2,087
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>3,724</b>	<b>354</b>	<b>(180,516)</b>	<b>-</b>	<b>-</b>	<b>(176,438)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>216,233</b>	<b>(65,461)</b>	<b>(196,400)</b>	<b>(52,489)</b>	<b>138,487</b>	<b>40,370</b>
CASH AND CASH EQUIVALENTS, Beginning of year	3,265,117	3,103,026	711,055	297,635	232,638	7,609,471
CASH AND CASH EQUIVALENTS, End of year	3,481,350	3,037,565	514,655	245,146	371,125	7,649,841
LESS RESTRICTED CASH AND CASH EQUIVALENTS	(845,656)	(428,520)	(514,655)	-	-	(1,788,831)
<b>TOTAL UNRESTRICTED CASH AND CASH EQUIVALENTS</b>	<b>\$ 2,635,694</b>	<b>\$ 2,609,045</b>	<b>\$ -</b>	<b>\$ 245,146</b>	<b>\$ 371,125</b>	<b>\$ 5,861,010</b>

See accompanying notes.

CITY OF MONETT, MISSOURI  
STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS (continued)  
Year Ended March 31, 2016

	Enterprise Funds					Total Enterprise Funds
	Waterworks Fund	Electric Fund	Sewer Fund	Sanitation Fund	Fiber Fund	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating income	\$ 808,185	\$ 2,701,814	\$ 557,230	\$ 69,339	\$ 128,623	\$ 4,265,191
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	615,575	180,736	791,683	78,390	39,448	1,705,832
(Increase) decrease in:						
Accounts receivable	(25,798)	25,249	(237,469)	(11,410)	(1,325)	(250,753)
Prepaid expenses	(13,302)	(22,150)	(9,573)	(9,293)	-	(54,318)
Inventory	52,943	46,467	226	-	812	100,448
Net pension asset	57,742	76,369	37,253	14,901	-	186,265
Deferred pension outflow	(107,484)	(142,156)	(69,344)	(27,738)	-	(346,722)
Increase (decrease) in:						
Accounts payable	(497,218)	(73,069)	(39,161)	(4,204)	-	(613,652)
Accrued payroll	(960)	581	3,921	883	-	4,425
Customer deposits	(327)	2,577	-	-	-	2,250
Accrued compensated absences	1,706	(10,392)	2,452	741	-	(5,493)
Deferred pension inflow	47,717	63,108	30,784	12,314	-	153,923
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 938,779</b>	<b>\$ 2,849,134</b>	<b>\$ 1,068,002</b>	<b>\$ 123,923</b>	<b>\$ 167,558</b>	<b>\$ 5,147,396</b>

See accompanying notes.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

### Financial Reporting Entity

The City is organized under the laws of the State of Missouri and is a primary government, which is governed by a Mayor-Board of Commission. As required by accounting principles generally accepted in the United States of America, the City has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The City has determined that no other outside entity meets the above criteria and therefore, no other entity has been included as a component unit in the City's financial statements. In addition, the City is not aware of any entity for which the City would be considered as a component unit of that entity.

### Basis of Presentation

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 government as a whole. 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 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 information to improve analysis and comparability.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital expenses of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*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.

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. 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.

The City reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Tax Increment Financing #1 Fund: The Tax Increment Financing #1 Fund is used to account for resources restricted for debt service.

Tax Increment Financing #2 Fund: The Tax Increment Financing #2 Fund is used to account for resources restricted for debt service.

Capital Improvement Police Sales Tax Fund: The Capital Improvement Police Sales Tax Fund is used to account for resources restricted for capital improvement.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City reports the following major proprietary funds:

Waterworks Fund: 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 Fund: 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 Fund: 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 Fund: 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 Fund: This fund accounts for the operations, maintenance, and improvement activities of the existing fiber optic system and capital improvements pertaining to the equipment and infrastructure.

Capital Assets

Capital assets include land, buildings, 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 five years. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In conformity with GASB 34, infrastructure, such as streets and storm sewers, has been capitalized. Additionally, the City elected to depreciate its infrastructure assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Buildings	5 - 40 years
Improvements	5 - 40 years
Machinery and equipment	3 - 40 years
Infrastructure	20 - 40 years

Expenditures for maintenance and repairs are charged to expense; renewals and betterments are capitalized.

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, 2016, consists mainly of certificates of deposit and obligations of government backed securities. 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Pooled Cash And Cash Equivalents

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the average cost method. Inventory usage is recognized on the consumption method.

Revenue Recognition – Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after December 31 of that year.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

Employees earn vacation time based on the number of year's service to the City. Outstanding vacation leave is payable upon termination of employment. Compensated absences are recorded as a liability in the Statement of Net Position.

Use of Estimates

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

Interest Capitalization

Interest expense that relates to the cost of acquiring or constructing fixed assets in the Enterprise Funds is capitalized. Interest expense incurred in connection with construction of capital assets has been reduced by interest earned on the investment of funds borrowed for construction in accordance with Governmental Accounting Standards Board (GASB) Statement Section 1400-120-137 – *Capitalization of Interest Cost*. There was no interest capitalized during the current fiscal year.

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 are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

*Unrestricted* – This consists of net position that does not meet the definition of restricted or invested in capital assets.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City first applies restricted net position.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

*Nonspendable fund balance* – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

*Restricted fund balance* – This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the City Council – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Council removes the specified use by taking the same type of action imposing the commitment.

*Assigned fund balance* – This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance* – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

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, 2016, reflect payments in lieu of taxes (PILOTS) to the City of \$2,640,712.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. These include 1) charges for city court fines, licenses and permits, planning and zoning services, parks and recreation services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental revenues are reported as general. All taxes are classified as general revenues, even if restricted for a specific purpose.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, the City has one item that qualifies for reporting in this category, deferred amounts relating to employer contributions to the retirement plan.

In addition to liabilities, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the City has one item that qualifies for reporting in this category, deferred pension inflows relating to the retirement plan on the Statement of Net Position. These amounts are recognized as an inflow of resources in the period that the amounts become available.

Pensions

For purposes of measuring the net pension asset, deferred outflow of resources and deferred inflow of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Pronouncement

The Government Accounting Standards Board (GASB) issued Statement No. 68 – Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date, for reporting periods beginning after June 15, 2014. The statement establishes standards for measuring and recognizing assets and liabilities, deferred inflow and outflow of resources, and expenses relating to pensions, note disclosures, and required supplementary information. The City adopted GASB Statement Nos. 68 and 71 for the year ended March 31, 2016.

Certain April 1, 2015, amounts have been reclassified to the March 31, 2016, presentation.

NOTE B – CASH AND CASH EQUIVALENTS

State statutes require that the City's deposits be collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of March 31, 2016, all bank balances on deposit are entirely insured or collateralized.

The City of Monett maintains a cash pool that is available for use by all government funds.

NOTE C – 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.

CITY OF MONETT, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2016

NOTE C – INVESTMENTS (continued)

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, 2016, the City held the following investments:

Investment Type	Maturity	Fair Value
Certificates of Deposit	5/27/2016 - 6/4/2018	\$ 1,260,988
Government Agencies Pool Certificates	6/14/2019 - 6/20/2037	
GNMA II		353,724
GNMA		39,512
FNMA		25,908
FHLB		111,144
		<u>\$ 1,791,276</u>

Certificates of Deposit

Certificates of deposit are classified as investments but are considered deposits for custodial risk determination. State statutes require that the City’s deposits be collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of March 31, 2016, all certificates of deposit are entirely insured or collateralized with securities.

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, 2016, were as follows:

	Accredited Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Agency:				
GNMA II	\$ 353,724	\$ -	\$ -	\$ 353,724
GNMA	39,512	-	-	39,512
FNMA	25,908	-	-	25,908
FHLB	111,144	-	-	111,144
	<u>\$ 530,288</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 530,288</u>

NOTE C – INVESTMENTS (continued)

The fair values of all of the available-for-sale securities as of March 31, 2016, 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.

NOTE C – INVESTMENTS (continued)

*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, 2016, the City's investments were rated by Moody's Investment Service or Standard & Poor's as follows:

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

CITY OF MONETT, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2016

NOTE D – RESTRICTED ASSETS

General Fund

Restricted cash and cash equivalents in the General Fund are for court bonds and police forfeitures.

The total restricted cash and restricted net position for the General Fund are as follows:

<b>General Fund</b>	Restricted Cash and Investments	Restricted Net Position
Court bonds	\$ 5,977	\$ -
Customer deposits	5,695	-
Police forfeiture	9,100	-
	\$ 20,772	\$ -

Tax Increment Financing #1 Fund

During 2007 and 2008 the City issued Tax Increment Financing (TIF#1) Bonds in the amounts of \$6,100,000 and \$3,000,000, respectively, to finance the cost of an overpass on Eisenhower Street and certain infrastructure improvements to Highway 60. The City receives tax revenue from this property, which is restricted for repayment of these bonds. The bonds were redeemed early in 2015, however, the City maintains the restricted funds until TIF#1 expires in 2019. Cash and cash equivalents and fund balance/net position have been restricted for these taxes in the amount of \$74.

Tax Increment Financing #2 Fund

During 2005 the City issued two Tax Increment Financing (TIF#2) Bonds in the amounts of \$1,630,000 and \$2,535,000, to finance the cost of improvements on and around Chapel Drive and redevelop the southeast portion of Highway 60. In 2015 the City issued Supported Tax Increment and Sales Tax Refunding Revenue Bonds in the amount of \$2,430,000. These bonds refunded the two 2005 Tax Increment Financing (TIF#2) Bonds and continue redevelopment of the southeast portion of Highway 60. The City receives tax revenue from this property, which is restricted for repayment of this bond. Cash and cash equivalents have been restricted and fund balance/net position restricted for these taxes in the amount of \$466,648 and \$485,298, respectively.

CITY OF MONETT, MISSOURI  
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NOTE D – RESTRICTED ASSETS (continued)

Capital Improvement Police Sales Tax Fund

Fund balance/net position has been restricted in the Capital Improvement Police Sales Tax Fund for sales taxes restricted for capital improvement in the amount of \$219,310.

Enterprise Funds

The total restricted cash and investments and restricted net position for the Enterprise Funds are as follows:

	Restricted Cash and Investments	Restricted Net Position
<b>Water Fund</b>		
2010 Certificates of Participation Debt Service Reserve Fund	\$ 222,525	\$ 222,525
Series 2013 Principal and Interest Account	156,794	156,794
Series 2013 Replacement Account	427,221	427,221
Customer deposits	39,116	-
	<u>\$ 845,656</u>	<u>\$ 806,540</u>
<b>Electric Fund</b>		
Customer deposits	<u>\$ 428,520</u>	<u>\$ -</u>
<b>Sewer Fund</b>		
Sewer Replacement Account	\$ 1,565,481	\$ 1,565,481
Edward Jones Sewer Depreciation/Replacement Account	52,628	52,628
Series 1992A Interest Fund	1,586	1,586
2003 State Revolving Fund Principal and Interest	145,136	145,136
2015 Principal and Interest Accounts	595	595
	<u>\$ 1,765,426</u>	<u>\$ 1,765,426</u>

CITY OF MONETT, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2016

NOTE E – ASSESSED VALUATION, TAX LEVY, AND LEGAL DEBT MARGIN

The assessed valuation of the tangible property and the tax levy per \$100 assessed valuation of that property were as follows:

	<u>2015</u>
Assessed Valuation	
Real estate	\$ 93,315,383
Personal property	<u>37,332,362</u>
TOTAL	<u>\$ 130,647,745</u>
	<u>2015</u>
Tax Rate Per \$100 of Assessed Valuation	
General Fund	<u>\$ -</u>

The legal debt margin at March 31, 2016, was computed as follows:

	<u>General Obligation Bonds</u>		
	<u>Ordinary (1)</u>	<u>Additional (2)</u>	<u>Total</u>
Constitutional Debt Limit	\$ 13,064,775	\$ 13,064,775	\$ 26,129,549
General Obligation Bonds Payable	<u>(220,000)</u>	<u>-</u>	<u>(220,000)</u>
LEGAL DEBT MARGIN	<u>\$ 12,844,775</u>	<u>\$ 13,064,775</u>	<u>\$ 25,909,549</u>

(1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may incur an indebtedness for any purposes authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the City.

(2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights-of-way, construction, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

NOTE F – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES

Long-term debt in the Enterprise Funds consists of the following:

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 2004. \$ 220,000

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. 5,305,000

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 \$2,470,000, 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. 2,470,000

CITY OF MONETT, MISSOURI  
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March 31, 2016

NOTE F – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

On September 9, 2013, the City approved the issuance of Combined Waterworks and Sewerage System Revenue Bonds (Direct Loan Program) in an amount not to exceed \$11,012,000 for the purpose of paying all or part of the costs of improving the water and sewerage system. As of March 31, 2016, \$10,002,321 of the bonds have been issued. The bonds bear interest at 1.61% with principal and interest due July 1 and January 1 of each year. The bonds also require a semi-annual administrative fee of 0.25% of the outstanding principal balance of the bonds as of the business day preceding each principal payment due. The bonds may be called at any time for redemption under various provisions outlined in the bond ordinance.

9,769,321

On October 13, 2015, the City approved the issuance of Combined Waterworks and Sewage System Revenue Bonds (Direct Loan Program) in the amount not to exceed \$1,895,000 for the purpose of extending and improving the City's sewage system. As of March 31, 2016, \$409,861 of the bonds have been issued. The bonds bear interest at 1.23% with principal and interest due on July 1 and January 1 of each year. The bonds also require a semi-annual administrative fee of 0.50% of the outstanding principal balance of the bonds as of the business day preceding each principal payment due. The bonds may be called at any time for redemption under various provisions outlined in the bond ordinance. Five-year maturities of principal and interest are not presented since the project was not complete at March 31, 2016.

409,861

\$ 18,174,182

CITY OF MONETT, MISSOURI  
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 March 31, 2016

NOTE F – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

The annual debt service requirements to amortize the principal on the business-type activities debt outstanding at March 31, 2016, are listed in the following tables:

Year Ending March 31,	General Obligation Bonds - Sewer			2003 Revenue Bonds - Sewer		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 20,000	\$ 10,470	\$ 30,470	\$ 480,000	\$ 258,788	\$ 738,788
2018	20,000	9,520	29,520	505,000	234,788	739,788
2019	20,000	8,550	28,550	530,000	208,908	738,908
2020	25,000	7,448	32,448	555,000	181,745	736,745
2021	25,000	6,210	31,210	585,000	153,302	738,302
2022-2025	110,000	11,717	121,717	2,650,000	317,665	2,967,665
	<u>\$ 220,000</u>	<u>\$ 53,915</u>	<u>\$ 273,915</u>	<u>\$ 5,305,000</u>	<u>\$ 1,355,196</u>	<u>\$ 6,660,196</u>

CITY OF MONETT, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2016

NOTE F – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

Year Ending March 31,	Capital Lease Obligation - Water			2013 Revenue Bonds - Water			
	Principal	Interest	Total	Principal	Interest	Administrative Fee	Total
2017	\$ 85,000	\$ 152,413	\$ 237,413	\$ 472,000	\$ 171,650	\$ 53,308	\$ 696,958
2018	85,000	148,715	233,715	482,000	164,010	50,936	696,946
2019	85,000	144,762	229,762	491,000	156,218	48,536	695,754
2020	90,000	140,427	230,427	501,000	148,273	46,048	695,321
2021	90,000	135,725	225,725	511,000	140,167	43,531	694,698
2022-2026	505,000	596,144	1,101,144	2,712,000	573,450	159,013	3,444,463
2027-2031	600,000	426,250	1,026,250	2,995,000	345,103	107,177	3,447,280
2032-2036	930,000	198,100	1,128,100	1,605,321	71,447	22,189	1,698,957
	<u>\$ 2,470,000</u>	<u>\$ 1,942,536</u>	<u>\$ 4,412,536</u>	<u>\$ 9,769,321</u>	<u>\$ 1,770,318</u>	<u>\$ 530,738</u>	<u>\$12,070,377</u>

CITY OF MONETT, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2016

NOTE F – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

A summary of the changes in long-term debt – business-type activities for the year ended March 31, 2016, is as follows:

	Balance March 31, 2015	Additions	Retirements	Balance March 31, 2016	Amounts Due Within One Year
Neighborhood Improvement Bonds					
Series 2005	\$ 240,000	\$ -	\$ 20,000	\$ 220,000	\$ 20,000
Revenue Bonds					
Series 2003	5,765,000	-	460,000	5,305,000	480,000
Series 2013	9,327,928	674,393	233,000	9,769,321	472,000
Series 2015	-	409,861	-	409,861	-
Certificates of Participation					
Series 2010	2,550,000	-	80,000	2,470,000	85,000
	17,882,928	1,084,254	793,000	18,174,182	1,057,000
Compensated Absences	260,352	(5,493)	-	254,859	-
TOTAL	<u>\$ 18,143,280</u>	<u>\$ 1,078,761</u>	<u>\$ 793,000</u>	<u>\$ 18,429,041</u>	<u>\$ 1,057,000</u>

The City's lease/purchase agreements provide for the cancellation of the leases at the City's option on the renewal dates each year per State statute, however the City does not foresee exercising its option to cancel. Therefore, these leases are accounted for as noncancellable capital leases in accordance with GASB Section L20, "Leases".

NOTE G – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES

Long-term debt for governmental activities at March 31, 2016, consists of the following:

2.0% to 3.5% Supported Tax Increment and Sales Tax Refunding Revenue Bonds Series 2014 (East US Highway 60 Improvement and RPA #1 Infrastructure Redevelopment Projects) interest due semi-annually January 1 and July 1, maturing January 1, 2028, optional redemption beginning January 1, 2020, at 100% of the principal. Specific use of this funding was to refund the Series 2005A and 2005B Bonds, which were originally issued to make improvements on and around Chapel Drive and redevelop 385 acres in the southeast portion of the City adjacent to Highway 60. The bond had an original issuance of \$2,430,000 beginning in June 2014. \$ 2,230,000

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. Therefore, a five-year amortization schedule of payments is not presented. 469,418

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). The present value of lease payments at March 31, 2016, is \$1,090,792, with interest at 2.75%, and is payable in semi-annual installments through December 2022. 1,090,792

CITY OF MONETT, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2016

NOTE G – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES (continued)

In 2014, the City entered into a \$264,726 lease with US BanCorp to refinance the 2012 Pierce Kenworth pumper truck. The present value of lease payments at March 31, 2016, is \$48,884, with interest at 1.69%, and is payable in annual installments through April 2017. 48,884

In 2014, the City entered into a \$154,538 lease with UMB Banc Leasing Corp for which the funds were used to purchase equipment for the golf course. The present value of lease payments at March 31, 2016, is \$116,436, with interest at 2.25%, and is payable in annual installments through May 2018. 116,436

In 2014, the City entered into a \$99,463 lease with Yamaha Motor Corporation Commercial Customer Finance for the purchase of golf carts and a beverage unit. The present value of lease payments at March 31, 2016, is \$84,878, with interest at 3.4%, and is payable in monthly installments through December 2018. 84,878

In 2014, the City entered into a loan agreement with EFCO for the purchase of an airport hangar. The loan requires annual payments of \$20,000. 20,000

\$ 4,060,408

The annual debt service requirements to amortize principal on the governmental-activities debt outstanding at March 31, 2016, are listed in the following tables:

Year Ending March 31,	Tax Increment Allocation Bonds		
	Principal	Interest	Total
2017	\$ 155,000	\$ 75,450	\$ 230,450
2018	160,000	70,645	230,645
2019	165,000	65,685	230,685
2020	170,000	60,570	230,570
2021	175,000	55,300	230,300
2022-2026	970,000	180,600	1,150,600
2027-2028	435,000	22,925	457,925
	<u>\$ 2,230,000</u>	<u>\$ 531,175</u>	<u>\$ 2,761,175</u>

CITY OF MONETT, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2016

NOTE G – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES (continued)

Year Ending March 31,	Capital Lease Obligations		
	Principal	Interest	Total
2017	\$ 262,617	\$ 34,326	\$ 296,943
2018	198,991	29,069	228,060
2019	251,353	23,267	274,620
2020	155,595	16,770	172,365
2021	159,903	12,461	172,364
2022-2023	332,531	11,517	344,048
	<u>\$ 1,360,990</u>	<u>\$ 127,410</u>	<u>\$ 1,488,400</u>

The City's lease/purchase agreements provide for the cancellation of the leases at the City's option on the renewal dates each year per State statute, however the City does not foresee exercising its option to cancel. Therefore, these leases are accounted for as noncancellable capital leases in accordance with GASB Section L20, "Leases".

A summary of the changes in long-term debt – governmental activities for the year ended March 31, 2016, is as follows:

	Balance March 31, 2015	Additions	Retirements	Balance March 31, 2016	Amounts Due Within One Year
Neighborhood Improvement Bonds					
Valley View	\$ 16,645	\$ -	\$ 16,645	\$ -	\$ -
Tax Allocation Bonds					
Series 2014	2,380,000	-	150,000	2,230,000	155,000
Less: discount on bond	(35,038)	-	(2,550)	(32,488)	-
TIF Developer Agreement	495,246	-	25,828	469,418	-
Capital Leases					
2012 lease certificates of participation	1,230,283	-	139,491	1,090,792	143,354
Golf equipment lease	4,328	-	4,328	-	-
Justice center 2008 lease	270,000	-	270,000	-	-
Pumper truck lease	105,662	-	56,778	48,884	48,884
Airport hanger lease	40,000	-	20,000	20,000	20,000
Golf equipment lease	154,537	-	38,101	116,436	38,298
Golf carts/beverage unit lease	96,600	-	11,722	84,878	12,082
Compensated absences payable	450,123	32,034	-	482,157	-
TOTAL	<u>\$ 5,208,386</u>	<u>\$ 32,034</u>	<u>\$ 730,343</u>	<u>\$ 4,510,077</u>	<u>\$ 417,618</u>

CITY OF MONETT, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2016

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2016, was as follows:

	Balance March 31, 2015	Additions	Deletions	Balance March 31, 2016
Governmental Activities				
Non-Depreciable Capital Assets:				
Construction in progress	\$ 258,956	\$ 447,356	\$ 258,956	\$ 447,356
Land	1,690,136	692,518	-	2,382,654
Total Non-depreciable Capital Assets	1,949,092	<u>\$ 1,139,874</u>	<u>\$ 258,956</u>	2,830,010
Depreciable Capital Assets:				
Building and improvements	8,853,870	\$ 413,916	\$ -	9,267,786
Machinery and equipment	7,019,606	328,707	60,403	7,287,910
Infrastructure	28,345,349	67,616	-	28,412,965
Total Depreciable Capital Assets	44,218,825	<u>\$ 810,239</u>	<u>\$ 60,403</u>	44,968,661
Less Accumulated Depreciation	21,783,805	<u>\$ 1,698,634</u>	<u>\$ 60,054</u>	23,422,385
Total Depreciable Capital Assets, net	<u>22,435,020</u>			<u>21,546,276</u>
Total Capital Assets, net	<u>\$ 24,384,112</u>			<u>\$ 24,376,286</u>

Depreciation expense for governmental activities was charged to functions as follows:

Administration	\$ 27,552
E911	63,553
Airport	198,053
Building official	1,831
Casino and community building	39,523
Cemetery	19,842
Emergency management	25,678
Fire	66,024
Golf	123,632
North park	23,177
Police	197,086
Pool	16,408
Recreation	3,879
South park	24,948
Street	867,448
	<u>\$ 1,698,634</u>

CITY OF MONETT, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2016

NOTE H – CAPITAL ASSETS (continued)

	Balance March 31, 2015	Additions	Deletions	Balance March 31, 2016
<b>Business-Type Activities</b>				
<b>Water</b>				
Non-Depreciable Capital Assets:				
Land	\$ 56,932	\$ -	\$ -	\$ 56,932
Construction in progress	-	453,432	-	453,432
<b>Total Non-Depreciable Capital Assets</b>	<b>56,932</b>	<b>\$ 453,432</b>	<b>\$ -</b>	<b>510,364</b>
Depreciable Capital Assets:				
Buildings and improvements	12,849,238	\$ 8,670	\$ -	12,857,908
Machinery and equipment	637,623	20,591	9,970	648,244
Infrastructure	10,325,026	-	-	10,325,026
<b>Total Depreciable Capital Assets</b>	<b>23,811,887</b>	<b>\$ 29,261</b>	<b>\$ 9,970</b>	<b>23,831,178</b>
<b>Less Accumulated Depreciation</b>	<b>5,328,276</b>	<b>\$ 615,575</b>	<b>\$ 9,970</b>	<b>5,933,881</b>
<b>Depreciable Capital Assets, net</b>	<b>18,483,611</b>			<b>17,897,297</b>
<b>Electric</b>				
Non-Depreciable Capital Assets:				
Land	58,400	\$ -	\$ -	58,400
<b>Total Non-Depreciable Capital Assets</b>	<b>58,400</b>	<b>\$ -</b>	<b>\$ -</b>	<b>58,400</b>
Depreciable Capital Assets:				
Buildings and improvements	769,757	\$ 8,671	\$ -	778,428
Machinery and equipment	1,158,836	120,500	19,719	1,259,617
Infrastructure	5,381,749	-	-	5,381,749
<b>Total Depreciable Capital Assets</b>	<b>7,310,342</b>	<b>\$ 129,171</b>	<b>\$ 19,719</b>	<b>7,419,794</b>
<b>Less Accumulated Depreciation</b>	<b>5,851,364</b>	<b>\$ 255,735</b>	<b>\$ 19,719</b>	<b>6,087,380</b>
<b>Depreciable Capital Assets, net</b>	<b>1,458,978</b>			<b>1,332,414</b>

CITY OF MONETT, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2016

NOTE H – CAPITAL ASSETS (continued)

	Balance March 31, 2015	Additions	Deletions	Balance March 31, 2016
<b>Sewer</b>				
Non-Depreciable Capital Assets:				
Land	178,071	\$ -	\$ -	178,071
Construction in progress	184,157	1,186,378	101,646	1,268,889
<b>Total Non-Depreciable Capital Assets</b>	<b>362,228</b>	<b>\$ 1,186,378</b>	<b>\$ 101,646</b>	<b>1,446,960</b>
Depreciable Capital Assets:				
Buildings and improvements	33,705	\$ 229,786	\$ -	263,491
Machinery and equipment	852,586	53,488	9,969	896,105
Infrastructure	25,660,647	-	-	25,660,647
<b>Total Depreciable Capital Assets</b>	<b>26,546,938</b>	<b>\$ 283,274</b>	<b>\$ 9,969</b>	<b>26,820,243</b>
Less Accumulated Depreciation	16,072,310	\$ 791,683	\$ 9,969	16,854,024
<b>Depreciable Capital Assets, net</b>	<b>10,474,628</b>			<b>9,966,219</b>
<b>Sanitation</b>				
Non-Depreciable Capital Assets:				
Land	12,101	\$ -	\$ -	12,101
Depreciable Capital Assets:				
Buildings and improvements	84,878	\$ -	\$ -	84,878
Machinery and Equipment	1,063,357	232,712	227,347	1,068,722
Infrastructure	61,189	-	-	61,189
<b>Total Depreciable Capital Assets</b>	<b>1,209,424</b>	<b>\$ 232,712</b>	<b>\$ 227,347</b>	<b>1,214,789</b>
Less Accumulated Depreciation	618,779	\$ 78,390	\$ 90,938	606,231
<b>Depreciable Capital Assets, net</b>	<b>590,645</b>			<b>608,558</b>
<b>Fiber</b>				
Depreciable Capital Assets:				
Machinery and Equipment	151,522	\$ -	\$ 75,000	76,522
Infrastructure	635,923	-	-	635,923
<b>Total Depreciable Capital Assets</b>	<b>787,445</b>	<b>\$ -</b>	<b>\$ 75,000</b>	<b>712,445</b>
Less Accumulated Depreciation	439,213	\$ 39,448	\$ 75,000	403,661
<b>Depreciable Capital Assets, net</b>	<b>348,232</b>			<b>308,784</b>
<b>Total Business-Type Activities Capital Assets, net</b>	<b>\$ 31,845,755</b>			<b>\$ 32,141,097</b>

NOTE I – EMPLOYEE PENSION PLAN

General Information about the Pension Plan

*Plan Description.* The City’s defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755.

As such, it is LAGERS 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 is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at [www.molagers.org](http://www.molagers.org).

*Benefits Provided.* LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

	<u>2015 Valuation</u>
Benefit Multiplier	2.00% for life
Final Average Salary	3 Years
Member Contributions	4%

Benefit terms provide for annual post retirement adjustments to each member’s retirement allowance subsequent to the member’s retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

*Employees Covered by Benefit Terms.* At June 30, 2015, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Inactive employees or beneficiaries currently receiving benefit	48	12	5	65
Inactive employees entitled to but not yet receiving benefits	14	10	2	26
Active employees	79	19	15	113
	<u>141</u>	<u>41</u>	<u>22</u>	<u>204</u>

NOTE I – EMPLOYEE PENSION PLAN (continued)

*Contributions.* The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year. With an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 4% of their gross pay to the pension plan. Employer contribution rates are 9.1% (General), 7.0% (Police), and 6.8% (Fire) of annual covered payroll.

*Net Pension Asset.* The employer’s net pension asset was measured as of June 30, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2015.

*Actuarial Assumptions.* The total pension liability in the February 28, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5% wage inflation; 3.0% price inflation
Salary Increase	3.5% to 6.8% including wage inflation
Investment rate of return	7.25%, net of investment and administrative expenses

Mortality rates were based on the 1994 Group Annuity Mortality Table set back 0 years for both males and females.

The actuarial assumptions used in the February 28, 2015, valuation were based on the results of an actuarial experience study for the period March 1, 2005, through February 28, 2010.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	48.50%	5.50%
Fixed Income	25.00%	2.25%
Real Assets	20.00%	4.50%
Strategic Assets	6.50%	7.50%

CITY OF MONETT, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2016

NOTE I – EMPLOYEE PENSION PLAN (continued)

*Discount Rate.* The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in the Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
<i>General Division</i>			
Balances at June 30, 2014	\$ 15,197,391	\$ 16,380,291	\$ (1,182,900)
Changes for the year:			
Service Cost	401,477	-	401,477
Interest	1,097,256	-	1,097,256
Difference between expected and actual experiences	(369,677)	-	(369,677)
Contributions - employer	-	379,168	(379,168)
Contributions - employee	-	128,604	(128,604)
Net investment income	-	310,555	(310,555)
Benefits paid, including refunds	(529,354)	(529,354)	-
Administrative expenses	-	(12,676)	12,676
Other changes	-	(41,820)	41,820
Net Changes	599,702	234,477	365,225
Balances at June 30, 2015	15,797,093	16,614,768	(817,675)

CITY OF MONETT, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2016

NOTE I – EMPLOYEE PENSION PLAN (continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
<i>Police Division</i>			
Balances at June 30, 2014	3,187,346	3,778,884	(591,538)
Changes for the year:			
Service Cost	107,324	-	107,324
Interest	232,129	-	232,129
Difference between expected and actual experiences	(54,328)	-	(54,328)
Contributions - employer	-	77,422	(77,422)
Contributions - employee	-	32,550	(32,550)
Net investment income	-	73,504	(73,504)
Benefits paid, including refunds	(77,950)	(77,950)	-
Administrative expenses	-	(3,262)	3,262
Other changes	-	79,998	(79,998)
Net Changes	207,175	182,262	24,913
Balances at June 30, 2015	3,394,521	3,961,146	(566,625)
<i>Fire Division</i>			
Balances at June 30, 2014	3,240,501	4,217,676	(977,175)
Changes for the year:			
Service Cost	108,574	-	108,574
Interest	235,393	-	235,393
Difference between expected and actual experiences	(48,407)	-	(48,407)
Contributions - employer	-	67,914	(67,914)
Contributions - employee	-	26,500	(26,500)
Net investment income	-	80,958	(80,958)
Benefits paid, including refunds	(95,739)	(95,739)	-
Administrative expenses	-	(2,051)	2,051
Other changes	-	81,199	(81,199)
Net Changes	199,821	158,781	41,040
Balances at June 30, 2015	3,440,322	4,376,457	(936,135)
Total Plan Balances at June 30, 2015	<u>\$ 22,631,936</u>	<u>\$ 24,952,371</u>	<u>\$ (2,320,435)</u>

CITY OF MONETT, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2016

NOTE I – EMPLOYEE PENSION PLAN (continued)

The Net Pension Asset is allocated as follows:

Governmental Activities	\$ 1,903,421
Business-Type Activities	417,014
	<u>\$ 2,320,435</u>

*Sensitivity of the Net Pension Asset to Changes in the Discount Rate.* The following present the Net Pension Asset of the employer, calculated using the discount rate of 7.25%, as well as what the employer’s Net Pension Asset would be using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
<i>General Division</i>			
Total Pension Liability	\$ 18,017,963	\$ 15,797,093	\$ 13,948,055
Fiduciary Net Position	16,614,768	16,614,768	16,614,768
Net Pension Liability (Asset)	1,403,195	(817,675)	(2,666,713)
<i>Police Division</i>			
Total Pension Liability	3,895,205	3,394,521	2,978,210
Fiduciary Net Position	3,961,146	3,961,146	3,961,146
Net Pension Liability (Asset)	(65,941)	(566,625)	(982,936)
<i>Fire Division</i>			
Total Pension Liability	3,944,816	3,440,322	3,019,438
Fiduciary Net Position	4,376,457	4,376,457	4,376,457
Net Pension Liability (Asset)	(431,641)	(936,135)	(1,357,019)
Total Net Pension Liability (Asset)	<u>\$ 905,613</u>	<u>\$ (2,320,435)</u>	<u>\$ (5,006,668)</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended 2016, the employer recognized pension expense of \$323,752 in the general, police, and fire divisions. The employer reported deferred outflows and inflows of resources related to pensions from the following sources.

CITY OF MONETT, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2016

NOTE I – EMPLOYEE PENSION PLAN (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
<i>General Division</i>			
Differences in experiences	\$ -	\$ (301,813)	\$ (301,813)
Excess (deficit) investment returns	699,446	-	699,446
Contributions subsequent to the measurement date*	262,395	-	262,395
	<u>961,841</u>	<u>(301,813)</u>	<u>660,028</u>
<i>Police Division</i>			
Differences in experiences	-	(41,997)	(41,997)
Excess (deficit) investment returns	163,471	-	163,471
Contributions subsequent to the measurement date*	54,666	-	54,666
	<u>218,137</u>	<u>(41,997)</u>	<u>176,140</u>
<i>Fire Division</i>			
Differences in experiences	-	(42,034)	(42,034)
Excess (deficit) investment returns	182,076	-	182,076
Contributions subsequent to the measurement date*	47,377	-	47,377
	<u>229,453</u>	<u>(42,034)</u>	<u>187,419</u>
	<u>\$ 1,409,431</u>	<u>\$ (385,844)</u>	<u>\$ 1,023,587</u>

Deferred outflows and inflows have been allocated as follows:

Governmental Activities	\$ 918,893	\$ (231,921)	\$ 686,972
Business-Type Activities	490,538	(153,923)	336,615
	<u>\$ 1,409,431</u>	<u>\$ (385,844)</u>	<u>\$ 1,023,587</u>

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an addition to the Net Pension Asset for the year ending March 31, 2017.

CITY OF MONETT, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2016

NOTE I – EMPLOYEE PENSION PLAN (continued)

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	General Net Deferred Outflow of Resources	Police Net Deferred Outflow of Resources	Fire Net Deferred Outflow of Resources	Total Net Deferred Outflow of Resources
2016	\$ 369,392	\$ 83,203	\$ 86,523	\$ 539,118
2017	106,997	28,537	39,146	174,680
2018	106,997	28,537	39,146	174,680
2019	106,999	35,863	39,146	182,008
2020	(30,357)	-	(6,373)	(36,730)
Thereafter	-	-	(10,169)	(10,169)
Total	\$ 660,028	\$ 176,140	\$ 187,419	\$ 1,023,587

Payable to the Pension Plan

The City had no outstanding amounts of contributions to the pension plan required for the year ended March 31, 2016.

NOTE J – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred its risk by obtaining coverage from a public self-insured insurance pool. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

CITY OF MONETT, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2016

NOTE K – CLAIMS AND ADJUSTMENTS

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of March 31, 2016, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

NOTE L – PLEDGED REVENUES

The City has pledged future sales and property tax revenues in the TIF districts to repay the 2014 tax allocation revenue bonds issued to make improvements in the Districts. The bonds are payable solely from increased sales and property taxes and are payable through 2028. The total principal, interest and fees remaining to be paid on the bonds is \$2,761,175. Principal and interest paid for the current year and total tax allocation revenues were \$228,450 and \$367,126, respectively.

The City has pledged future Waterworks Fund and Sewer Fund customer revenues to repay the 2013 and 2003 Revenue Bonds, respectively. The bonds are payable solely from water and sewer customer net revenues and are payable through 2036. Net revenues are revenues of the system less expenses of the system before depreciation. The total principal, interest, and fees remaining to be paid on the bonds is \$12,070,377 and \$6,660,196, respectively. Principal, interest, and fees paid for the current year and total customer net revenues in the Waterworks Fund were \$389,842 and \$1,423,760, respectively. Principal, interest, and fees paid for the current year and total customer net revenues in the Sewer Fund were \$741,789 and \$1,348,913, respectively.

NOTE M – INTERFUND TRANSFERS

Transfers between funds of the City for the year ended March 31, 2016, were as follows:

	<u>Transfers In (Out)</u>
General Fund	\$ 950,000
Electric Fund	(950,000)
	<u>\$ -</u>

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them.

CITY OF MONETT, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2016

NOTE N – COMMITMENT

As of March 31, 2016, the City was committed on the following projects:

<u>Contractor</u>	<u>Project</u>	<u>Amount</u>
Branco Enterprises	Wastewater treatment improvements	\$ 700,498
Crews Construction	Wastewater treatment improvements	308,080
		<u>\$ 1,008,578</u>

NOTE O – RESTATEMENT

Net position as of April 1, 2015, has been restated as follows for the implementation of GASB statement No. 68, as amended by GASB Statement No. 71:

Governmental Activities

NET POSITION, as previously stated, March 31, 2015	\$ 21,301,157
Deferred pension outflows	247,841
Net pension asset	2,148,334
Post employment pension liability	<u>68,654</u>
NET POSITION, as restated, April 1, 2015	<u>\$ 23,765,986</u>

Water Fund

NET POSITION, as previously stated, March 31, 2015	\$ 9,656,780
Deferred pension outflows	44,583
Net pension asset	<u>187,016</u>
NET POSITION, as restated, April 1, 2015	<u>\$ 9,888,379</u>

CITY OF MONETT, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2016

NOTE O – RESTATEMENT (continued)

Electric Fund

NET POSITION, as previously stated, March 31, 2015	\$ 5,285,859
Deferred pension outflows	58,965
Net pension asset	247,344
NET POSITION, as restated, April 1, 2015	<u>\$ 5,592,168</u>

Sewer Fund

NET POSITION, as previously stated, March 31, 2015	\$ 7,251,099
Deferred pension outflows	28,763
Net pension asset	120,656
NET POSITION, as restated, April 1, 2015	<u>\$ 7,400,518</u>

Sanitation Fund

NET POSITION, as previously stated, March 31, 2015	\$ 928,193
Deferred pension outflows	11,505
Net pension asset	48,263
NET POSITION, as restated, April 1, 2015	<u>\$ 987,961</u>

Enterprise Fund

NET POSITION, as previously stated, March 31, 2015	\$ 23,767,046
Deferred pension outflows	143,816
Net pension asset	603,279
NET POSITION, as restated, April 1, 2015	<u>\$ 24,514,141</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF MONETT, MISSOURI  
 SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS  
 Year Ended March 31, 2016

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

	June 30, 2015
<b>TOTAL PENSION LIABILITY</b>	
Service Cost	\$ 617,375
Interest on the Total Pension Liability	1,564,778
Difference between expected and actual experience	(472,412)
Benefit payments including refunds	(703,043)
	<hr/>
NET CHANGE IN TOTAL PENSION LIABILITY	1,006,698
TOTAL PENSION LIABILITY, BEGINNING	21,625,238
	<hr/>
TOTAL PENSION LIABILITY, ENDING	22,631,936
 <b>PLAN FIDUCIARY NET POSITION</b>	
Contributions - employer	524,504
Contributions - employee	187,654
Pension Plan Net Investment Income	465,017
Benefit payments, including refunds	(703,043)
Pension Plan Administrative Expense	(17,989)
Other	119,377
	<hr/>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	575,520
PLAN FIDUCIARY NET POSITION, BEGINNING	24,376,851
	<hr/>
PLAN FIDUCIARY NET POSITION, ENDING	24,952,371
	<hr/>
EMPLOYER NET PENSION (ASSET)	<u><u>\$ (2,320,435)</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	 110.25%
 Covered employee payroll	 \$ 4,657,747
 Employer's net pension asset as a percentage of covered employee payroll	 49.82%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CITY OF MONETT, MISSOURI  
 SCHEDULE OF CONTRIBUTIONS  
 Year Ended March 31, 2016

**Missouri Local Government Employees Retirement System (LAGERS)**  
**Schedule of Contributions**  
**Last 10 Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contribution	\$ 411,190	\$ 471,886	\$ 545,595	\$ 586,358	\$ 612,993	\$ 593,036	\$ 648,460	\$ 487,647	\$ 497,912	\$ 521,216
Contributions in relation to the actuarially determined contribution	<u>497,202</u>	<u>536,974</u>	<u>598,756</u>	<u>631,138</u>	<u>564,895</u>	<u>501,627</u>	<u>487,011</u>	<u>519,899</u>	<u>522,424</u>	<u>528,370</u>
Contribution deficiency (excess)	<u>\$ (86,012)</u>	<u>\$ (65,088)</u>	<u>\$ (53,161)</u>	<u>\$ (44,780)</u>	<u>\$ 48,098</u>	<u>\$ 91,409</u>	<u>\$ 161,449</u>	<u>\$ (32,252)</u>	<u>\$ (24,512)</u>	<u>\$ (7,154)</u>
Covered-employee payroll	\$ 4,883,881	\$ 4,642,142	\$ 4,715,149	\$ 4,613,235	\$ 4,522,859	\$ 4,388,735	\$ 4,632,138	\$ 4,645,812	\$ 4,442,933	\$ 4,415,042
Contributions as a percentage of covered-employee payroll	10.18%	11.57%	12.70%	13.68%	12.49%	11.43%	10.51%	11.19%	11.76%	11.97%

CITY OF MONETT, MISSOURI  
NOTES TO SCHEDULE OF CONTRIBUTIONIS  
Year Ended March 31, 2016

**Valuation Date:** February 28, 2015

**Notes:** The roll-forward of total pension liability from February 28, 2015, to June 30, 2015, reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

**Methods and Assumptions Used to Determine Contribution Rates**

*Actuarial Cost Method* – Entry Age Normal

*Amortization Method* – Level Percentage of Payroll, Closed

*Remaining Amortization Period* – Multiple bases from 14 to 26 years

*Asset Valuation Method* – 5-Year smoothed market; 20% corridor

*Inflation* – 3.5% wage inflation; 3.0% price inflation

*Salary Increases* – 3.5% to 6.8% including wage inflation

*Investment Rate of Return* – 7.25%, net of investment and administrative expenses

*Retirement Age* – Experience-based table of rates that are specific to the type of eligibility condition

*Mortality* – 105% of the 1994 Group Annuity Mortality Table set back 0 years for men and 0 years for women. Based upon experience observed during the most recent 5-year period study, it appears that the current table provides for an approximate 13% margin for future mortality improvement.

*Other Information* – None

CITY OF MONETT, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
 Year Ended March 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Taxes				
Surtax	\$ 37,500	\$ 37,500	\$ 42,138	\$ 4,638
Motor vehicle sales and fuel tax	332,500	332,500	350,756	18,256
Sales tax	3,407,500	2,885,600	2,863,774	(21,826)
Franchise taxes	433,000	418,000	394,637	(23,363)
	<u>4,210,500</u>	<u>3,673,600</u>	<u>3,651,305</u>	<u>(22,295)</u>
Licenses and Permits				
Building permits	10,000	38,000	33,062	(4,938)
Business licenses	16,000	16,000	15,175	(825)
Other	200	200	405	205
	<u>26,200</u>	<u>54,200</u>	<u>48,642</u>	<u>(5,558)</u>
Intergovernmental Revenues				
Federal and state grants	780,250	630,000	690,705	60,705
Other	266,340	146,500	141,661	(4,839)
	<u>1,046,590</u>	<u>776,500</u>	<u>832,366</u>	<u>55,866</u>
Charges for Services				
Parks and recreation	5,000	6,500	5,992	(508)
Cemetery	25,000	25,000	22,095	(2,905)
Jail boarding fees	8,700	8,700	8,313	(387)
Rental income	122,700	120,700	131,312	10,612
E911	40,400	27,900	18,349	(9,551)
Fuel sales	112,000	112,000	123,248	11,248
Golf	315,500	269,000	272,119	3,119
Fines and forfeitures	182,000	160,000	157,874	(2,126)
Street repair	5,250	5,250	4,033	(1,217)
Other	31,045	31,045	31,254	209
	<u>847,595</u>	<u>766,095</u>	<u>774,589</u>	<u>8,494</u>
Miscellaneous				
Interest	3,000	3,000	1,697	(1,303)
Donations and other contributions	107,000	107,000	8,171	(98,829)
Sale of property	49,500	49,500	33,736	(15,764)
Other	60,200	80,900	93,780	12,880
	<u>219,700</u>	<u>240,400</u>	<u>137,384</u>	<u>(103,016)</u>
<b>TOTAL REVENUES</b>	<b>6,350,585</b>	<b>5,510,795</b>	<b>5,444,286</b>	<b>(66,509)</b>

CITY OF MONETT, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (continued)  
 Year Ended March 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>EXPENDITURES</b>				
Current				
Administrative	601,115	579,615	549,017	30,598
Building official	250,450	197,950	192,206	5,744
Municipal court	82,290	83,490	81,991	1,499
Police	1,438,070	1,471,870	1,457,277	14,593
E911	733,725	647,550	600,101	47,449
Emergency management	179,105	180,105	153,797	26,308
Fire	1,193,925	1,228,325	1,198,185	30,140
Airport	326,075	282,575	278,641	3,934
Street	1,190,070	1,308,570	1,404,679	(96,109)
Cemetery	182,780	173,280	152,170	21,110
Pool	76,350	67,100	51,638	15,462
South park	256,200	288,000	267,833	20,167
North park	147,600	157,600	131,322	26,278
Golf	550,355	555,855	502,404	53,451
Casino and community building	67,600	95,600	91,305	4,295
Capital outlay	1,471,500	1,585,500	1,545,871	39,629
Debt service	604,662	529,662	526,973	2,689
<b>TOTAL EXPENDITURES</b>	<u>9,351,872</u>	<u>9,432,647</u>	<u>9,185,410</u>	<u>247,237</u>
(DEFICIT) OF REVENUES OVER EXPENDITURES	(3,001,287)	(3,921,852)	(3,741,124)	180,728
<b>OTHER FINANCING SOURCES</b>				
Transfers in	200,000	1,020,000	950,000	(70,000)
Payments in lieu of taxes	2,918,812	2,555,000	2,640,712	85,712
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>3,118,812</u>	<u>3,575,000</u>	<u>3,590,712</u>	<u>15,712</u>
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	117,525	(346,852)	(150,412)	196,440
FUND BALANCE, April 1	<u>1,852,252</u>	<u>1,852,252</u>	<u>1,852,252</u>	<u>-</u>
FUND BALANCE, March 31	<u><u>\$ 1,969,777</u></u>	<u><u>\$ 1,505,400</u></u>	<u><u>\$ 1,701,840</u></u>	<u><u>\$ 196,440</u></u>

CITY OF MONETT, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – TAX INCREMENT FINANCING #1 FUND  
 Year Ended March 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Taxes				
Ad valorem taxes	\$ 3,000	\$ 3,000	\$ -	\$ (3,000)
Sales taxes	15,000	25,800	14,169	(11,631)
Miscellaneous				
Interest	-	-	5	5
TOTAL REVENUES	18,000	28,800	14,174	(14,626)
<b>EXPENDITURES</b>				
Current				
Public works				
Professional and consulting	17,500	26,300	25,828	472
Miscellaneous	500	500	-	500
TOTAL EXPENDITURES	18,000	26,800	25,828	972
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>				
	-	2,000	(11,654)	(13,654)
FUND BALANCE, April 1	11,728	11,728	11,728	-
FUND BALANCE, March 31	\$ 11,728	\$ 13,728	\$ 74	\$ (13,654)

CITY OF MONETT, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – TAX INCREMENT FINANCING #2 FUND  
 Year Ended March 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Taxes				
Ad valorem taxes	\$ 93,000	\$ 93,000	\$ 94,614	\$ 1,614
Sales taxes	238,250	267,000	272,258	5,258
Miscellaneous				
Interest	-	-	254	254
TOTAL REVENUES	331,250	360,000	367,126	7,126
<b>EXPENDITURES</b>				
Current				
Public Works				
Professional and consulting	2,500	5,000	7,868	(2,868)
Miscellaneous	500	500	420	80
Debt Service	228,450	228,450	228,450	-
TOTAL EXPENDITURES	231,450	233,950	236,738	(2,788)
EXCESS OF REVENUES OVER EXPENDITURES	99,800	126,050	130,388	4,338
FUND BALANCE, April 1	354,910	354,910	354,910	-
FUND BALANCE, March 31	\$ 454,710	\$ 480,960	\$ 485,298	\$ 4,338

CITY OF MONETT, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – CAPITAL IMPROVEMENT POLICE SALES TAX FUND  
 Year Ended March 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Sales taxes	\$ -	\$ 210,000	\$ 295,848	\$ 85,848
TOTAL REVENUES	-	210,000	295,848	85,848
EXPENDITURES				
Debt Service	-	76,540	76,538	2
TOTAL EXPENDITURES	-	76,540	76,538	2
EXCESS OF REVENUES OVER EXPENDITURES	-	133,460	219,310	85,850
OTHER FINANCING (USES)				
Transfer (out)	-	(70,000)	-	(70,000)
TOTAL OTHER FINANCING (USES)	-	(70,000)	-	(70,000)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER (USES)	-	63,460	219,310	155,850
FUND BALANCE, April 1	-	-	-	-
FUND BALANCE, March 31	\$ -	\$ 63,460	\$ 219,310	\$ 85,850

CITY OF MONETT, MISSOURI  
NOTE TO BUDGETARY COMPARISON SCHEDULES  
Year Ended March 31, 2016

Budgets and Budgetary Accounting

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

1. Prior to April, Administration submits to the City Commission a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditure plans for all fund types and the proposed means of financing them.
2. One public hearing is conducted by the City Commission in late February or early March to obtain taxpayers' comments on the proposed budget and tax levy.
3. Prior to April 1, ordinances are passed by the Commission which provide for legally adopted budgets for all funds of the City.
4. The City operates on a program performance budget system, with legally adopted budgets prepared by fund, program and department. The 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 the City Commission.
5. Formal budgetary integration is employed as a management control device for all funds of the City.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP. Budgeted amounts may be amended during the year by the City Commission on approved budget adjustment forms.

## **OTHER FINANCIAL INFORMATION**



**INDEPENDENT AUDITORS' 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 Michael Brownsberger,  
Commissioner Jerry Dierker and Commissioner Al Dohmen  
City of Monett  
Monett, Missouri

We have audited, 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, the financial statements of the governmental activities, business-type activities, and each major fund of the City of Monett, Missouri, as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Monett, Missouri's basic financial statements, and have issued our report thereon, dated August 9, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Monett, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Monett, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Honorable Mayor Michael Brownsberger,  
Commissioner Jerry Dierker and Commissioner Al Dohmen  
City of Monett  
Monett, Missouri

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Monett, Missouri's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Monett, Missouri's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC  
Springfield, Missouri  
August 9, 2016



**INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor Michael Brownsberger,  
Commissioner Jerry Dierker and Commissioner Al Dohmen  
City of Monett  
Monett, Missouri

**Report on Compliance for Each Major Federal Program**

We have audited the City of Monett, Missouri's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Monett, Missouri's major federal programs for the year ended March 31, 2016. The City of Monett, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Monett, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

To the Honorable Mayor Michael Brownsberger,  
Commissioner Jerry Dierker and Commissioner Al Dohmen  
City of Monett  
Monett, Missouri

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 on the City of Monett, Missouri's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the 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, 2016.

### **Internal Control Over Compliance**

Management of the 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 the City of Monett, Missouri's internal control over compliance with types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City'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.

To the Honorable Mayor Michael Brownsberger,  
Commissioner Jerry Dierker and Commissioner Al Dohmen  
City of Monett  
Monett, Missouri

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
August 9, 2016

CITY OF MONETT, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended March 31, 2016

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Pass-through to Subrecipients	Federal Expenditures
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Missouri Department of Homeland Security				
Emergency Management Performance Grant	97.042	2015-EP-00005-075	\$ -	\$ 20,705
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			-	20,705
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Missouri Department of Transportation				
Alcohol Open Container Requirements	20.607	15-154-AL-105	-	1,751
National Priority Safety Programs	20.616	15-M5HVE-03-035	-	573
		15-M2HVE-05-020	-	741
		15-M2HVE-05-022	-	270
			-	1,584
Airport Improvement Grant	20.106	AIR 136-98B	-	575,207
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			-	578,542
<u>ENVIRONMENTAL PROTECTION AGENCY</u>				
Department of Natural Resources				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW291327-01	-	44,679
Capitalization Grants for Clean Water State Revolving Funds	66.458	C295452-02	-	1,060,379
TOTAL ENVIRONMENTAL PROTECTION AGENCY			-	1,105,058
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 1,704,305

CITY OF MONETT, MISSOURI  
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended March 31, 2016

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the City of Monett, Missouri, under programs of the federal government for the year ended March 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Monett, Missouri, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Monett, Missouri.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City of Monett, Missouri, has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C – SUBRECIPIENTS

The City of Monett, Missouri, did not provide funds to subrecipients in the current year.

NOTE D – FEDERALLY SUBSIDIZED LOANS

The City had the following expenditures submitted and outstanding balances in federally funded loan programs for the year ended March 31, 2016:

CFDA Number	Grant Program	Current Year Expenditures Submitted	Current Year Reimbursements Received	Total Outstanding SRF Bonds
66.468	Capitalization Grants for Drinking Water State Revolving Funds	\$ 44,679	\$ 539,514	\$ 15,074,321
66.458	Capitalization Grants for Clean Water State Revolving Funds	\$ 471,280	\$ 304,392	\$ 409,861

CITY OF MONETT, MISSOURI  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended March 31, 2016

**Section I – Summary of Audit Results**

*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified: \_\_\_\_\_ yes   X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   no

*Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified: \_\_\_\_\_ yes   X   none reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)? \_\_\_\_\_ yes   X   no

Identification of major federal programs:

CFDA Number(s)  
66.458

Name of Federal  
Program or Cluster  
Capitalization Grant for Clean  
Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: \$   750,000  

Auditee qualified as low-risk auditee?   X   yes \_\_\_\_\_ no

**Section II – Financial Statement Findings**

None

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

None

CITY OF MONETT, MISSOURI  
SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended March 31, 2016

There were no prior audit findings.