

NEW ISSUE - BOOK - ENTRY ONLY

**S&P Rating – “A”
See “RATING” herein.**

The City will elect to treat the Certificates as Recovery Zone Economic Development Bonds under Sections 54AA and 1400U-2 of the Code and will receive a direct payment from the federal government equal to a portion of the interest coming due on the Certificates. In the opinion of Gilmore & Bell, P.C., Special Counsel, under existing law, the stated Interest Portion of Basic Rent Payments paid by the City and distributed to the registered owners of the Certificates is exempt from income taxation by the State of Missouri. The Interest Portion of Basic Rent Payments paid by the City and distributed to the registered owners of the Certificates will be included in gross income for Federal income tax purposes. See “TAX MATTERS” herein.

**\$2,859,000
CITY OF MONETT, MISSOURI
TAXABLE CERTIFICATES OF PARTICIPATION
(RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)
SERIES 2010**

**Evidencing Proportionate Interests of the Owners
thereof in Basic Rent Payments to be made by the
CITY OF MONETT, MISSOURI,
as Lessee pursuant to a Lease Purchase Agreement with UMB Bank, N.A., as Lessor**

Dated: Date of Delivery

Due: July 1, as shown on the inside cover

The Certificates will be delivered in fully registered form without coupons in the denomination of \$5,000 or any integral multiple thereof (provided that one Certificate may be in the amount of \$1,000 or any multiple thereof). Principal of and semiannual interest on the Certificates will be paid from moneys available therefore under the Declaration of Trust (herein defined) by UMB Bank, N.A., Kansas City, Missouri, as Trustee (the “Trustee”) and Paying Agent. Principal will be payable as shown on the inside cover page. Interest will be payable semiannually on January 1 and July 1, beginning January 1, 2011.

The Certificates evidence the ownership of proportionate interests in, and rights to receive payments under, the Lease (herein defined), entered into between the Trustee, as lessor, and the City of Monett, Missouri (the “City”), as lessee. The City’s obligation to make Basic Rent Payments and the other obligations of the City under the Lease are subject to and dependent upon annual appropriations being made by the City for such purpose. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES - Nonappropriation” herein.

The Certificates are subject to optional, mandatory and extraordinary optional prepayment prior to maturity as described herein. See “THE CERTIFICATES OF PARTICIPATION – Prepayment” herein.

THE CERTIFICATES, THE BASIC RENT PAYMENTS AND OTHER AMOUNTS DUE UNDER THE LEASE DO NOT CONSTITUTE AN OBLIGATION OF THE CITY IN ANY FISCAL YEAR SUBSEQUENT TO A FISCAL YEAR AS TO WHICH THE CITY HAS APPROPRIATED FUNDS TO PAY BASIC RENT PAYMENTS AND OTHER AMOUNTS REASONABLY ANTICIPATED TO COME DUE UNDER THE LEASE. IN THE EVENT THE CITY FAILS TO BUDGET, APPROPRIATE OR OTHERWISE PROVIDE FOR SUFFICIENT FUNDS TO PAY BASIC RENT PAYMENTS AND REASONABLY ANTICIPATED OTHER AMOUNTS TO COME DUE DURING THE IMMEDIATELY FOLLOWING FISCAL YEAR, THE LEASE WILL TERMINATE AT THE END OF THE THEN CURRENT FISCAL YEAR. UPON TERMINATION OF THE LEASE, THE CERTIFICATES WILL BE PAYABLE SOLELY FROM MONEYS, IF ANY, HELD BY THE TRUSTEE UNDER THE DECLARATION OF TRUST, AND ANY AMOUNTS RESULTING FROM A SALE OR LEASE OF THE LEASED PROPERTY. THE OBLIGATION OF THE CITY TO MAKE BASIC RENT PAYMENTS DOES NOT CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR PROVISION, AND THE CITY DOES NOT PLEDGE ITS FULL FAITH AND CREDIT AND IS NOT OBLIGATED TO LEVY TAXES OR RESORT TO ANY OTHER MONEYS OF THE CITY TO PAY THE BASIC RENT PAYMENTS.

The Certificates are offered when, as and if executed and delivered by the Trustee, subject to the approval of their validity by Gilmore & Bell, P.C., Kansas City, Missouri, Special Counsel, as described herein. It is expected that the Certificates in definitive form will be available for delivery through the facilities of The Depository Trust Company in New York, New York, on or about June 30, 2010.



The date of this Official Statement is June 21, 2010.

\$2,859,000
CITY OF MONETT, MISSOURI
TAXABLE CERTIFICATES OF PARTICIPATION
(RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)
Series 2010

MATURITY SCHEDULE

\$1,329,000 Series Certificates

<u>Due</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>Yield</u>	<u>CUSIP</u>
2011	\$69,000	1.550%	100%	1.550%	609308 AA9
2012	80,000	2.250	100	2.250	609308 AB7
2013	80,000	2.750	100	2.750	609308 AC5
2014	80,000	3.250	100	3.250	609308 AD3
2015	80,000	3.750	100	3.750	609308 AE1
2016	85,000	4.200	100	4.200	609308 AF8
2017	85,000	4.500	100	4.500	609308 AG6
2018	85,000	4.800	100	4.800	609308 AH4
2019	90,000	5.100	100	5.100	609308 AJ0
2020	90,000	5.350	100	5.350	609308 AK7
2021	95,000	5.550	100	5.550	609308 AL5
2022	100,000	5.650	100	5.650	609308 AM3
2023	100,000	5.800	100	5.800	609308 AN1
2024	105,000	5.900	100	5.900	609308 AP6
2025	105,000	6.000	100	6.000	609308 AQ4

Term Certificates

\$600,000 6.50% Term Certificates due July 1, 2030, Price 100%, CUSIP 609308 AR2

\$930,000 7.00% Term Certificates due July 1, 2035, Price 100%, CUSIP 609308 AS0

(plus accrued interest, if any)

CITY OF MONETT, MISSOURI

P.O. Box 110
Monett, Missouri 65708
(417) 235-3763

MAYOR

James Orr

COMMISSIONERS

Jerry Dierker
Mike Brownsberger

ADMINISTRATION

Dennis Pyle – City Administrator
Janie Knight – City Clerk

BOND COUNSEL

Gilmore & Bell, P.C.
Kansas City, Missouri

CERTIFIED PUBLIC ACCOUNTANTS

The CPA Group, P.C.
Monett, Missouri

FINANCIAL ADVISOR

Piper Jaffray & Co.
Leawood, Kansas

UNDERWRITER

UMB Bank, N.A.
Kansas City, Missouri

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or to make any representations with respect to the Certificates other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Certificates by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the City and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of that information.

IN CONNECTION WITH THE OFFERING OF THE CERTIFICATES, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE CERTIFICATES HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE CERTIFICATES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY BOARD. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

This Official Statement contains "forward-looking statements." These forward-looking statements include statements about the City's projections and future plans and strategies, and other statements that are not historical in nature. These forward-looking statements are based on the current expectations of the City. When used in this Official Statement, the words "estimate," "intend," "expect" and similar expressions are intended to identify forward-looking statements. Forward-looking statements involve future risks and uncertainties that could cause actual results and experience to differ materially from the anticipated results or other expectations expressed in forward-looking statements. These future risks and uncertainties include those discussed in the "RISK FACTORS" section of this Official Statement. The City undertakes no obligation to update any forward-looking statements contained in this Official Statement to reflect future events or developments.

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OFFICIAL STATEMENT

\$2,859,000

**CITY OF MONETT, MISSOURI
TAXABLE CERTIFICATES OF PARTICIPATION
(RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)
Series 2010**

INTRODUCTION

This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement.

General

This Official Statement, including the cover page and the appendices hereto (the “**Official Statement**”), is provided to furnish information with respect to the sale and delivery of certificates of participation in the aggregate principal amount of \$2,859,000 (the “**Certificates**”), representing the proportionate interests of the owners thereof (the “**Certificate Owners**”) in basic rent payments (the “**Basic Rent Payments**”) to be made by the City of Monett Missouri (the “**City**”), as the rental payments and purchase price of the interest of UMB Bank, N.A., as lessor (the “**Trustee**”), in the hereinafter defined Leased Property, pursuant to a Lease Purchase Agreement dated as of June 1, 2010 (the “**Lease**”), entered into between the Trustee and the City, as lessee. The Certificates are being executed and delivered pursuant to a Declaration of Trust dated as of June 1, 2010 (the “**Declaration of Trust**”), made by the Trustee.

Plan of Financing

The proceeds received from the sale of the Certificates will be used to (a) pay or reimburse the payment of a portion of the costs of improvements to the water portion of the City’s combined waterworks and sewerage system (the “**System**”), including primarily the installation of water lines (the “**Project**,” as more fully described under the caption “**THE PROJECT AND THE LEASED PROPERTY**” herein), and (b) pay certain costs related to the execution and delivery of the Certificates.

The Certificates are payable solely from the Basic Rent Payments to be paid by the City under the Lease and to the extent received by the Trustee, net proceeds of certain insurance policies, condemnation awards and proceeds from the liquidation of interests in the Project. The obligation of the City to make payments under the Lease is limited to certain moneys of the City which its Commission appropriates annually from legally available funds.

The leased property is comprised solely of water lines, fire hydrants, a well house with security fencing and other equipment and furnishings related to improvements to waterworks portion of the City’s System (the “**Leased Property**”). The water lines consist of approximately 20,100 linear feet of 16 inch water line, 5,050 feet of 12 inch waterline and 700 linear feet of 36 inch waterline. The acquisition cost of the Leased Property (not including labor and professional services related to installation) is estimated by the City to be \$2,371,080. The City currently intends to perform installation of the Leased Property with its own employees. The Trustee will retain a security interest in such personal property as security for the Certificate Owners, but will not have a lien on the real estate on which the equipment will be installed.

Upon the occurrence of an Event of Default, as defined in the Lease, the Trustee may enter the real estate and, if applicable, buildings in which the Leased Property is located and retake possession of the Leased Property or require the City, at the City’s expense, to promptly return any or all of such equipment to the

possession of the Trustee at a place specified by the Trustee. The Trustee may sell or lease the Leased Property or, for the account of the City, sublease the Leased Property continuing to hold the City liable for the difference between (a) the Basic Rent Payments payable by the City under the Lease for the then current term, and (b) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the Trustee in exercising its remedies under the Lease). Exercise of the remedies available to the Trustee may interfere with the City's ability to operate certain portions of the waterworks portion of its System. Because the Trustee will not have a lien on the underlying real estate, however, the Trustee will not be able to foreclose on any real estate interest or exercise any of the remedies normally available to a mortgage trustee under a deed of trust. See **"RISK FACTORS – Results of a Nonappropriation."**

Neither the Certificates nor the Basic Rent Payments are obligations of the Trustee, and the Trustee has no liability or obligation under or with respect to the Certificates or the Basic Rent Payments.

Under the Declaration of Trust, the Trustee will hold all of its estate, right, title and interest in the Lease for the benefit of the Certificate Owners.

Annual Appropriation Lease

THE CERTIFICATES, THE BASIC RENT PAYMENTS AND OTHER AMOUNTS DUE UNDER THE LEASE DO NOT CONSTITUTE AN OBLIGATION OF THE CITY IN ANY FISCAL YEAR SUBSEQUENT TO A FISCAL YEAR AS TO WHICH THE CITY HAS APPROPRIATED FUNDS TO PAY BASIC RENT PAYMENTS AND OTHER AMOUNTS REASONABLY ANTICIPATED TO COME DUE UNDER THE LEASE. IN THE EVENT THE CITY FAILS TO BUDGET, APPROPRIATE OR OTHERWISE PROVIDE FOR SUFFICIENT FUNDS TO PAY BASIC RENT PAYMENTS AND REASONABLY ANTICIPATED OTHER AMOUNTS TO COME DUE DURING THE IMMEDIATELY FOLLOWING FISCAL YEAR, THE LEASE WILL TERMINATE AT THE END OF THE THEN CURRENT FISCAL YEAR. UPON TERMINATION OF THE LEASE, THE CERTIFICATES WILL BE PAYABLE SOLELY FROM MONEYS, IF ANY, HELD BY THE TRUSTEE UNDER THE DECLARATION OF TRUST, AND ANY AMOUNTS RESULTING FROM A SALE OR LEASE OF THE LEASED PROPERTY. THE OBLIGATION OF THE CITY TO MAKE BASIC RENT PAYMENTS DOES NOT CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR PROVISION, AND THE CITY DOES NOT PLEDGE ITS FULL FAITH AND CREDIT AND IS NOT OBLIGATED TO LEVY TAXES OR RESORT TO ANY OTHER MONEYS OF THE CITY TO PAY THE BASIC RENT PAYMENTS.

Sections 54AA, 1400U-2 and 6431 of the Code, as amended by the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"), authorize the issuance of taxable bonds known as "Recovery Zone Economic Development Bonds" to finance capital expenditures for certain "qualified" economic development purposes for which the City could otherwise issue tax-exempt bonds, and allow the City to elect to receive subsidy payments from the U.S. Treasury equal to 45% of the amount of interest payable on those bonds (the "Recovery Zone Subsidy Payments"). The City has designated its boundaries as a "Recovery Zone" under the Code, has received allocations from both Lawrence County, Missouri and Barry County, Missouri for the issuance of Recovery Zone Economic Development Bonds and will designate the Certificates as Recovery Zone Economic Development Bonds under the Code. The Recovery Zone Subsidy Payments for the Certificates will be paid to the City; no holders of the Certificates will be entitled to any subsidy payment or tax credit. The receipt of the Recovery Zone Subsidy Payments by the City is subject to certain requirements, including the filing of a form with the Internal Revenue Service prior to each Interest Payment Date and compliance with federal tax law regarding the investment and use of the Certificate proceeds and use of the facilities financed with those proceeds. In addition, the Recovery Zone Subsidy Payments are not full faith and credit obligations of the United States and are subject to offset due to any amounts owed by the City to the U.S. Treasury. The

obligation of the City to make Basic Rent Payments is not contingent on whether it receives Recovery Zone Subsidy Payments.

Financial Statements

The financial statements of the City for fiscal year ended March 31, 2009, is included as *Appendix B* hereto. These financial statements were audited by The CPA Group, P.C., Monett, Missouri, independent certified public accountants, to the extent and for the period indicated in their report which is also included in *Appendix B*.

Continuing Disclosure Information

Pursuant to a Continuing Disclosure Undertaking, the City has agreed to provide to the Municipal Securities Rulemaking Board, via the EMMA system, the audited financial statements and certain operating data of the City. The City has agreed to have updated financial information and operating data for the City available within 180 days after the end of each fiscal year of the City. The financial statements of the City are audited by the City's independent certified public accountants. The City has also agreed to provide prompt notice of the occurrence of certain material events with respect to the Certificates. See *Appendix D: "Summary of the Continuing Disclosure Undertaking."*

Definitions and Descriptions; Inspection of Documents

Certain capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings given to such terms in *Appendix D: "DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS."* Summaries of the Lease and the Declaration of Trust are also included in *Appendix D*. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Lease and the Declaration of Trust are qualified in their entirety by reference to such documents, copies of which may be viewed at the principal corporate office of the Underwriter, 1010 Grand Blvd., 2nd Floor, Kansas City, Missouri 64106, (800) 821-2171, or will be provided by the Underwriter to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request. All references to the Certificates are qualified in their entirety by the definitive terms thereof and the information with respect thereto included in the Lease and the Declaration of Trust. Information concerning the City has been supplied by the City, and has not been verified by the Trustee, and the Trustee makes no representation or warranty, express or implied, as to the accuracy or completeness of such information.

THE CERTIFICATES

General Provisions

The Certificates are dated as of their initial date of delivery, and will mature on July 1 in the amounts and in the years stated on the inside cover page hereof unless prepaid prior thereto (assuming no Event of Nonappropriation occurs).

Payment of Basic Rent Payments and Prepayment Price

The Certificates are payable in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debt. The Certificates will be delivered in the denomination of \$5,000 or any integral multiple thereof (provided that one Certificate may be in the amount of \$1,000 or any multiple thereof). Each Certificate represents a proportionate interest in the Principal Portions and Interest Portions of the Basic Rent Payments to be paid by the City to the Trustee for the benefit of the Certificate Owners. Principal Portions of Basic Rent Payments will be payable on July 1 in the years set forth on the inside cover hereof. Interest Portions of Basic Rent Payments shall be payable semiannually on January

1 and July 1 of each year, beginning on January 1, 2011, to and including the date of maturity or prepayment, whichever is earlier.

Under the Declaration of Trust, the Trustee is designated as the initial paying agent for the Certificates. Principal Portions of Basic Rent Payments represented by the Certificates shall be payable on the dates shown on the inside cover page hereof, upon presentation and surrender thereof at the principal office of the Trustee in Kansas City, Missouri (or such other office as may be designated by the Trustee). Interest Portions of Basic Rent Payments represented by the Certificates shall be payable by check or draft of the Trustee mailed to the Certificate Owners at the address of each Certificate Owner shown on the registration books maintained by the Trustee as of the close of business on the fifteenth day of the month next preceding each interest Payment Date, or at the written request of any Owner of Certificates in the aggregate Principal Portion of at least \$500,000, by electronic transfer to the bank for credit to the ABA routing number and account number filed with the Trustee no later than 15 days prior to the record date.

Prepayment

Optional Prepayment. The Certificates maturing on July 1, 2021, and thereafter, including portions thereof, shall be subject to prepayment by the Trustee, at the direction of the City, from amounts paid by the City upon the exercise of its option to purchase the Leased Property or prepay the Basic Rent Payments pursuant to the terms of the Lease, on and after July 1, 2020, in whole or in part at any time, in such order of maturity as shall be directed by the City, Certificates of less than a full maturity to be selected by the Trustee in such equitable manner as the Trustee may determine, at a Prepayment Price equal to 100% of the Principal Portion of the Basic Rent Payments represented by the Certificates being prepaid plus the Interest Portion of the Basic Rent Payments accrued thereon to the date of prepayment.

Extraordinary Optional Prepayment. The Certificates shall be subject to extraordinary optional prepayment prior to their respective stated maturities, on any Payment Date, in whole but not in part, at the Principal Portion of Basic Rent Payments represented thereby plus the Interest Portion of Basic Rent Payments accrued to the prepayment date, without premium, in the event of substantial damage to or destruction or condemnation (other than condemnation by the City or any entity controlled by or otherwise affiliated with the City) of, or loss of title to, substantially all of the Leased Property, or if, as a result of changes in the Constitution of Missouri or legislative or administrative action by the State of Missouri or the United States, the Lease becomes unenforceable, and the City purchases the Trustee's interest in the Leased Property pursuant to the Lease, and is not repaired or replaced and the City purchases the Trustee's interest in the Leased Property pursuant to the Lease.

Excess Proceeds Prepayment. At the option of the City, amounts remaining in the Acquisition Fund established under the Declaration of Trust upon completion of the Project may be used to prepay Certificates, provided that the City has delivered to the Trustee an Acceptance Certificate as provided in the Lease and the Declaration of Trust.

Mandatory Sinking Fund Prepayments. The Certificates maturing in the years 2030 and 2035 (the "**Term Certificates**"), are subject to mandatory prepayment prior to maturity pursuant to the Declaration of Trust at a prepayment price of 100% of the Principal Portion of Basic Rent Payments represented thereby plus the Interest Portion of Basic Rent Payments accrued thereon to the prepayment date. Basic Rent Payments which are to be paid to the Trustee and deposited into the Lease Revenue Fund are required to be sufficient to prepay, and the City must prepay, on July 1 in each of the following years, the following Principal Portion of Basic Rent Payments represented by such Term Certificates:

**Term Certificates
Maturing 7/1/2030**

<u>Year</u>	<u>Principal</u>
2026	\$110,000
2027	115,000
2028	120,000
2029	125,000
2030*	130,000

**Term Certificates
Maturing 7/1/2035**

<u>Year</u>	<u>Principal</u>
2031	\$130,000
2032	135,000
2033	140,000
2034	150,000
2035*	375,000

* Final Maturity

At its option, to be exercised on or before the 45th day next preceding any mandatory prepayment date, the City may: (1) deliver to the Trustee for cancellation Term Certificates in any aggregate principal amount desired; or (2) furnish the Trustee funds, together with appropriate instructions, for the purpose of purchasing any of said Certificates from any Owner thereof, whereupon the Trustee shall expend such funds for such purpose to such extent as may be practical; or (3) receive a credit with respect to the mandatory prepayment obligation of the Trustee pursuant to the Declaration of Trust for any Term Certificates which prior to such date have been prepaid (other than through the operation of the requirements of the Declaration of Trust) and cancelled by the Trustee and not theretofore applied as a credit against any prepayment obligation pursuant to the Declaration of Trust. Each Term Certificate so delivered or previously purchased or prepaid shall be credited at 100% of the principal amount thereof on the obligation of the Trustee to prepay Term Certificates of the same series and payment date on such prepayment date, and any excess of such amount shall be credited on future mandatory prepayment obligations for Term Certificates of the same series and payment date in chronological order, and the principal amount of Term Certificates of the same series and payment date to be prepaid by operation of the requirements of the Declaration of Trust shall be accordingly reduced. If the City intends to exercise any option granted by the provisions of clauses (1), (2) or (3) above, the City will, on or before the 45th day next preceding each mandatory prepayment date, furnish the Trustee a certificate signed by the Authorized City Representative indicating to what extent the provisions of said clauses (1), (2), and (3) are to be complied with in respect to such mandatory prepayment.

Notice of Prepayment. Unless otherwise provided in the Declaration of Trust, notice of prepayment shall be given by the Trustee, not less than 30 days nor more than 60 days prior to the prepayment date, to the City and the Owner of each Certificate affected at the address shown on the registration books of the Registrar on the date such notice is mailed. Each notice of prepayment shall state the prepayment date, the place of prepayment, the prepayment price of the Certificates to be prepaid. Such notice shall also state that the Interest Portion of the Basic Rent Payments represented by the Certificates designated for prepayment shall cease to accrue from and after such prepayment date and that on said date the prepayment price will become due and payable on each of said Certificates.

The Trustee is also directed to comply with any mandatory standards then in effect for processing prepayments of municipal securities established by the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate the prepayment of any Certificate to be prepaid.

Effect of Prepayment. Notice of prepayment having been duly given as aforesaid, and funds sufficient for payment of the prepayment price of such Certificates being held by the Trustee, on the prepayment date designated in such notice, the Certificates so called for prepayment shall become due and payable at the prepayment price specified in such notice and the Interest Portion of Basic Rent Payments represented by the Certificates so called for prepayment shall cease to accrue, said Certificates shall cease to be entitled to any benefit or security under the Declaration of Trust and the Owners of such Certificates shall have no rights in respect thereof except to receive payment of the prepayment price.

SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

Limited Obligations

The Certificates, the Basic Rent Payments and other amounts due under the Lease do not constitute an obligation of the City in any Fiscal Year subsequent to a Fiscal Year as to which the City has appropriated funds to pay Basic Rent Payments and other amounts reasonably anticipated to come due under the Lease. In the event the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent Payments and reasonably anticipated other amounts to come due during the immediately following Fiscal Year, the Lease will terminate at the end of the then current Fiscal Year.

Upon termination of the Lease, the Certificates will be payable solely from moneys, if any, held by the Trustee under the Declaration of Trust, and any amounts resulting from a sale or subleasing of the Trustee's leasehold interest in the Leased Property pursuant to the Lease and the Declaration of Trust. The obligation of the City to pay Basic Rent Payments and, thus, the Certificates, is limited to payment from Available Revenues (see "**Available Revenues - Unconditional Obligations**" below), shall constitute a current expense of the City and shall not be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, and shall not constitute a pledge of the general tax revenues, funds, properties or moneys of the City beyond any then current Fiscal Year during which the Lease is in effect. The City is not obligated to levy any taxes in order to raise revenues to make Basic Rent Payments. The City agrees to deliver notice to the Trustee of such termination at least 90 days prior to the end of the then current Fiscal Year, but failure to give such notice shall not extend the term beyond such Fiscal Year. The Lease also provides that Basic Rent Payments will be made directly to the Trustee.

To secure the payment of all of the City's obligations under the Lease, the Trustee has retained a security interest in the Leased Property, which consists solely of personal property (equipment) being installed to improve the waterworks portion of the City's System. See the caption "**THE PROJECT AND THE LEASED PROPERTY**" herein.

Neither the Certificates nor the Basic Rent Payments are obligations of the Trustee, and the Trustee has no obligation to make any payment with respect to the Certificates or the Lease.

Available Revenues - Unconditional Obligations

The City is obligated only to pay periodic payments under the Lease as may be lawfully made from all Available Revenues. "**Available Revenues**" means amounts budgeted and appropriated by the City from funds of City that are legally available to pay Rent during such Fiscal Year, plus all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Declaration of Trust.

The Lease provides that the City's obligation to make the Basic Rent Payments is absolute and unconditional, subject to and dependent upon annual appropriations being made by the City for such purpose, and that after such appropriation each Basic Rent Payment is payable without any right of set-off or counterclaim. The City has covenanted that it will do all things lawfully within its power to obtain and maintain funds from which Basic Rent Payments may be paid, including making provision for such payments to the extent necessary in each proposed budget or appropriation request submitted for adoption in accordance with applicable provisions of law and to exhaust all available reviews and appeals in the event such portion of the budget or appropriation request is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds will be made in accordance with the City's normal procedures for such decisions by the then current governing body of the City. See "**SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES - Nonappropriation.**"

Anticipated Sources of Repayment

In November, 2008 Allgeier, Martin and Associates, Inc., an engineering firm in Joplin, Missouri, delivered a Water System Comprehensive Plan report to the City. The study identified \$13,300,000 of needed improvements to the waterworks portion of the City's System and a water rate increase necessary to fund the improvements. The total rate increase recommended by the study of \$1.23/1,000 gallons has been approved by the City Commissioners, including a \$.40 increase that became effective June 1, 2009, another \$.40 increase that became effective April 1, 2010 and a further \$.43 increase that is scheduled to become effective April 1, 2011. The improvements to be funded by proceeds of the Certificates are a portion of the \$13,300,000 of improvements identified by the study.

Based on projected debt service and increased operation and maintenance expenses necessitated by the identified improvements, the rate increases were designed to generate approximately \$1,255,000 in additional revenue for the City based on 2007 usage. 2010 usage is estimated by the City to be 1,080,000,000 gallons, a 5.9% increase. Based on these numbers, for FY 2011 (the first year that the rate increase will be fully implemented) the rate increase would result in an additional \$1,328,400 of revenue from water user fees. Debt service in the study was projected based on potential participation by the City in the Missouri State Revolving Fund program, which would likely result in lower effective interest rates than other financing sources because of subsidies provided by the program. The revenues of the City's System are subject to a prior pledge for repayment of revenue bonds. For additional information about the City's water system and existing revenue bond debt, see "**APPENDIX A – DEBT STRUCTURE OF THE CITY**" and "**- THE WATERWORKS PORTION OF THE CITY'S SYSTEM.**"

For these reasons, there can be no assurance that the rate increases will be sufficient to fund necessary improvements to the City's system, operation expenses, existing debt service, the Basic Rent Payments and other obligations of the City. Such funds are not pledged to the payment of Basic Rental Payments and are subject to annual appropriation by the City as described herein.

Nonappropriation

The Lease Term shall continue into the next Fiscal Year, at the option of the City, only if there is an appropriation made by the City from which to pay Basic Rent Payments and all other amounts payable by the City under the Lease.

Upon the occurrence of an Event of Nonappropriation, the City's obligation to make Basic Rent Payments and other payments under the Lease shall terminate as of the end of the last Fiscal Year for which the City has appropriated Basic Rent Payments. If an Event of Nonappropriation occurs, or upon the occurrence of an Event of Default under the Declaration of Trust, the Trustee may take possession of the Leased Property, in which event the City shall take all actions necessary to authorize, execute and deliver to the Trustee all documents necessary to vest in the Trustee for the remainder of the Trustee's leasehold term, all of the City's interest in and to the Leased Property. The Trustee may then terminate the Lease and lease the Leased Property or sell its interest therein. Upon the occurrence of an Event of Default or upon the occurrence of an Event of Nonappropriation, the Trustee may accelerate the maturity of all Certificates then Outstanding. See "**DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS - Summary of the Lease - Events of Default,**" and "**- Remedies on Default**" in *Appendix D* and "**RISK FACTORS**" herein.

THE TRUSTEE

The Trustee is not liable for the payment of Basic Rent Payments, and the Owners have no right to look to the Trustee for any payments of the Certificates or for any other payments other than from funds held under the Declaration of Trust.

RISK FACTORS

AN INVESTMENT IN THE CERTIFICATES INVOLVES A DEGREE OF RISK, INCLUDING THE RISK FACTORS DESCRIBED BELOW. EACH PROSPECTIVE INVESTOR IN THE CERTIFICATES IS ENCOURAGED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY, AND TO GIVE PARTICULAR ATTENTION TO THE FACTORS DESCRIBED BELOW WHICH, AMONG OTHERS, COULD AFFECT THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE CERTIFICATES, AND WHICH COULD ALSO AFFECT THE MARKET PRICE OF THE CERTIFICATES TO AN EXTENT THAT CANNOT BE DETERMINED. THIS DISCUSSION OF RISK FACTORS IS NOT, AND IS NOT INTENDED TO BE, EXHAUSTIVE.

Non appropriation

The Certificates, the Basic Rent Payments and other amounts due under the Lease do not constitute an obligation of the City in any Fiscal Year subsequent to a Fiscal Year as to which the City has appropriated funds to pay Basic Rent Payments and other amounts reasonably anticipated to come due under the Lease. In the event the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent Payments and reasonably anticipated other amounts to come due during the immediately following Fiscal Year, the Lease will terminate at the end of the then current Fiscal Year. Upon termination of the Lease, the Certificates will be payable solely from moneys, if any, held by the Trustee under the Declaration of Trust, and any amounts resulting from a sale or sublease of the Leased Property pursuant to the Lease and the Declaration of Trust. The obligation of the City to pay Basic Rent Payments and, thus, the Certificates, is limited to payment from Available Revenues (as defined herein), shall constitute a current expense of the City and shall not be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, and shall not constitute a pledge of the general tax revenues, funds, properties or moneys of the City beyond any then current Fiscal Year during which the Lease is in effect. The City is not obligated to levy any taxes in order to raise revenues to make Basic Rent Payments.

The City's obligations under the Lease to make Basic Rent Payments may be terminated on an annual basis by the City without any penalty, and there is no assurance that the City will budget funds for such purpose. Accordingly, the likelihood that there will be sufficient funds to pay the principal of, premium, if any, and interest on the Certificates is dependent upon certain factors which are beyond the control of the Certificate Owners, including (a) the continuing need of the City for the Project, (b) the ability of the City to generate sufficient funds from the waterworks portion of its System (See "**SECURITY AND SOURCES OF REPAYMENT FOR THE CERTIFICATES – Expected Sources of Repayment.**"), and other sources to pay obligations associated with the Lease and other obligations of the City, and (c) the ability of the Trustee to lease the Leased Property or sell its interest therein, in the event of a termination of the Lease by reason of an Event of Nonappropriation or an Event of Default.

Results of a Nonappropriation

An "**Event of Nonappropriation**" occurs if the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent Payments and reasonably anticipated Supplemental Rent to come due during the immediately following Fiscal Year. If an Event of Nonappropriation occurs, the Lease shall be deemed terminated at the end of then current Original Term or Renewal Term. See "**DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS - Summary of the Lease - Events of Default,**" and "**-Remedies on Default**" in *Appendix D* for a discussion of the results of an Event of Nonappropriation.

Upon termination of the Lease, the Trustee may take possession of or sell its interest in the Leased Property. The net proceeds received from such sale, together with other moneys then held by the Trustee under

the Declaration of Trust (with certain exceptions as provided in the Lease and the Declaration of Trust), are required to be used to pay the Certificates, to the extent of such moneys.

The Leased Property consists of certain personal property installed to improve the waterworks portion of the City's System. The Leased Property is owned by the Trustee and leased to the City. See "**THE PROJECT AND THE LEASED PROPERTY**" herein.

Upon the occurrence of an Event of Default under the Lease which includes an Event of Nonappropriation, the Trustee may terminate the Lease or, with or without terminating the Lease, enter the property where the Leased Property is located and retake possession of the Leased Property or require the City at the City's expense to promptly return any or all of such equipment to the possession of the Trustee at a place specified by the Trustee. The Trustee may sell or lease the Leased Property or, for the account of the City, sublease the Leased Property continuing to hold the City liable for the difference between (a) the Basic Rent Payments payable by the City under the Lease for then current term, and (b) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the Trustee in exercising its remedies under the Lease). Exercise of the remedies available to the Trustee may interfere with the City's ability to operate certain portions of the waterworks portion of its System. Because the Trustee will not have a lien on the underlying real estate, however, the Trustee will not be able to foreclose on any real estate interest or exercise any of the remedies normally available to a mortgage trustee under a deed of trust.

It will likely not be possible to lease the Leased Property to a third party for rentals which (i) would produce an amount equal to the aggregate principal amount of Certificates then outstanding plus accrued interest thereon and (ii) would prevent a default within a short time period in the timely payment of debt service on the Certificates. There can be no assurance the proceeds of any such lease or sale would be applied to the payment of the Certificates, as the same may be subject to the completing claims of other creditors of the City in the event of bankruptcy or liquidations. See "**DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS - Summary of the Lease - Remedies on Default**" in *Appendix D* hereto.

DUE TO THE NATURE OF THE LEASED PROPERTY, A POTENTIAL PURCHASER OF THE CERTIFICATES SHOULD ASSUME THAT IT WILL NOT BE POSSIBLE FOR THE TRUSTEE TO SELL ITS INTEREST IN THE LEASED PROPERTY, AFTER A TERMINATION OF THE LEASE AT ALL OR, IF SOLD, FOR AN AMOUNT EQUAL TO THE AGGREGATE PRINCIPAL AMOUNT REPRESENTED BY THE CERTIFICATES THEN OUTSTANDING PLUS ACCRUED INTEREST REPRESENTED THEREBY.

Recovery of Leased Property

Due to the nature of the Leased Property, the Trustee may incur substantial expense in recovering the Leased Property and making it suitable for lease or sale; much of the Leased Property (particularly the water lines) may not be suitable for lease or sale even if it is recovered. Moreover, no assurance can be given that the Trustee could lease or sell the Leased Property for the amount necessary (after taking into account money legally available from other sources) to pay in full the Principal Portions and Interest Portions of Basic Rent then due with respect to the Certificates. Furthermore, no assurance can be given that the amount, if any, realized upon any lease or sale of the Equipment will be available to provide for the payment of the Certificates on a timely basis.

Possible Insufficiency of Casualty Insurance Proceeds

The Leased Property is to be insured by policies of casualty and property damage or self-insurance as described in "**THE LEASE AGREEMENT - Insurance**" herein. In the event of damage to or destruction of the Leased Property, the Net Proceeds from such insurance policies or certain other sources may not be sufficient to repair or replace the Leased Property.

Inability to Liquidate

The enforceability of the Certificates and the Lease is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors rights generally and liens securing such rights, and the police powers of the State and its political subdivisions. Because of the limited use of the Leased Property and the delays inherent in obtaining the remedies involving such property, a potential purchaser of the Certificates should not anticipate that remedies could be accomplished rapidly, if at all. Any delays in the ability of the Trustee to exercise its remedies under the Lease or the Declaration of Trust may result in the payment of the Certificates or nonpayment of the Certificates.

Debt Service Reserve Fund

At the time of delivery of the Certificates, the Debt Service Reserve Fund will be funded in an amount equal to \$220,000 (the "Debt Service Reserve Requirement"). There can be no assurance that the amounts on deposit in the Debt Service Reserve Fund will be available if needed for payment of the Certificates in the full amount of the Debt Service Reserve Requirement because (1) of fluctuations in the market value of the securities deposited therein and/or (2) if funds are transferred to the Lease Revenue Fund, sufficient revenues may not be available or appropriated to replenish the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

Secondary Market Not Established

There is no established secondary market for the Certificates, and there is no assurance that a secondary market will develop for the purchase and sale of the Certificates.

Federal Subsidy Payment

The City intends to elect to designate the Certificates as Recovery Zone Economic Development Bonds for the purposes of the Internal Revenue Code and to receive a cash subsidy payment from the United States Treasury equal to 45% of the interest payable on the Certificates (the "Interest Subsidy Payments"). The Interest Subsidy Payments from the U.S. Treasury will be made directly to the City and are not security for the payment of principal of or interest on the Certificates.

The priority of the U.S. Treasury making the Interest Subsidy Payments is the same as the U.S. Treasury refunding overpayments of tax, and the U.S. Internal Revenue Service may offset all or a portion of one or more Interest Subsidy Payments against any outstanding tax liability of the City, including unpaid federal payroll taxes, debts owed to other federal agencies, and other federal taxes due. Failure to receive Interest Subsidy Payments shall not result in any abatement, diminution, deduction, setoff or defense to the City's obligation to pay Basic Rent Payments and to perform and observe the other covenants and agreements in the Lease. Receipt of the Interest Subsidy Payments is subject to the City filing an IRS Form 8038-CP. The failure by the City to file Form 8038-CP could reduce or eliminate the amount of Interest Subsidy Payments paid to the City. Furthermore the Interest Subsidy Payments are payable under current law and there is no assurance that future change in the law would not reduce or eliminate the Interest Subsidy Payments.

Risk of Audit

The Internal Revenue Service has established an ongoing program to audit obligations designated as Recovery Zone Economic Development Bonds to determine the legitimacy of the tax status of such obligations. No assurance can be given that the Internal Revenue Service will not commence an audit of the Certificates. Owners of the Certificates are advised that, if an audit of the Certificates were commenced, in accordance with its current published procedures, the Internal Revenue Service is likely to treat the City as the taxpayer, and the Owners of the Certificates may not have a right to participate in such audit. Public

awareness of any audit could adversely affect the market value and liquidity of the Certificates during the pendency of the audit, regardless of the ultimate outcome of the audit.

Prior Pledge of Water Revenues

The City currently intends to pay Basic Rent Payments from available moneys from the waterworks portion of its Combined Waterworks and Sewerage System. Such revenues are subject to a prior pledge of revenues to pay operating expenses of the System and debt service on System revenue bonds previously issued by the City. The City also anticipates financing additional improvements in the future. While the City has implemented and increase in its rates and charges for the water system, there can be no assurance that the revenues derived from the waterworks portion of the System will be sufficient to fund existing debt service obligations, the Basic Rent Payments, operation of the System, future projects and other City obligations.

THE PROJECT AND THE LEASED PROPERTY

The Project

The proceeds of the Certificates will be used to pay or reimburse (a) a portion of the costs of the acquisition of the Leased Property and related professional fees and installation costs (the "Project"), and (b) certain costs related to the execution and delivery of the Lease and the Certificates.

The City anticipates that the Project will be completed by December 31, 2011.

The Leased Property

The Leased Property is comprised solely of water lines, fire hydrants, a well house with security fencing and other equipment and furnishings related to improvements to waterworks portion of the City's System. The water lines consist of approximately 20,100 linear feet of 16 inch water line, 5,050 feet of 12 inch waterline and 700 linear feet of 36 inch waterline. The acquisition cost of the Leased Property (not including labor and professional services related to installation) is estimated by the City to be \$2,371,080. The City currently intends to perform installation of the Leased Property with its own employees.

Upon the occurrence of an Event of Default, as defined in the Lease, the Trustee may enter the property where the Leased Property is located and retake possession of the Leased Property or require the City, at the City's expense, to promptly return any or all of such equipment to the possession of the Trustee at a place specified by the Trustee. The Trustee may sell or lease the Leased Property or, for the account of the City, sublease the Leased Property continuing to hold the City liable for the difference between (a) the Basic Rent Payments payable by the City under the Lease for the then current term, and (b) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the Trustee in exercising its remedies under the Lease). See "RISK FACTORS" herein.

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ESTIMATED SOURCES AND USES OF FUNDS

The sources and application of funds in connection with the execution of the Certificates are, based upon certain assumptions regarding the investment of such funds, as follows:

Source of Funds:	
Principal Amount of the Certificates.....	\$2,859,000.00
• Contribution from the City.....	<u>24,064.84</u>
Total Sources of Funds.....	<u>\$2,883,064.84</u>
Uses of Funds:	
Acquisition Fund.....	\$2,581,820.00
Reserve Fund.....	220,000.00
Costs of Issuance, including Underwriter’s Discount.....	<u>81,244.84</u>
Total Uses of Funds.....	<u>\$2,883,064.84</u>

TAX MATTERS

The following is a summary of the material Federal and State of Missouri income tax consequences of holding and disposing of the Certificates. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of Federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the Federal income tax laws (for example, dealers in securities or other persons who do not hold the Certificates as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Certificates in the secondary market at a premium or a discount. Prospective investors are advised to consult their own tax advisors regarding Federal, state, local and other tax considerations of holding and disposing of the Certificates.

Opinion of Special Counsel Regarding the Certificates

Missouri Tax Exemption. In the opinion of Special Counsel, under existing law, the stated Interest Portion of Basic Rent Payments paid by the City and distributed to the registered owners of the Certificates is exempt from income taxation by the State of Missouri.

Federal Tax Status of Certificates as Recovery Zone Economic Development Bonds; Interest Taxable

Election. The City will elect to treat the Certificates as qualified “Recovery Zone Economic Development Bonds” under Sections 54AA and 1400U-2 of the Code and will receive a direct payment from the U.S. Treasury equal to a portion of the interest payable on the Certificates.

Interest Portion of Basic Rent Payments Taxable. The Interest Portion of Basic Rent Payments paid by the City and distributed to the registered owners of the Certificates will be included in gross income for Federal income tax purposes.

No Opinion. Special Counsel is not rendering any opinion to owners of the Certificates regarding the qualification of the Certificates as Recovery Zone Economic Development Bonds or the treatment of the Interest Portion of Basic Rent Payments paid by the City and distributed to the registered owners of the Certificates for Federal income taxation. Purchasers of Certificates should consult their tax advisors as to the applicability of these tax consequences and other Federal income tax consequences of the purchase, ownership and disposition of the Certificates, including the possible application of state, local, foreign and other tax laws.

Federal Income Tax Consequences to Owners of the Certificates

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, OWNERS OF THE CERTIFICATES ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFICIAL STATEMENT RELATING TO THE CERTIFICATES IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY OWNERS OF THE CERTIFICATES FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THOSE OWNERS UNDER THE INTERNAL REVENUE CODE; (B) THE DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFICIAL STATEMENT RELATING TO THE CERTIFICATES WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THOSE CERTIFICATES; AND (C) OWNERS OF THE CERTIFICATES SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR BASED ON THEIR PARTICULAR CIRCUMSTANCES.

Other Federal Income Tax Consequences Applicable to Owners of Certificates

Sale or Exchange. Upon the sale, exchange or retirement (including redemption) of a Certificate, an owner of the Certificate generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Certificate (other than in respect of accrued and unpaid interest) and the owner's adjusted tax basis in the Certificate. To the extent the Certificates are held as a capital asset, the gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Certificate has been held for more than 12 months at the time of sale, exchange or retirement.

Information Reporting and Backup Withholding. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Certificates, and to the proceeds paid on the sale of Certificates, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to these payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's Federal income tax liability.

LEGAL MATTERS

Legal Proceedings

As of the date hereof, there is no controversy, suit or other proceeding of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the City or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act in connection with the authorization, issuance and sale of the Lease or the Certificates, or the constitutionality or validity of the Lease or any of the proceedings had in relation to the authorization, issuance or sale thereof.

Approval of Legality

Legal matters incident to the authorization, issuance and sale of the Lease and the Certificates are subject to the approving legal opinion of Gilmore & Bell, P.C., Kansas City, Missouri, Special Counsel. The form of opinion of Special Counsel is attached hereto as ***Appendix E***. Certain matters relating to this Official Statement will also be passed upon by Special Counsel.

RATING

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") has given the Certificates the rating shown on the cover page of this Official Statement. Such rating reflects only the view of S&P, and any further explanation of the significance of such rating may be obtained only from the rating agency. The rating does not constitute a recommendation by the rating agency to buy, sell or hold any bonds or other obligations, including the Certificates. There is no assurance that any rating when assigned to the Certificates will continue for any period of time or that it will not be revised or withdrawn. A revision or withdrawal of the rating when assigned to the Certificates may have an adverse affect on the market price of the Certificates.

MISCELLANEOUS

Underwriting

UMB Bank, N.A. (the "Underwriter") has agreed, subject to certain conditions, to purchase the Certificates from the City at a price of \$2,833,955.16 (equal to the principal amount of the Certificates, minus an underwriting discount of \$25,044.84), plus accrued interest thereon from the date of the Certificates to the date of payment and delivery. The Underwriter is purchasing the Certificates from the City for resale in the normal course of the Underwriter's business activities. The Underwriter will sell certain of the Certificates at a price greater than such purchase price, as shown on the cover hereof. The Underwriter reserves the right to offer any of the Certificates to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter, in its discretion, shall determine.

The Underwriter has read and participated in the preparation of certain portions of this Official Statement and has supervised the compilation and editing thereof. The Underwriter has not, however, independently verified the factual and financial information contained in this Official Statement and, accordingly, expresses no view as to the sufficiency or accuracy thereof.

Certain Relationships

Gilmore & Bell, P.C., Special Counsel to the City, has represented the Underwriter in transactions unrelated to the delivery of the Lease and the Certificates, but is not representing the Underwriter in connection with the delivery of the Lease and the Certificates.

Continuing Disclosure

Pursuant to a Continuing Disclosure Undertaking, the City has agreed to provide to the Municipal Securities Rulemaking Board, via the EMMA system, the audited financial statements and certain operating data of the City. The City has agreed to have updated financial information and operating data for the City available within 180 days after the end of each fiscal year of the City. The financial statements of the City are audited by the City's independent certified public accountants. The City has also agreed to provide prompt notice of the occurrence of certain material events with respect to the Certificates. See *Appendix D: "Summary of the Continuing Disclosure Undertaking."* The City has not failed to file on a timely basis any annual report required by any previous continuing disclosure undertaking made by the City.

Certification and Other Matters Regarding Official Statement

Information set forth in this Official Statement has been furnished or reviewed by certain officials of the City, certified public accountants as stated in their report included in *Appendix B*, and other sources, as referred to herein, which are believed to be reliable. Any statements made in this Official Statement involving matters of opinion, estimates or projections, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or projections will be realized.

Simultaneously with the delivery of the Certificates, the Mayor of the City, acting on behalf of the City, will furnish to the Underwriter a certificate which shall state, among other things, that to the best knowledge and belief of such officer, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Certificates does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading in any material respect.

The form of this Official Statement, and its distribution and use by the Underwriter, has been approved by the City. Neither the City nor any of its officers, directors or employees, in either their official or personal capacities, has made any warranties, representations or guarantees regarding the financial condition of the City or the City's ability to make payments required of it; and further, neither the City nor its officers, directors or employees assumes any duties, responsibilities or obligations in relation to the issuance of the Certificates other than those either expressly or by fair implication imposed on the City by the Lease.

Additional Information

Additional information regarding the City or the Certificates may be obtained from the City, Dennis Pyle, City Administrator, P.O. Box 110, Monett, Missouri 65708 (417-235-3763) or from the Underwriter, UMB Bank, N.A., Attention: Philip Richter, 1010 Grand Blvd., 2nd Floor, Kansas City, Missouri 64106, (816) 860-1526.

APPENDIX A

CITY OF MONETT, MISSOURI

GENERAL, ECONOMIC AND FINANCIAL INFORMATION

APPENDIX A

**GENERAL, ECONOMIC AND FINANCIAL INFORMATION
OF THE
CITY OF MONETT, MISSOURI**

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THE CITY

General

The City is a third-class city and political subdivision, duly created and existing under the laws of the State of Missouri. Additional information regarding the City and the Project may be obtained from Dennis Pyle, City Administrator, City of Monett, City Hall, 217 5th Street, Monett, Missouri 65708, (417) 235-3355. The City is approximately nine square miles in area and is located on the county line of Lawrence and Barry counties, 42 miles southwest of Springfield, Missouri, and 39 miles southeast of Joplin and less than one hour's drive to lakes and major recreational areas. The current estimated population of the City as of July 2008 was 8,939.

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

The Mayor presides over meetings of the governing council. The governing council establishes utility and tax rates and authorizes all municipal indebtedness. Tax rates are established by the governing council to support the budget adopted. As required by state law, the aggregate City budget may not include any expenditures in excess of anticipated revenues. The City's fiscal year ends on March 31.

Municipal Services and Utilities

The City provides a full range of services normally associated with a municipality, including police and fire protection, emergency communication center, public works services, municipal airport, parks and other recreational facilities, and general administrative services. The City also operates water, electric, sewer, sanitation and fiber optic services. Missouri Gas Energy provides gas service throughout the City. Missouri Gas Energy is regulated by the Missouri Public Service Commission.

Transportation and Communication Facilities

U.S. Highway 60 and State Highway 37 serve the City, with access to Interstate 44 (a major east-west artery across the State of Missouri) by traveling approximately 20 miles north on State Highway 37. Joplin Regional Airport and the Springfield/Branson National Airport (SGF) are both located approximately 43 miles from the City. The Frisco branch of the Burlington-Northern/Santa Fe Railroad provide services to the City. The Monett Municipal Airport serves the City and Barry County and is owned by the City. The paved runway extends 5,000 feet. The airport includes a parallel taxiway which runs along the runway. The facility is at an elevation of 1,315 feet at a distance of 5 miles from the City. There are over 25 hanger rental units located on site. The City is served by television, radio stations and telecable systems. Local newspaper coverage is provided by the *Monett Times* published daily with a circulation of approximately 3,976 copies.

Educational Institutions and Facilities

The Monett R-I School District (the "District") currently holds an "accredited" rating from the State Department of Elementary and Secondary Education, which is the highest rating attainable. The District encompasses three elementary schools, a middle school, a high school and a career center with a total enrollment of approximately 2,228 students. With the City being located approximately 35 miles of Joplin, Missouri, and approximately 40 miles of Springfield, Missouri, and Bentonville, Arkansas, and approximately 60 miles from Bolivar, Missouri, and Pittsburg, Kansas, there are several universities, state colleges and community colleges available for continued educational opportunities. Drury University of Springfield, Missouri Southern State University of Joplin and Crowder College of Neosho each have satellite campuses in the City.

Recreational and Religious Facilities

Recreational opportunities have always abounded in the City. The renowned Monett City Park System began with a 1921 bond election to issue \$25,000 in bonds. In 1923, 40 acres were purchased from E.E. Meador for \$10,000 and a swimming pool constructed at a cost of \$5,500. The park lake and casino building were constructed around 1926. Today, many enjoy the municipal pool, tennis courts, ball field, skateboard park and newly expanded 18-hole golf course. Movies have been a part of the City since the early 1900's with Dreamland Theatre, the famous Gillioz Theatre at 6th Street and Broadway, to the current Plaza 5 Theatre. Recently a new YMCA organized with many worthwhile programs and a new facility is planned in the near future.

The City has over 23 churches representing 21 denominations of the Protestant and Catholic faiths. Many denominations sponsor student centers and provide services such as preschools and elementary schools.

Economy

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

Employment levels in the City remained relatively stable with no large layoffs announced by any local companies although there was evidence of modified workweeks and restrained capital spending in the private sector. The outlook for the second half of 2009 is more positive as local companies indicated increased demand for their products and services. However, it was indicated that this increase in production would not translate into an immediate increase in employment levels.

ECONOMIC INFORMATION CONCERNING THE CITY

Commerce and Industry

Some major employers in the City, include:*

	<u>Employer</u>	<u>Product/Service</u>	<u>Number of Employees</u>
1.	EFCO Corp., a Pella Company	Manufacturing	1,380
2.	Jack Henry & Associates, Inc.	Technology	1,145
3.	Tyson Foods, Inc.	Industry	632
4.	Miracle Recreation Equipment Co.	Manufacturing	500
5.	Cox-Monett Hospital, Inc.	Hospital	321
6.	Monett R-1 School District	Education	320
7.	Wal-Mart Stores, Inc.	Retail	269
8.	Schreiber Foods, Inc.	Industry	171
9.	Hydro Aluminum North America	Manufacturing	164
10.	City of Monett, Missouri	Local Government	145

Source: Monett Chamber of Commerce

*As of March 31, 2009

General and Demographic Information

The following tables set forth certain population information.

	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2008*</u>
City	6,148	6,529	7,396	8,939
Barry County	24,408	27,547	34,010	36,301
Lawrence County	28,973	30,236	35,204	37,757
State of Missouri	4,916,766	5,117,073	5,595,211	5,987,580**

Source: U. S. Department of Commerce, Economics and Statistics Administration, Bureau of the Census

*2008 Population Estimates

**2009 Population Estimates

Population Distribution by Age

<u>Age</u>	<u>City*</u>	<u>Barry County**</u>	<u>Lawrence County**</u>	<u>State of Missouri**</u>
Under 5	601	2,672	2,568	399,450
5-14 years	1,037	4,991	5,301	770,586
15-19 years	530	2,413	2,501	412,660
20-44 years	2,529	11,161	12,055	1,968,862
45-54 years	803	5,021	5,172	881,577
55-64 years	595	4,143	4,044	673,235
65 years and older	<u>1,301</u>	<u>5,900</u>	<u>6,116</u>	<u>805,235</u>
Total	<u>7,396</u>	<u>36,301</u>	<u>37,757</u>	<u>5,911,605</u>
Median Age	35.4	38.1	37.6	37.5

Source: U. S. Department of Commerce, Economics and Statistics Administration, Bureau of the Census

*Based on 2000 Census

**Based on 2008 Population Estimates

Employment

The following table sets forth unemployment figures for the listed years for Barry County, Lawrence County and the State of Missouri.

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<i>Barry County</i>					
Total Labor Force	17,322	17,695	17,626	17,584	17,487
Unemployed	852	713	860	954	1,391
Unemployment Rate	4.9%	4.0%	4.9%	5.4%	7.9%
<i>Lawrence County</i>					
Total Labor Force	18,765	19,192	19,176	19,174	19,158
Unemployed	860	738	771	917	1,470
Unemployment Rate	4.6%	3.8%	4.0%	4.8%	7.7%
<i>State of Missouri</i>					
Total Labor Force	2,996,836	3,016,211	3,031,187	3,012,126	3,005,479
Unemployed	160,482	144,878	152,788	182,837	271,146
Unemployment Rate	5.4%	4.8%	5.0%	6.1%	9.0%

Source: Missouri Economic Research and Information Center

Income Statistics

The following table sets forth income figures from Census 2000:

	<u>Per Capita</u>	<u>Median Family</u>
City	\$17,048	\$36,858
Barry County	14,980	34,043
Lawrence County	15,399	36,846
State of Missouri	19,936	46,044

Source: U. S. Department of Commerce, Economics and Statistics Administration, Bureau of the Census

Housing Structures

The following table sets forth statistics regarding housing structures by type in the City from Census 2000.

	<u>Number of Units</u>	<u>Percentage of Units</u>
Single Family	2,406	77%
Multi-Family	697	22
Mobile Home	40	1

The median value of owner occupied housing units in the area of the City and related areas according to Census 2000 were as follows:

	<u>Median Value</u>
City	\$67,700
Barry County	70,600
Lawrence County	65,500
State of Missouri	89,900

Source: U. S. Department of Commerce, Economics and Statistics Administration, Bureau of the Census

Building Construction

The following table indicates the number of building permits and total estimated valuation of these permits issued within the City over a five-year period. These numbers reflect permits issued for new construction.

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<i>Residential</i>					
Number of Permits	50	35	24	23	28
Estimated Valuation	\$7,582,800	\$6,956,400	\$4,704,000	\$3,174,500	\$3,969,500
<i>Commercial</i>					
Number of Permits	12	13	13	3	6
Estimated Valuation	13,291,619	10,203,700	6,810,152	1,307,666	5,438,395
TOTALS:					
Number of Permits	62	48	37	26	34
Estimated Valuation	20,874,419	17,160,100	11,514,152	4,482,166	9,407,895

Source: City.

DEBT STRUCTURE OF THE CITY

Current Indebtedness of the City

<u>Name of Issue</u>	<u>Issue Date</u>	<u>Principal Amount</u>	<u>Amount Outstanding</u>
Neighborhood Improvement District (Brandermill/Country Club Gravity Sewer Project)	September 1, 2004	\$394,230	\$75,000
Neighborhood Improvement District (Valley View Estates Project)	September 6, 2005	148,000	95,900

Debt Summary

(as of 3/31/09)	Assessed Valuation (2009):	\$134,100,335
	Estimated Actual Valuation:	\$513,046,747
	Population Estimated:	8,939
	Total Outstanding General Obligation Debt: ⁽¹⁾	\$170,900
	Overlapping Debt: ⁽²⁾	\$7,700,000
	Direct and Overlapping General Obligation Debt:	\$7,870,900
	Ratio of General Obligation Debt to Assessed Valuation:	0.13%
	Ratio of General Obligation Debt to Estimated Actual Valuation:	0.03%
	Per Capita General Obligation Debt:	\$19.12
	Ratio of Direct and Overlapping Debt to Assessed Valuation:	5.74%
	Ratio of Direct and Overlapping Debt to Estimated Actual Valuation:	1.50%
	Per Capita Direct and Overlapping Debt:	\$880.51

⁽¹⁾ Includes amounts authorized but unissued pursuant to a NID Petition and the NID Act.

⁽²⁾ Includes amounts authorized but unissued with respect to certain political subdivisions. See "Overlapping Indebtedness" below.

Overlapping Indebtedness

The following table sets forth the approximate overlapping indebtedness (including general obligation bonds) of political subdivisions with boundaries overlapping the City, including the percent attributable (on the basis of current assessed valuation) to the City. The table was compiled from information furnished by the State Auditor's office, and the City has not independently verified the accuracy or completeness of such information. Furthermore, political subdivisions may have ongoing programs requiring the issuance of substantial additional bonds or capital leases, the amounts of which cannot be determined at this time.

<u>Taxing Jurisdiction</u>	<u>Outstanding General Obligation Indebtedness</u>	<u>Percent Applicable to City</u>	<u>Amount Applicable to City</u>
Monett R-I School District	\$7,700,000	100%	\$7,700,000

Other Obligations

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service and enters into capital leases to finance the acquisition or improvement of City property. Obligations outstanding at March 31, 2009 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Principal Outstanding</u>
Tax Increment Financing Revenue Bonds, Series 2004 (Hwy 60 Redevelopment Project TIF #1)	1.25% to 3.80%	\$1,480,000
Tax Increment Allocation Bonds, Subordinate Series 2007 (Hwy 60 Amended Redevelopment Project TIF #1)	3.625% to 3.85%	5,510,000
Subordinate Tax Increment Allocation Bonds Junior, Series 2008 (Hwy 60 Amended Redevelopment Project TIF #1)	4.00% to 4.5%	3,000,000
Tax Increment Allocation Bonds, Series 2005A (East Hwy 60 Infrastructure Project TIF #2)	5.00%	1,130,000
Tax Increment Allocation Bonds, Series 2005B (RPA #1 Infrastructure Improvements Project TIF #2)	5.25%	2,535,000
Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Funds Program) Series 2003	2.00% to 4.70%	7,815,000
Sewerage Revenue Refunding Bonds (State Revolving Funds Program) Series 1992A	5.20% to 6.55%	310,000
Certificates of Participation, Series 2002 (airport improvements)	3.30%	120,000
Certificates of Participation, Series 2002 (golf course improvements)	3.30%	360,000
Certificates of Participation, Series 2004 (construction of water tower)	3.52%	449,039
Wells Fargo Brokerage Services, LLC Governmental Lease-Purchase Agreement, Series 2009 (interior security system and communication tower and equipment at newly constructed Monett Justice Center)	3.85%	692,531
Yamaha Commercial Customer Finance Lease Agreement, Series 2008 (lease of 24 golf carts)	5.25%	67,335

CitiCapital Finance Lease Agreement Series 2008 (lease of two golf utility carts)	5.25%	10,476
United Missouri Bank Lease with Option to Purchase, Series 2007 (purchase street sweeper)	4.50%	15,695
Wells Fargo Brokerage Services, LLC Lease with Option to Purchase, Series 2008 (expand police station and municipal court facilities by building the new Monett Justice Center)	4.10%	2,540,000
De Lage Landen Public Financing LLC Lease with Option to Purchase, Series 2008 (lease purchase three police cars)	3.47%	56,708

Legal Debt Capacity

Article VI, Sections 26(b) and (c) of the Constitution of the State of Missouri limit the net outstanding amount of authorized general obligation indebtedness for a city to 10 percent of the assessed valuation of the city by a two-thirds (four-sevenths at certain elections) vote of the qualified voters. Article VI, Section 26(d) provides that a city may, by a two-thirds (four-sevenths at certain elections) vote of the qualified voters, incur indebtedness in an amount not to exceed an additional 10 percent for the purpose of acquiring rights-of-way, construction, extending and improving streets and avenues, and sanitary or storm sewer systems, provided the total general obligation indebtedness of a city does not exceed 20 percent of the assessed valuation. Article VI, Section 26(e) provides that a city may, by a two-thirds (four-sevenths at certain elections) vote of the qualified voters, incur indebtedness in an amount not exceeding an additional 10 percent for the purpose of purchasing or constructing waterworks, electric or other light plants to be owned exclusively by the city, provided that the total general obligation indebtedness of a city does not exceed 20 percent of the assessed valuation. The legal debt margin of the City as of March 31, 2009 is \$25,766,779.

THE WATERWORKS PORTION OF THE CITY'S SYSTEM

The following sets forth certain information regarding the waterworks portion of the City's Combined Waterworks and Sewerage System.

Customers

The total number of customers for each of the last five years is as follows:

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
3,864	4,073	4,053	4,008	4,046

The following is a list of the top ten customers for the water system during the most recent fiscal year:

	<u>Name</u>	<u>Gallons</u>	<u>Revenues</u>	<u>% of Total</u>
1.	Tyson Foods, Inc.	429,438,590	\$670,245.38	53.14%
2.	International Dehydrated Foods	99,627,500	159,439.37	12.64
3.	Dairy Farmers of America	86,700,700	138,392.47	10.97
4.	EFCO Corp., a Pella Company	39,757,030	68,814.97	5.46
5.	Schreiber Foods, Inc.	26,066,000	44,998.85	3.57
6.	Hydro Aluminum North America	17,598,000	32,028.40	2.54
7.	Monett R-1 School District	2,849,020	6,225.00	0.49
8.	Miracle Recreation Equipment Co.	2,035,000	4,188.46	0.33
9.	Architectural Systems Inc.	1,939,000	3,721.01	0.17
10.	Monett Steel Castings	1,838,600	3,417.70	0.08

Gallons Sold

The total amount of gallons of water sold for each of the last five years is as follows:

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
994,906,741	1,134,832,573	1,129,320,338	1,093,156,295	1,079,199,828

FINANCIAL INFORMATION CONCERNING THE CITY

Accounting, Budgeting and Auditing Procedures

The City currently produces financial statements that are in conformity with generally accepted accounting principles. The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate.

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

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted governmental auditing standards. The annual audit for the fiscal year ending March 31, 2009 was performed by The CPA Group, P.C., Monett, Missouri. Copies of the audit reports for the past 5 years are on file in the City Administrator's Office and are available for review.

Sources of Revenue

The City finances its general operations through the following taxes and other miscellaneous sources as indicated below for the last fiscal year for which audited financial statements are available:

<u>Source</u>	<u>Amount</u>	<u>Percent</u>
Business License and Permits	\$ 22,834	.39%
Federal and State Grants	1,303,457	22.48
Fines and Forfeitures	194,660	3.36
Franchise Fees	423,246	7.30
Sales Tax	2,608,667	44.99
Investment Income	31,717	.55
Intergovernmental	--	--
Other Revenue	741,303	12.78
Other Taxes and Assessments	321,465	5.54
Rental Revenue	<u>151,319</u>	<u>2.61</u>
	<u>\$5,798,668</u>	<u>100.00%</u>

Property Valuations

Assessment Procedure:

All taxable real and personal property within the City is assessed annually by the County Assessor. Missouri law requires that real property be assessed at the following percentages of true value:

Residential real property.....	19%
Agricultural and horticultural real property	12%
Utility, industrial, commercial, railroad and all other real property	32%

A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the Missouri General Assembly adopted a maintenance law in 1986. Beginning January 1, 1987, and every odd-numbered year thereafter, each County Assessor must adjust the assessed valuation of all real property located within his or her county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The assessment ratio for personal property is generally 33-1/3% of true value. However, subclasses of tangible personal property are assessed at the following assessment percentages: grain and other agricultural crops in an unmanufactured condition, 1/2%; livestock, 12%; farm machinery, 12%; historic motor vehicles, 5%; and poultry, 12%.

The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

Current Assessed Valuation:

The following table shows the total assessed valuation, by category, of all taxable tangible property situated in the City according to the assessment of Tax Year 2009:

	<u>Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Actual Valuation</u>
Real Estate:			
Residential	\$45,617,857	19%	\$240,093,984
Commercial	43,285,628	32	135,267,587
Agricultural	<u>392,740</u>	12	<u>3,272,833</u>
Sub-Total	89,296,225		378,634,404
Personal Property	<u>44,804,110</u>	33 1/3%*	<u>134,412,343</u>
Total	<u>\$134,100,335</u>		<u>\$513,046,747</u>

* Assumes all personal property is assessed at 33 1/3%; because certain subclasses of tangible personal property are assessed at less than 33 1/3%, the estimated actual valuation for personal property would likely be greater than that shown above. See "Assessment Procedure" discussed above.

History of Property Valuation:

The total assessed valuation of all taxable tangible property situated in the City, including state assessed railroad and utility property, according to the assessments of January 1 in each of the following years, has been as follows:

Barry County

<u>Year</u>	<u>Assessed Valuation</u>	<u>Percent Change</u>
2009	\$108,754,261	2.90%
2008	105,626,671	1.29
2007	104,274,919	13.95
2006	91,506,546	3.64
2005	88,291,450	10.52

Lawrence County

<u>Year</u>	<u>Assessed Valuation</u>	<u>Percent Change</u>
2009	\$25,346,074	-1.00%
2008	25,577,362	1.05
2007	25,311,177	12.46
2006	22,506,841	3.52
2005	21,741,654	16.20

Property Tax Levies and Collections

Tax Collection Procedure:

Property taxes are levied and collected by the City. The City is required by law to prepare an annual budget, which includes an estimate of the amount of revenues to be received from all sources for the budget year, including an estimate of the amount of money required to be raised from property taxes and the tax levy rates required to produce such amounts. The budget must also include proposed expenditures and must state the amount required for the payment of interest, amortization and redemption charges on the City's debt for the

ensuing budget year. Such estimates are based on the assessed valuation figures provided by the County Clerk. The City must fix its ad valorem property tax rates and certify them to the County Clerk not later than September first for entry in the tax books.

The County Clerk receives the county tax books from the County Assessor, which set forth the assessments of real and personal property. The County Clerk enters the tax rates certified to him by the local taxing bodies in the tax books and assesses such rates against all taxable property in the City as shown in such books. The County Clerk forwards the tax books by October 31 to the County Collector, who is charged with levying and collecting taxes as shown therein. The County Collector extends the taxes on the tax rolls and issues the tax statements in early December. Taxes are due by December 31 and become delinquent if not paid to the County Collector by that time. All tracts of land and city lots on which delinquent taxes are due are charged with a penalty of eighteen percent of each year's delinquency. All lands and lots on which taxes are delinquent and unpaid are subject to sale at public auction in August of each year.

The County Collector is required to make disbursements of collected taxes to the City each month. Because of the tax collection procedure described above, the City receives the bulk of its moneys from local property taxes in the months of December, January and February.

Tax Rates

The City does not have a property tax levy for either Debt Service or Operating.

Major Property Taxpayers:

The following table sets forth the ten largest real property taxpayers in the City based upon assessed valuation as of 2007.

	<u>Name of Taxpayer</u>	<u>Local Assessed Valuation</u>	<u>Percentage of Total Local Assessed Valuation</u>
1.	Jack Henry & Associates, Inc.	\$11,157,115	8.32%
2.	EFCO Corp., a Pella Company	2,821,780	2.10
3.	International Dehydrated Foods	2,252,460	1.68
4.	Lowe's Home Centers, Inc.	1,736,128	1.30
5.	Tyson Foods, Inc.	1,635,600	1.22
6.	Miracle Recreation Equipment Co.	1,583,200	1.18
7.	Wal-Mart Stores, Inc.	1,389,152	1.04
8.	Wells Aluminum, Inc.	1,118,368	.83
9.	Friend Tire Co.	1,035,616	.77
10.	Schreiber Foods, Inc.	894,592	.66

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Sales Tax Collections

The following table shows the City's collections of sales taxes for each of the last five fiscal years:

Barry County and Lawrence County

<u>Fiscal Year Ended March 31</u>	<u>1% General Sales Tax</u>	<u>1/2% Capital Improvement</u>	<u>1/4% Capital Improvement Police Station</u>
2009	\$1,807,576	\$903,789	\$434,875
2008	1,792,967	896,498	367,807
2007	1,824,148	912,074	0
2006	1,711,138	855,569	0
2005	1,649,166	824,583	0

APPENDIX B

**ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED MARCH 31, 2009;
UNAUDITED SIX MONTH REVIEW FOR THE PERIOD APRIL 1, 2009
THROUGH SEPTEMBER 30, 2009**

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED MARCH 31, 2009

**CITY OF MONETT,
MISSOURI**

**ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR ENDED
MARCH 31, 2009**

CITY OF MONETT, MISSOURI

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City of Monett, Missouri
List of Elected and Appointed Officials
March 31, 2009

Elected Officials

Mayor
Commissioner
Commissioner

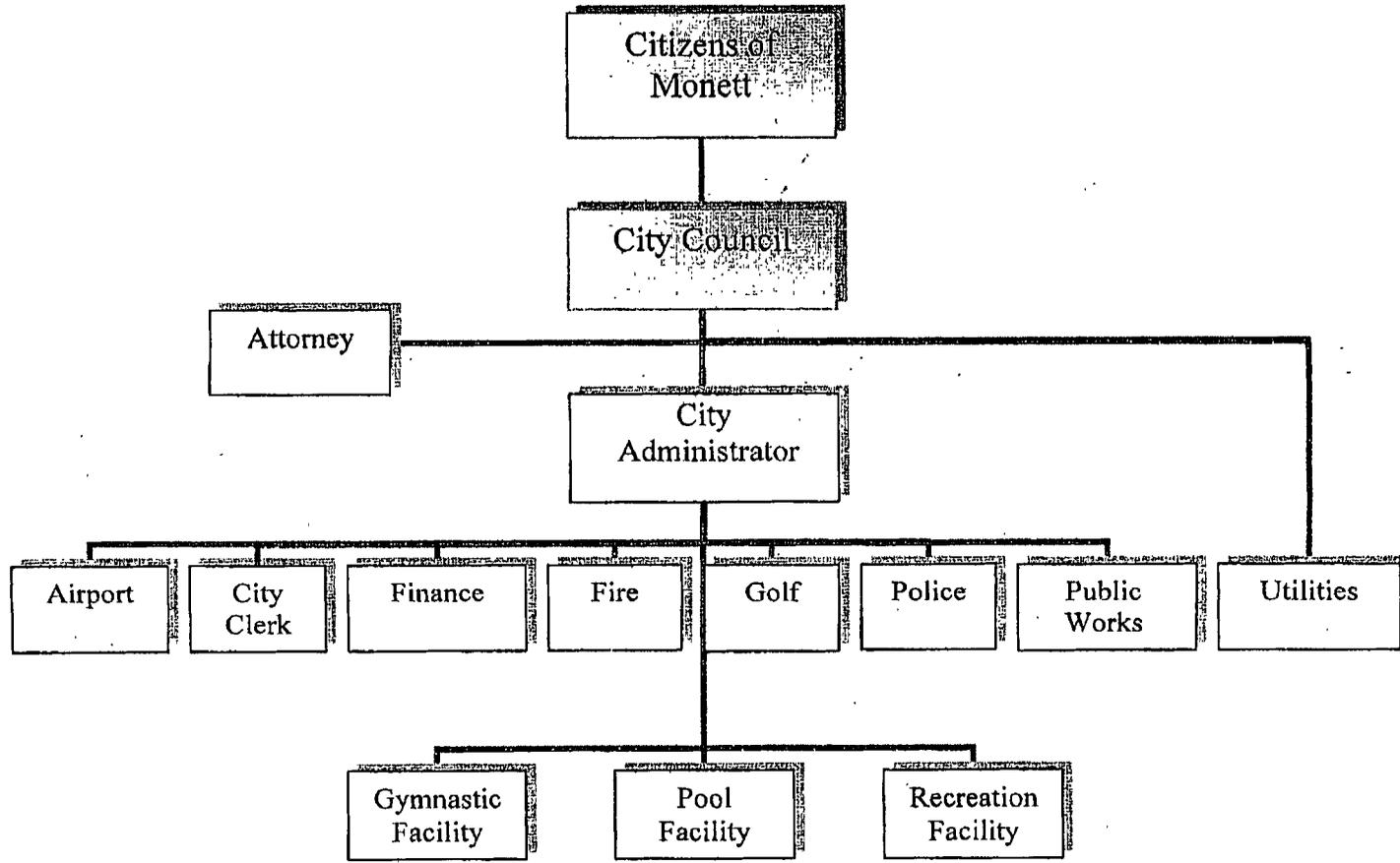
James Orr
Jerry Dierker
Michael Brownsberger

Appointed Officials

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

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

City of Monett, Missouri
Organization Chart



City of Monett, Missouri

THIRD CLASS CITY – COMMISSION FORM OF GOVERNMENT

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

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

September 1, 2009

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

The Administrative Department is pleased to present the Annual Financial Report for the City of Monett, Missouri (the City), for fiscal year ended March 31, 2009. This report is submitted to you in compliance with state law requiring that all political subdivisions in the state shall cause to be prepared an annual report of the financial transactions in such summary form as the state auditor shall prescribe (105.145, RSMO) and the state auditor shall receive a copy of the financial report (15 CRS 40-3.030).

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

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

The City of Monett, Missouri's financial statements have been audited by The CPA Group, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Monett, Missouri for the fiscal year ended March 31, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors' report is presented as the first component of the financial section of this report.

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

internal controls and legal requirements involving the administration of federal awards

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

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

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

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

Profile of the Government

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

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

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

This report presents data for the financial reporting entity, which includes all departments, funds, boards, and commissions of the primary government (the City, as legally defined), as well as all

of its component units. Component units are legally separate entities for which the City is financially accountable. The one component unit of the City is the East Highway 60 Community Improvement District, which is a blended component unit. The financial reporting entity is discussed further in Note 1 of the financial statements.

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

Factors Affecting Financial Condition

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

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

In the last half of 2008 and first quarter of 2009, the national economy experienced a severe recession with negative economic growth and high rates of unemployment. The City's sales tax revenues for the last half of the fiscal year reflected this downturn in the economy and were lower than the prior fiscal year during that same period. This trend of lower sales tax revenues was expected to continue into Fiscal Year 2009-2010 with an anticipated recovery in the second half of 2009 or first half of 2010.

Employment levels in Monett remained relatively stable with no large layoffs announced by any local companies although there was evidence of modified workweeks and restrained capital spending in the private sector. The outlook for the second half of 2009 is more positive as local companies indicated increased demand for their products and services. However, it was indicated that this increase in production would not translate into an immediate increase in employment levels.

Long-term financial planning - Significant improvements to the Monett water system are needed to insure that current and future water supply needs are met. These improvements include the construction of a water treatment facility to operate in conjunction with Wells No. 9 and 12; installing a waterline west along Highway 60 to connect with an existing well at the Monett Municipal Airport; installing a larger pump at the airport well; constructing waterlines to resolve low pressure problems in the areas near Wells No. 15 and 16; installing a booster pump station in the area of the North Park tank and other system improvements.

The total cost of these improvements is estimated at \$13,330,000. These capital costs, in addition to the annual operating costs of the new treatment facility, will require an increase in water rates of approximately \$1.23 per thousand gallons of water sold. The City Council's intent is to increase rates equally over the next three years to cover these capital and operational costs. It is anticipated that the City will seek financing of these improvements from Missouri's State Revolving Fund (SRF) which will require voter approval of a revenue bond issue in either 2010 or 2011.

Cash management policies and practices - Cash temporarily idle during the year was invested in money market accounts, certificates of deposit, and U.S. agency securities. The maturities of the investments range from 12 months to 4 years, with an average maturity of 36 months. For the last fiscal year the average yield on investments was 5.84 percent.

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

Acknowledgements

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

Respectfully submitted,



James Orr, Mayor

INDEPENDENT AUDITORS' REPORT



A Professional Corporation
BIG FIRM QUALITY, SMALL FIRM VALUES
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INDEPENDENT AUDITOR'S REPORT

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

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, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Monett, Missouri's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of Monett, Missouri, as of March 31, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 9 through 17 and 49 through 54, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Monett, Missouri's basic financial statements. The introductory section, and the combining departmental financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of City of Monett. The combining and individual departmental financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and the combining departmental sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

THE CPA GROUP, P.C.

Monett, Missouri
September 21, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Monett, Missouri

THIRD CLASS CITY - COMMISSION FORM OF GOVERNMENT

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Management's Discussion and Analysis

As management of the City of Monett, Missouri, we offer readers this narrative overview and analysis of the financial activities of the City of Monett, Missouri (the City) for the fiscal year ended March 31, 2009. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's financial statements and footnotes, which follow this section.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$31,400,546 (*net assets*). Of this amount, \$3,505,326 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased \$1,519,562. Of this amount, \$1,648,423 was from the City's "governmental activities" with a decrease in net assets of \$128,861 from the "business-type activities". Additionally, a prior period adjustment was recorded in the amount of \$702,933 for the "business-type activities" to reflect a change in the accounting for supplies held as inventories to maintain operational effectiveness.
- The City total debt decreased by \$1,404,253 during the current fiscal year. The City's fiscal year started with existing debt of \$28,539,170, principal payments of \$2,046,416 were made during the year, also, new debt issuance of \$642,163, which created ending fiscal year debt balance of \$27,134,917. The debt increase was due to \$86,024 relating to police cars and \$556,139 for tax increment financing developer agreements.

Overview of the Financial Statements

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

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

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

CITY OF MONETT, MISSOURI
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MARCH 31, 2009

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

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

**CITY OF MONETT, MISSOURI
MANAGEMENT DISCUSSION AND ANALYSIS
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Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions.

Government-wide Financial Analysis

Net assets may serve as a useful indicator of the City's financial position. As of March 31, 2009, assets exceeded liabilities by \$31,400,546. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

NET ASSETS

The following table reflects the condensed schedule of net assets as of March 31, 2009 and 2008:

	Governmental Activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 4,340,309	\$ 13,692,432	\$ 8,053,929	\$ 6,874,195	\$ 12,394,238	\$ 20,566,627
Capital assets	27,722,031	17,375,570	21,122,590	22,245,035	48,844,621	39,620,605
Total assets	<u>32,062,340</u>	<u>31,068,002</u>	<u>29,176,519</u>	<u>29,119,230</u>	<u>61,238,859</u>	<u>60,187,232</u>
Long-term obligations	16,985,476	18,171,107	8,491,965	8,924,756	25,477,441	27,095,863
Other liabilities	2,237,233	1,705,687	2,123,639	2,207,631	4,360,872	3,913,318
Total liabilities	<u>19,222,709</u>	<u>19,876,794</u>	<u>10,615,604</u>	<u>11,132,387</u>	<u>29,838,313</u>	<u>31,009,181</u>
Net assets:						
Invested in capital assets, net of related debt	9,511,873	7,767,846	12,197,854	13,198,691	21,709,727	20,966,537
Restricted	2,957,292	2,229,396	3,228,201	1,215,992	6,185,493	3,445,388
Unrestricted	370,466	1,193,966	3,134,860	3,572,160	3,505,326	4,766,126
Total net assets	<u>\$ 12,839,631</u>	<u>\$ 11,191,208</u>	<u>\$ 18,560,915</u>	<u>\$ 17,986,843</u>	<u>\$ 31,400,546</u>	<u>\$ 29,178,051</u>

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The City's combined net assets increased to \$31,400,546 from \$29,178,051 as a result of the increase in net assets reflected in the next table.

The largest portion of the City's net assets, \$21,709,727 (69%), reflects its investment in capital assets (e.g. land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. An

**CITY OF MONETT, MISSOURI
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MARCH 31, 2009**

additional portion of the City's net assets, \$6,185,493 (20%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net assets, \$3,505,326 (11%), represents unrestricted net assets that may be used to meet the City's ongoing obligations to citizens and creditors.

Change in Net Assets

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

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 991,382	\$ 1,360,178	\$ 21,791,322	\$ 22,128,935	\$ 22,782,704	\$ 23,489,113
Capital grants and contributions	1,303,457	1,492,579	-	-	1,303,457	1,492,579
General revenues:						
Sales taxes	2,892,812	2,726,868	-	-	2,892,812	2,726,868
TIF taxes	1,202,033	1,304,998	-	-	1,202,033	1,304,998
Franchise fees	423,246	295,305	-	-	423,246	295,305
Other taxes	121,023	126,130	-	-	121,023	125,130
Other revenues	234,011	262,273	422,917	404,876	656,928	667,149
Total revenues	7,167,964	7,568,331	22,214,239	22,533,811	29,382,201	30,102,142
Expenses:						
Policy development and administration	628,863	737,943	-	-	628,863	737,943
Public works	1,581,321	3,101,434	-	-	1,581,321	3,101,434
Public safety	3,501,412	1,563,160	-	-	3,501,412	1,563,160
Parks and recreation	1,035,047	1,077,859	-	-	1,035,047	1,077,859
Interest on long-term debt	921,817	603,927	-	-	921,817	603,927
Airport	442,779	439,608	-	-	442,779	439,608
Waterworks	-	-	1,784,867	1,568,458	1,784,867	1,568,458
Electric	-	-	14,739,071	15,116,987	14,739,071	15,116,987
Wastewater-sewer	-	-	2,813,032	2,680,219	2,813,032	2,680,219
Sanitation	-	-	503,868	526,084	503,868	526,084
Fiber optics	-	-	94,695	99,704	94,695	99,704
Total expenses	8,111,239	7,523,932	19,935,533	19,991,452	28,046,772	27,515,383
Gain(Loss) Sale of Assets	(12,243)	-	-	-	(12,243)	-
Settlement	196,374	-	-	-	196,374	-
Other Sources	184,131	-	-	-	184,131	-
Increase in net assets before transfers	(759,144)	44,399	2,278,705	2,542,359	1,519,562	2,586,759
Transfers - Payments in lieu of taxes	2,107,567	2,110,984	(2,107,567)	(2,110,984)	-	-
Transfers	300,000	150,000	(300,000)	(150,000)	-	-
Total transfers	2,407,567	2,260,984	(2,407,567)	(2,260,984)	-	-
Increase in net assets	1,648,423	2,305,383	(128,861)	281,375	1,519,562	2,586,759
Net assets, beginning	11,191,208	8,885,825	17,986,843	17,734,345	29,178,051	26,620,170
Prior period adjustment	-	-	702,933	(28,877)	702,933	(28,877)
Net assets, ending	\$ 12,839,631	\$ 11,191,208	\$ 18,560,915	\$ 17,986,843	\$ 31,400,546	\$ 29,178,051

**CITY OF MONETT, MISSOURI
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Governmental Activities

Governmental activities increased the City's net assets by \$1,648,423. Sales tax revenues, the largest governmental category, were \$2,892,812. For the fiscal year ended March 31, 2009, revenues totaled \$29,382,203 (governmental and business-type). Revenues from governmental activities total \$7,167,964, or 24%, of the total City revenues. City revenues decreased \$400,367 within the governmental activities.

Certain revenues are generated that are specific to governmental program activity. These totaled \$1,360,178. The following table shows expenses and program revenues of the governmental activities for the year ended March 31, 2009 and 2008:

Net Cost of City of Monett Governmental Activities

	<u>Total cost of service</u>		<u>Net cost of service</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Policy development and administration	\$ 628,863	\$ 737,943	\$ 420,539	\$ 15,555
Public safety	3,501,412	3,101,434	3,460,172	3,009,765
Public works	1,581,321	1,563,160	455,779	157,159
Parks and recreation	1,035,047	1,077,859	667,268	712,920
Municipal airport	442,779	439,608	(109,175)	171,848
Interest on long-term debt	921,817	603,927	921,817	603,927
	<u>\$ 8,111,239</u>	<u>\$ 7,523,931</u>	<u>\$ 5,816,400</u>	<u>\$ 4,671,174</u>

As previously noted, expenses from governmental activities total \$8,111,239 million. However, net costs of these services were \$5,816,400. The difference represents direct revenues received from charges for services of \$991,382 and capital grants and contributions of \$1,303,457. Taxes and other revenues of \$7,464,823 were collected to cover these net costs.

Business-type Activities

Business-type activities decreased the City's net assets by \$128,861. Key elements of this decrease are as follows:

- The water recorded net loss of \$44,646 for the year. Revenues relating to charges for services increased \$181,462. Operating expenses increased \$218,655 compared to prior year expenses due to increases in repairs and maintenance expense.
- The electric recorded net income of \$590,762 for the year. Revenues relating to charges for services increased \$47,158. Operating expenses decreased \$377,917 due to storm related expenditures incurred in the prior year.

**CITY OF MONETT, MISSOURI
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MARCH 31, 2009**

- The sewer recorded a net loss of \$807,818 for the year. Revenues relating to charges for services decreased \$603. Increases in cost included \$74,765 in repair and maintenance over prior year expenses.

Financial Analysis of the City's Funds

As of the end of the fiscal year, the City's governmental funds report a combined fund balance of \$12,839,631 (an increase of approximately 15%). This increase is largely due to the repayment of principal on debt service obligations.

The fund balance of the General Fund decreased to \$1,478,584 at the end of the fiscal year due to capital expenditures.

The net assets in the E-911 Fund increased to \$137,225 (increase of \$2,315 or 2%) in the fiscal year due to retention of restricted revenues for 911 purposes.

The Electric Fund's net assets increased \$590,762 (19%) in the current year as a result of the 2007 storm related expenditures from the prior year.

The Sewer Fund's net assets decreased \$807,818 (0.8%) in the current year as a result of operating expenses and debt service payments in excess of operating revenues.

General Fund Budgetary Highlights

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

- The original revenue budget of \$6.58 million was decreased to \$6.46 million.
- The total original expenditure budget of \$9.98 million was increased to \$10.55 million.

Actual revenues were \$787,692 less than originally budgeted.

Capital Assets and Debt Administration Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of March 31, 2009, amounts to \$48.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and infrastructure.

Capital events during the current fiscal year included the following:

- Airport taxiway \$355,277.
- Electric infrastructure \$25,995 and digger truck \$187,676.
- Fiber optic infrastructure \$4,599.

**CITY OF MONETT, MISSOURI
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MARCH 31, 2009**

- Golf chlorine contact basin \$26,984 and tractor \$22,031.
- North Park mower \$14,692.
- Police station building \$602,292, (8) computers for vehicles \$22,840, surveillance equipment \$127,650, 200' communication tower \$267,918, security system \$44,145, mobile filing \$124,523, E-911 workstations \$51,074, (4) computer server/computer rack \$28,650, ice maker \$1,348, refrigerator \$1,614, phone system \$20,049, furniture \$97,525, and (3) 2009 Dodge Charger police cars \$86,024.
- Recreation roof at 205 Euclid \$53,420.
- Sewer chlorine basin \$26,984, portable generator \$66,363, camera system \$56,126, and flow meter package \$38,250.
- South Park festival of lights \$5,058 and resurface (4) tennis courts \$20,430.
- Streets department wheel loader \$112,341, overhead calcium equipment \$8,110, roller screed \$6,200, infrastructure – Clear Creek \$325,990, Eisenhower Bridge \$1,239,916, Greenway Project \$49,630, Cleveland overlay \$152,991, TIF 1 infrastructure \$7,913,911.
- Water Scada system \$8,186.

(net of accumulated depreciation)

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 939,346	\$ 939,344	\$ 210,160	\$ 210,160	\$ 1,149,506	\$ 1,149,504
Construction in progress	110,384				110,384	
Building and improvements	4,947,519	4,584,323	668,171	694,325	5,615,690	5,278,648
Machinery and equipment	2,188,605	1,797,188	941,799	736,861	3,130,404	2,534,049
Infrastructure	19,536,177	10,054,713	19,302,457	20,603,687	38,838,634	30,658,400
Total	\$ 27,722,031	\$ 17,375,568	\$ 21,122,587	\$ 22,245,033	\$ 48,844,618	\$ 39,620,601

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

Debt Administration

The City, at the end of fiscal 2009, had a total of \$27,134,917 of outstanding long-term debt. This was a decrease of \$1,404,253 from the previous year. During the fiscal year 2008/2009, the City repaid principal in the amount of \$2,039,432 and incurred \$549,155 developer agreements payable relating to TIF 1 infrastructure and incurred \$86,024 capital lease obligations for the purchase of police cars.

**CITY OF MONETT, MISSOURI
MANAGEMENT DISCUSSION AND ANALYSIS
MARCH 31, 2009**

City of Monett Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 108,954	\$ 122,271	\$ 335,000	\$ 350,000	\$ 443,954	\$ 472,271
Revenue bonds	13,655,000	14,510,000	8,125,000	8,470,000	21,780,000	22,980,000
Obligations payable	599,155	100,000	-	-	599,155	100,000
Capital leases and participation obligations	3,847,051	4,400,557	464,757	586,342	4,311,808	4,986,899
Total	<u>\$ 18,210,160</u>	<u>\$ 19,132,828</u>	<u>\$ 8,924,757</u>	<u>\$ -9,406,342</u>	<u>\$ 27,134,917</u>	<u>\$ 28,539,170</u>

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

**CITY OF MONETT, MISSOURI
STATEMENT OF NET ASSETS
MARCH 31, 2009**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 367,648	\$ 1,234,520	\$ 1,602,168
Investments	-	404,452	404,452
Accounts receivable	439,749	1,542,950	1,982,699
Prepaid health insurance	57,752	-	57,752
Prepaid workman's compensation	119,345	70,732	190,077
Inventory	-	878,666	878,666
Premium on bond issuance	400,465	439,792	840,257
Restricted assets:			
Cash and cash equivalents	2,955,350	1,035,215	3,990,565
Investments	-	2,192,986	2,192,986
Assessments receivable	-	254,616	254,616
Capital assets:			
Non depreciable	1,049,730	210,160	1,259,890
Depreciable, net	26,672,301	20,912,430	47,584,731
Total Assets	<u>32,062,340</u>	<u>29,176,519</u>	<u>61,238,859</u>
LIABILITIES			
Accounts payable	239,510	1,087,952	1,327,462
Accrued payroll and payroll taxes	92,370	47,240	139,610
Accrued interest payable	285,495	-	285,495
Due to depositors	14,187	342,022	356,209
Accrued compensated absences liabilities:			
Due within one year	342,890	192,289	535,179
Due in more than one year	38,099	21,365	59,464
Long-term debt liabilities:			
Due within one year	1,362,781	454,136	1,816,917
Due in more than one year	16,298,222	8,470,600	24,768,822
Developers' agreements	549,155	-	549,155
Total Liabilities	<u>19,222,709</u>	<u>10,615,604</u>	<u>29,838,313</u>
NET ASSETS			
Reserved:			
Invested in capital assets, net of related debt	9,511,873	12,197,854	21,709,727
Restricted for:			
Capital projects	2,820,067	-	2,820,067
Other purposes	137,225	3,228,201	3,365,426
Unrestricted	370,466	3,134,860	3,505,326
Total Net Assets	<u>\$ 12,839,631</u>	<u>\$ 18,560,915</u>	<u>\$ 31,400,546</u>

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2009

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Assets		
		Charges for Service	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Policy development and administration	\$ 628,863	\$ 208,324	\$ -	\$ (420,539)	\$ -	\$ (420,539)
Public safety	3,501,412	34,051	7,189	(3,460,172)	-	(3,460,172)
Public works	1,581,321	191,688	933,854	(455,779)	-	(455,779)
Parks and recreation	1,035,047	350,112	17,667	(667,268)	-	(667,268)
Municipal airport	442,779	207,207	344,747	109,175	-	109,175
Interest on long-term debt	921,817	-	-	(921,817)	-	(921,817)
Total governmental activities	8,111,239	991,382	1,303,457	(5,816,400)	-	(5,816,400)
Business-type activities:						
Waterworks	1,784,867	1,934,031	-	-	149,164	149,164
Electric	14,739,071	17,296,765	-	-	2,557,694	2,557,694
Wastewater-sewer	2,813,032	1,810,725	-	-	(1,002,307)	(1,002,307)
Sanitation	503,868	565,831	-	-	61,963	61,963
Fiber optics	94,695	183,970	-	-	89,275	89,275
Total business-type activities	19,935,533	21,791,322	-	-	1,855,789	1,855,789
Total city	\$ 28,046,772	\$ 22,782,704	\$ 1,303,457	(5,816,400)	1,855,789	(3,960,611)

See accompanying notes to the financial statements.

**Net Revenue (Expense) and
Changes in Net Assets**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General revenues			
Sales and use taxes	2,179,966	-	2,179,966
Sales and use taxes - police station	428,701	-	428,701
Motor fuel sales tax	284,145	-	284,145
M & M surcharge tax	37,320	-	37,320
Emergency telephone tax	83,703	-	83,703
Sales tax - TIF	845,871	-	845,871
Real estate tax - TIF	356,162	-	356,162
Franchise fees	423,246	-	423,246
Payments in lieu of taxes	2,107,567	(2,107,567)	-
Investment revenue	104,478	422,917	527,395
Gain (loss) sale of assets	(12,243)	-	(12,243)
Settlement	196,374	-	196,374
Miscellaneous	129,533	-	129,533
Transfers	300,000	(300,000)	-
Total general revenues and transfers	<u>7,464,823</u>	<u>(1,984,650)</u>	<u>5,480,173</u>
Change in net assets	1,648,423	(128,861)	1,519,562
Net assets - beginning	11,191,208	17,986,843	29,178,051
Prior period adjustment	-	702,933	702,933
Net assets - ending	<u>\$ 12,839,631</u>	<u>\$ 18,560,915</u>	<u>\$ 31,400,546</u>

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
 GOVERNMENTAL FUNDS BALANCE SHEET
 MARCH 31, 2009

	Major Funds				Total Governmental Funds
	General	E-911	Tax Increment Finance District 1	Tax Increment Finance District 2	
ASSETS					
Cash and cash equivalents	\$ 367,648	\$ -	\$ -	\$ -	\$ 367,648
Accounts receivable	397,158	-	31,315	11,276	439,749
Prepaid health insurance	57,752	-	-	-	57,752
Prepaid workman's compensation	119,345	-	-	-	119,345
Restricted assets:					
Cash and cash equivalents	40,649	137,225	1,999,780	777,696	2,955,350
Investments	-	-	-	-	-
Total assets	<u>\$ 982,552</u>	<u>\$ 137,225</u>	<u>\$ 2,031,095</u>	<u>\$ 788,972</u>	<u>\$ 3,939,844</u>
LIABILITIES					
Accounts payable	\$ 129,125	\$ -	\$ -	\$ -	\$ 129,125
Accrued payroll and payroll taxes	92,370	-	-	-	92,370
Due to depositors	14,187	-	-	-	14,187
Total liabilities	<u>235,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>235,682</u>
FUND BALANCE					
Reserved:					
Reserved for E-911	-	137,225	-	-	137,225
Reserved for Tax Increment Financing	-	-	2,031,095	788,972	2,820,067
Reserved for prepaid items	177,097	-	-	-	177,097
Undesignated	569,773	-	-	-	569,773
Total fund balances	<u>746,870</u>	<u>137,225</u>	<u>2,031,095</u>	<u>788,972</u>	<u>3,704,162</u>
Total liabilities and fund balances	<u>\$ 982,552</u>	<u>\$ 137,225</u>	<u>\$ 2,031,095</u>	<u>\$ 788,972</u>	<u>\$ 3,939,844</u>

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 MARCH 31, 2009**

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

Total fund balance - total governmental funds \$ 3,704,162

Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the governmental funds.

Governmental capital assets	\$ 40,976,468	
Less accumulated depreciation	<u>(13,254,437)</u>	27,722,031

Long-term liabilities; including certificates of participation, capital lease obligations, and accrued compensated absences, are not due and payable in the current period, and therefore, are not reported as liabilities in the governmental funds.

General obligation bonds	(108,954)	
Revenue bonds	(13,655,000)	
Notes payable	(50,000)	
Capital lease obligations	(3,847,049)	
Developers' agreements	(549,155)	
Accounts payable - capital work in progress	(110,384)	
Accrued compensated absences	(380,989)	
Unamortized issuance cost of bonds	400,465	
Accrued interest liability	<u>(285,496)</u>	(18,586,562)

Net assets of governmental activities

\$ 12,839,631

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
 GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES
 YEAR ENDED MARCH 31, 2009

	Major Funds				Total Governmental Funds
	General	E-911	Tax Increment Finance District 1	Tax Increment Finance District 2	
REVENUES					
Business license and permits	\$ 22,834	\$ -	\$ -	\$ -	\$ 22,834
Federal and state grants	1,303,457	-	-	-	1,303,457
Fines and forfeitures	194,660	-	-	-	194,660
Franchise fees	423,246	-	-	-	423,246
Sales tax	2,608,667	-	567,263	278,608	3,454,538
Investment income	31,717	-	63,300	9,461	104,478
Intergovernmental	-	-	-	-	-
Other revenue	741,303	10,800	-	-	752,103
Other taxes and assessments	321,465	83,703	259,476	96,686	761,330
Rental revenue	151,319	-	-	-	151,319
Total Revenues	<u>5,798,668</u>	<u>94,503</u>	<u>890,039</u>	<u>384,755</u>	<u>7,167,965</u>
EXPENDITURES					
Current					
Policy development and administration	587,965	-	-	-	587,965
Public safety	3,057,285	92,188	-	-	3,149,473
Public works	1,168,702	-	12,967	6,461	1,188,130
Parks and recreation	784,706	-	-	-	784,706
Municipal airport	291,246	-	-	-	291,246
Capital outlay	3,545,647	-	7,913,911	-	11,459,558
Debt service:					
Principal	702,848	-	361,985	500,000	1,564,833
Interest and other charges	171,896	-	299,187	214,587	685,670
Total Expenditures	<u>10,310,295</u>	<u>92,188</u>	<u>8,588,050</u>	<u>721,048</u>	<u>19,711,581</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,511,627)</u>	<u>2,315</u>	<u>(7,698,011)</u>	<u>(336,293)</u>	<u>(12,543,616)</u>
OTHER FINANCING SOURCES (USES)					
Due from (to) other funds	-	-	-	-	-
Gain (loss) on sale of assets	51,685	-	-	-	51,685
Settlement	196,374	-	-	-	196,374
Proceeds from financing	86,024	-	549,155	-	635,179
Transfers - payments in lieu of taxes (PILOTS)	2,107,567	-	-	-	2,107,567
Transfers in	591,393	-	(291,393)	-	300,000
Total Other Financing Sources (Uses)	<u>3,033,043</u>	<u>-</u>	<u>257,762</u>	<u>-</u>	<u>3,290,805</u>
Net Change in Fund Balances	(1,478,584)	2,315	(7,440,249)	(336,293)	(9,252,811)
Fund balance - beginning	2,225,454	134,910	9,471,344	1,125,265	12,956,973
Fund balance - ending	<u>\$ 746,870</u>	<u>\$ 137,225</u>	<u>\$ 2,031,095</u>	<u>\$ 788,972</u>	<u>\$ 3,704,162</u>

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
RECONCILIATION OF THE CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2009**

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

Net change in fund balance - total governmental funds	\$ (9,252,811)
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives.	11,395,630
In the Statement of Activities cost of capital outlay assets is allocated over their estimated useful lives and reported as depreciation expense.	(1,159,554)
In the Statement of Activities cost of accrued compensated absences are expensed as salary costs.	(28,348)
Governmental funds report unamortized bond premium as expenditures. However, in the statement of activities the cost of those premiums are allocated over their debt repayment lives.	(32,168)
In the Statement of Activities cost of accrued interest expenses of tax increment financing district are expensed as interest costs.	(196,995)
Governmental funds report proceeds from financing as revenue. However, in the statement of activities the proceeds of those loans are balance sheet items and not reported on the Statement of Activities.	(642,163)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	1,564,833
Change in net assets of governmental activities	<u><u>\$ 1,648,424</u></u>

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
PROPRIETARY FUNDS STATEMENT OF NET ASSETS
MARCH 31, 2009

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ 996,374	\$ -	\$ 233,436	\$ 4,710	\$ 1,234,520
Investments	-	404,452	-	-	-	404,452
Accounts receivable	132,144	1,217,020	140,622	35,753	17,411	1,542,950
Prepaid workmen's compensation	15,583	30,295	8,425	16,429	-	70,732
Inventory	191,891	630,400	26,420	-	29,955	878,666
Due from other funds	-	360,000	-	-	-	360,000
Unamortized bond issue costs/investments	-	-	439,792	-	-	439,792
Total current assets	339,618	3,638,541	615,259	285,618	52,076	4,931,112
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents	49,384	326,805	659,026	-	-	1,035,215
Investments	319,926	-	1,873,060	-	-	2,192,986
Total restricted assets	369,310	326,805	2,532,086	-	-	3,228,201
Assessments receivable	-	-	254,616	-	-	254,616
Capital assets:						
Land	56,932	58,400	94,828	-	-	210,160
Building and improvements	908,946	751,127	33,705	84,878	-	1,778,656
Machinery and equipment	402,402	791,518	494,599	1,012,379	-	2,700,898
Infrastructure	6,685,017	5,244,864	24,870,595	61,189	635,923	37,497,588
Construction in progress	-	-	-	-	-	-
Less: accumulated depreciation	(3,523,070)	(5,057,467)	(11,596,480)	(743,108)	(144,587)	(21,064,712)
Total capital assets (net of accumulated depreciation)	4,530,227	1,788,442	13,897,247	415,338	491,336	21,122,590
Total noncurrent assets	4,899,537	2,115,247	16,683,949	415,338	491,336	24,605,407
Total Assets	5,239,155	5,753,788	17,299,208	700,956	543,412	29,536,519

See accompanying notes to the financial statements.

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
LIABILITIES						
Current liabilities:						
Accounts payable	2,917	1,074,534	-	10,501	-	1,087,952
Accrued payroll and payroll taxes	12,001	19,130	12,265	3,844	-	47,240
Due to other funds	-	-	-	-	360,000	360,000
Current maturities of long-term debt	68,440	-	370,000	15,696	-	454,136
Total current liabilities	83,358	1,093,664	382,265	30,041	360,000	1,949,328
Long-term liabilities, less current maturities:						
Due to depositors	28,414	313,608	-	-	-	342,022
Accrued compensated absences	38,353	122,212	41,662	11,427	-	213,654
Notes and capitalized lease obligations payable	380,600	-	-	-	-	380,600
Neighborhood improvement bonds	-	-	335,000	-	-	335,000
Revenue bonds payable, net	-	-	7,755,000	-	-	7,755,000
Total noncurrent liabilities	447,367	435,820	8,131,662	11,427	-	9,026,276
Total Liabilities	530,725	1,529,484	8,513,927	41,468	360,000	10,975,604
NET ASSETS						
Reserved:						
Invested in capital assets, net of related debt	4,149,627	1,788,442	5,807,247	415,338	491,336	12,197,854
Restricted for:						
Other purposes	369,310	326,805	2,532,086	-	-	3,228,201
Unrestricted	558,803	2,435,862	2,978,034	244,150	(307,924)	5,908,925
Total Net Assets	\$ 4,708,430	\$ 4,224,304	\$ 8,785,281	\$ 659,488	\$ 183,412	\$ 18,560,915

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
 PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET ASSETS
 YEAR ENDED MARCH 31, 2009**

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
OPERATING REVENUES						
Charges for services	\$ 1,724,125	\$ 17,220,777	\$ 1,809,703	\$ 562,293	\$ 165,322	\$ 21,482,220
OPERATING EXPENSES						
Salaries	439,429	761,147	446,689	123,122	-	1,770,387
Payroll taxes	32,436	55,081	32,650	2,569	-	122,736
Depreciation	257,246	166,914	1,019,051	82,925	31,566	1,557,702
Computer	7,082	10,413	7,398	-	-	24,893
Education	3,736	10,869	1,105	-	14	15,724
Electric purchases	-	13,114,942	-	-	-	13,114,942
Health and life insurance	52,205	74,009	44,632	20,132	-	190,978
Insurance	17,686	71,943	21,666	4,785	-	116,080
Landfill and recycling	-	-	-	152,957	-	152,957
Miscellaneous	740	1,789	618	5,253	18,648	27,048
Professional and consulting service	252,869	23,253	139,520	108	16,924	432,674
Repairs and maintenance	504,971	139,814	507,712	70,890	4,670	1,228,057
Retirement	41,355	82,593	47,575	11,941	-	183,464
Supplies	141,602	199,813	58,654	7,831	21,943	429,843
Telephone	3,949	7,653	3,756	314	930	16,602
Utilities	-	-	-	-	-	-
Workman's compensation	11,884	18,838	7,244	15,932	-	53,898
Total Operating Expenses	1,767,190	14,739,071	2,338,270	498,759	94,695	19,437,985
Operating Income (Loss)	(43,065)	2,481,706	(528,567)	63,534	70,627	2,044,235
NONOPERATING REVENUES (EXPENSES)						
Investment income	349	1,280	421,288	-	-	422,917
Federal and state grants	101,341	1,147	-	-	-	102,488
Miscellaneous income	108,565	74,841	1,022	3,538	18,648	206,614
Interest expense and fees	(17,677)	-	(474,762)	(5,109)	-	(497,548)
Total Nonoperating Revenues (Expenses)	192,578	77,268	(52,452)	(1,571)	18,648	234,471
Income (Loss) Before Contributions and Transfers	149,513	2,558,974	(581,019)	61,963	89,275	2,278,706
Payments in lieu of taxes (PILOTS)	(194,159)	(1,668,212)	(226,799)	-	(18,397)	(2,107,567)
Transfers out	-	(300,000)	-	-	-	(300,000)
Change in Net Assets	(44,646)	590,762	(807,818)	61,963	70,878	(128,861)
Net assets - beginning	4,599,563	3,129,222	9,571,963	597,525	88,570	17,986,843
Prior period adjustment	153,513	504,320	21,136	-	23,964	702,933
Net assets - ending	\$ 4,708,430	\$ 4,224,304	\$ 8,785,281	\$ 659,488	\$ 183,412	\$ 18,560,915

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
 PROPRIETARY FUNDS STATEMENT OF CASH FLOWS
 YEAR ENDED MARCH 31, 2009

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
Cash flows from operating activities:						
Cash received from customers	\$ 1,724,990	\$ 17,518,930	\$ 2,095,404	\$ 567,328	\$ 162,496	\$ 22,069,148
Cash received from other sources	108,565	74,841	1,022	3,538	18,648	206,614
Cash payments to suppliers	(179,979)	(13,440,835)	(63,938)	(7,831)	(27,934)	(13,720,517)
Cash payments to employees	(444,677)	(751,812)	(446,730)	(120,496)	-	(1,763,715)
Cash payments to employee benefits and payroll taxes	(125,996)	(211,683)	(124,857)	(34,642)	-	(497,178)
Cash payments for other expenses	(831,305)	(296,597)	(936,078)	(273,785)	(41,186)	(2,378,951)
Net cash provided by (used in) operating activities	251,598	2,892,844	524,823	134,112	112,024	3,915,401
Cash flows from non-capital financing activities:						
Transfers from (to) other funds	-	(300,000)	-	-	-	(300,000)
Transfers - Payments in lieu of taxes (PILOTS)	(194,159)	(1,668,212)	(226,799)	-	(18,397)	(2,107,568)
Due (from) to other funds	-	84,390	-	-	(84,390)	-
Net cash provided by (used in) non-capital financing activities	(194,159)	(1,883,822)	(226,799)	-	(102,787)	(2,407,568)
Cash flows from capital and related financing activities:						
Interest expense & fees	(17,677)	-	(474,762)	(5,109)	-	(497,548)
Principal payment on capital lease	(66,094)	-	(360,000)	(55,514)	-	(481,608)
Purchase of capital acquisitions	(5,894)	(215,965)	(208,801)	-	(4,598)	(435,258)
Federal and state grants	101,341	1,147	-	-	-	102,488
Financing proceeds	-	-	-	-	-	-
Redemption of bonds payable	-	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	11,676	(214,818)	(1,043,563)	(60,623)	(4,598)	(1,311,926)
Cash flows from investing activities:						
Investment income	349	1,280	421,288	-	-	422,917
Sale of investments - held to maturity	-	-	-	-	-	-
Net cash provided by (used in) investing activities	349	1,280	421,288	-	-	422,917
Net increase (decrease) in cash and cash equivalents	69,464	795,484	(324,251)	73,489	4,639	618,824
Cash and cash equivalents - beginning	299,846	932,147	2,856,337	159,947	71	4,248,348
Cash and cash equivalents - ending	\$ 369,310	\$ 1,727,631	\$ 2,532,086	\$ 233,436	\$ 4,710	\$ 4,867,172

See accompanying notes to the financial statements.

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
Displayed as:						
Cash and cash equivalents	\$ -	\$ 1,400,826	\$ -	\$ 233,436	\$ 4,710	\$ 1,638,971
Restricted - cash and cash equivalents	369,310	326,805	2,532,086	-	-	3,228,201
Total cash, cash equivalents, and investments	<u>\$ 369,310</u>	<u>\$ 1,727,631</u>	<u>\$ 2,532,086</u>	<u>\$ 233,436</u>	<u>\$ 4,710</u>	<u>\$ 4,867,172</u>

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

Operating income (loss)	\$ (43,065)	\$ 2,481,706	\$ (528,566)	\$ 63,534	\$ 70,627	\$ 2,044,236
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	257,246	166,914	1,019,051	82,925	31,566	1,557,702
Amortization	-	-	(231,371)	-	-	(231,371)
Miscellaneous revenue	108,565	74,841	1,022	3,538	18,648	206,614
(Increase) decrease in accounts receivable	955	227,886	285,701	5,035	(2,826)	516,751
(Increase) decrease in prepaid sales tax	-	63,437	-	-	-	63,437
(Increase) decrease in inventory	(38,377)	(126,080)	(5,284)	-	(5,991)	(175,732)
Increase (decrease) in workmen's compensation	(6,241)	(13,999)	(3,723)	(7,097)	-	(31,060)
Increase (decrease) in accounts payable	(22,147)	1,974	(11,966)	(16,449)	-	(48,588)
Increase (decrease) in accrued payroll	3,609	5,916	4,454	1,405	-	15,384
Increase (decrease) in customer deposits	(90)	6,830	-	-	-	6,740
Increase (decrease) in accrued compensated absences	(8,857)	3,419	(4,495)	1,221	-	(8,712)
Net cash provided by (used in) operating activities	<u>\$ 251,598</u>	<u>\$ 2,892,844</u>	<u>\$ 524,823</u>	<u>\$ 134,112</u>	<u>\$ 112,024</u>	<u>\$ 3,915,401</u>

NONCASH CAPITAL FINANCING ACTIVITIES

Supplemental information						
Interest paid	<u>\$ 17,677.00</u>	<u>\$ -</u>	<u>\$ 474,762.00</u>	<u>\$ 5,109.00</u>	<u>\$ -</u>	<u>\$ 497,548.00</u>

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF MONETT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Reporting Entity

The City of Monett, Missouri, was incorporated as a town in 1888 and, as a city on March 3, 1914, under the provisions of the State of Missouri. The City operates under a Mayor-Board of Commission form of government as a Third Class City. The Mayor and the two Commissioners serve four-year terms that expired in April 2012, and to which they were re-elected for another four-years. The City provides a variety of general governmental services to residents including general administrative services, public safety, public works, parks and recreation, and airport operations. Other services include water, electric, sewer, fiber optic, and sanitation operations.

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

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

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

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

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

CITY OF MONETT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

(B) Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

CITY OF MONETT, MISSOURI
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statement of revenues, expenditures and changes in fund balance identifying categories that required conversion from the fund statements.

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

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

The City reports the following major governmental funds:

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

E-911 — The purpose of this fund accounts for revenues and expenditures relating to 911 emergency dispatching services. Cash and investment for this fund are restricted by state statute.

Tax Increment Finance — The purpose of this fund accounts for revenues and expenditures relating to tax increment financing projects. Cash and investments for this fund are restricted by state statute.

The City reports the following major proprietary funds:

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

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

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

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

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

The City reports the following fund types:

CITY OF MONETT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
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Internal Service Funds — These funds account for the costs of the Hazardous Material, Safety, and Mechanic Funds on a cost-reimbursement basis.

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

a. Deposits and Investments

City monies are deposited in FDIC-insured banks. Funds 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 cost, less purchase premiums which are amortized over the life of the investment. Cost approximates fair market value at year end.

b. Receivables and Payables

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

c. Inventories and Prepaid Items

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

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

d. Restricted Assets

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

e. Assessment Receivable

In 2004, the City issued Neighborhood Improvement District Bonds for the Brandermill/Country Club Gravity Sewer Project. Certain costs related to this project are reimbursed to the City by way of a sewer assessment. At March 31, 2009, the outstanding balance was \$254,616.

f. Capital Assets

CITY OF MONETT, MISSOURI
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Capital assets include land, construction in progress, buildings and improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased 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.

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

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

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

g. Compensated Absences

All vested or accumulated vacation, scheduled holiday leave and vested accumulated sick leave is accrued when incurred in the government-wide and proprietary financial statements. Compensated absences for the years ended March 31, 2009 and 2008 are \$594,643 and \$575,005, respectively.

h. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other

CITY OF MONETT, MISSOURI
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MARCH 31, 2009

financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

i. Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purposes. Designations of fund balances represent tentative plans for future use of financial resources that are subject to change.

j. Capitalization of Interest

Net interest costs related to acquisition or construction is capitalized as part of the cost of the related asset for the business type and proprietary activities of the City, and component unit. Total interest costs incurred by the City were \$1,412,381, of which none was capitalized.

k. 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, 2009 reflect payments in lieu of taxes (PILOTS) to the City of \$2,107,568.

In addition, City Utilities also provides services such as energy for street lighting and other electric, water and sewer services without charge to the City. The cost of providing such services was approximately \$687,657 in 2009.

l. Net Assets

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

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

Restricted— This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

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

**CITY OF MONETT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009**

m. Use of Estimates

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

(2) DETAILED NOTES ON ALL FUNDS

(A) Deposits

The City pools idle cash from all funds for the purpose of increasing income through investment activities. The cash and investment pool is available for use by all funds and is comprised of deposits and other investments. At March 31, 2009, the bank balance of the City's deposits was \$1,661,032, which was covered by federal depository insurance or by collateral held by the City's agent in the City's name. A difference exists between bank and book balances of (\$58,864) due to deposits in transit and other reconciling items.

The City also maintains separate cash accounts restricted for specific purposes. At March 31, 2009, the bank balance of the City's restricted deposits was \$3,990,565, which was covered by federal depository insurance or by collateral held by the City's agent in the City's name.

(B) Investments

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

- a. Obligations of the United States government, the State of Missouri, this city, or;
- b. In bonds, bills, notes, debentures or other obligations guaranteed as to payment of principal and interest by the government of the United States or any agency or instrumentality thereof, the State of Missouri or this city, or;
- c. In revenue bonds of the City, or;
- d. In certificates of deposit, savings accounts as defined in Chapter 369, Revised Missouri Statutes or in interest bearing time deposits when such funds are held in United States banks, state banks, savings and loan associations operating under Chapter 369, Revised Missouri Statutes, or savings and loan associations authorized by the United States government so long as such deposits, savings accounts, and interest bearing deposits are secured by one or more of the types of securities described in subparagraphs (a), (b), or (c) of this section.

CITY OF MONETT, MISSOURI
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- e. Banker's acceptances issued by domestic commercial banks possessing the highest rating issued by a nationally recognized rating agency; or Commercial paper issued by domestic corporations which has received the highest rating issued by a nationally recognized rating agency.

The City also maintains an investment pool that is available for use by all funds and separate investments accounts which are restricted for specific purposes. At March 31, 2009, the City held the following investments, all of which have maturities of more than 24 months:

<u>Investment Type</u>	<u>Fair Value</u>
U.S. Agency:	
GNMA	\$ 1,695,587
FNMA	243,933
FHMA	28,893
Certificates of deposit	<u>629,025</u>
Total	<u>\$ 2,597,438</u>

The following is a listing of cash and investments held by the City as of March 31, 2009:

Money market funds	\$ 90,895
Deposits	2,132,420
Investments	2,597,438
Trustee accounts	3,369,418
Total	<u>\$ 8,190,171</u>

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

Cash and cash equivalents	\$ 268,122
Investments	1,738,498
Restricted cash and cash equivalents	5,468,634
Restricted investments	714,917
Total	<u>\$ 8,190,171</u>

CITY OF MONETT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
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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 shall be 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 changes 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 counterparty to fulfill their obligation. The City minimizes credit risk by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business and by diversifying the portfolio so that potential losses on individual fixed income securities will be minimized. As of March 31, 2009, the City's investments were rated by Moody's Investment Service or Standard & Poor's as follows:

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

CITY OF MONETT, MISSOURI
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(C) Capital Assets

Capital asset activity for the year ended March 31, 2009, was as follows:

Governmental Activities:	Balance March 31, 2008	Additions	Deductions	Transfers	Balance March 31, 2009
Non-Depreciable Capital Assets					
Land	\$ 939,346	\$ -	\$ -	\$ -	\$ 939,346
Construction in Process	-	110,384	-	-	110,384
Total Non-Depreciable Capital Assets	939,346	110,384	-	-	1,049,730
Depreciable Capital Assets					
Buildings and Building Imp.	5,928,580	682,696	(171,810)	-	6,439,466
Machinery and Equipment	5,512,144	716,350	(176,475)	-	6,052,019
Infrastructure	17,374,741	10,060,512	-	-	27,435,253
Total Depreciable Capital Assets	28,815,465	11,459,558	(348,285)	-	39,926,738
Less Accumulated Depreciation					
Buildings and Building Imp.	(1,344,257)	(214,422)	66,732	-	(1,491,947)
Machinery and Equipment	(3,714,955)	(366,034)	217,625	-	(3,863,414)
Infrastructure	(7,320,028)	(579,048)	-	-	(7,899,076)
Total Accumulated Depreciable	(12,379,240)	(1,159,554)	284,357	-	(13,254,437)
Total Capital Assets, Net	16,436,225	10,300,004	(63,928)	-	26,672,301
Total Governmental Activities Capital Assets	\$ 17,375,571	\$ 10,410,388	\$ (63,928)	\$ -	\$ 27,722,031

Depreciation expense was charged to functions as follows:

Policy Development and Administration	36,049
Public Safety	336,205
Public Works	385,115
Parks and Recreation	249,773
Municipal Airport	151,412
Total depreciation expense governmental activities	\$ 1,159,554

CITY OF MONETT, MISSOURI
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Fiber Fund:	Balance March 31, 2008	Additions	Deductions	Transfers	Balance March 31, 2009
Non-Depreciable Capital Assets					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in Process	-	-	-	-	-
Total Non-Depreciable Capital Assets	-	-	-	-	-
Depreciable Capital Assets					
Buildings and Building Imp.	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-
Infrastructure	631,324	4,599	-	-	635,923
Total Depreciable Capital Assets	631,324	4,599	-	-	635,923
Less Accumulated Depreciation					
Buildings and Building Imp.	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-
Infrastructure	(113,021)	(31,566)	-	-	(144,587)
Total Accumulated Depreciable	(113,021)	(31,566)	-	-	(144,587)
Total Depreciable Capital Assets, Net	518,303	(26,967)	-	-	491,336
Total Fiber Fund Business - Type Capital Assets	\$ 518,303	\$ (26,967)	\$ -	\$ -	\$ 491,336

Depreciation expense was charged to the functions as follows:

Water	\$ 257,246
Electric	166,914
Sewer	1,019,051
Sanitation	82,925
Fiber optics	31,566
Total depreciation expense-business -type activities	\$ 1,557,702

CITY OF MONETT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

(D) Long-Term Obligations

The following is a summary of changes in long-term debt and other obligations for the year ended March 31, 2009:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General obligation bonds	\$ 122,271	\$ -	\$ 13,317	\$ 108,954	\$ 13,620
Revenue bonds	14,510,000	-	855,000	13,655,000	560,000
Total Bonds Payable	14,632,271	-	868,317	13,763,954	573,620
Notes Payable	100,000	-	50,000	50,000	150,000
Capital Lease Obligations	4,400,557	86,024	639,530	3,847,051	639,161
Developers' Agreements	-	556,139	6,984	549,155	-
Total Governmental Activities Long-Term Liabilities	\$ 19,132,828	\$ 642,163	\$ 1,564,831	\$ 18,210,160	\$ 1,362,781
Business Type Activities					
Sanitary Sewerage System Fund					
Revenue bonds	\$ 8,470,000	\$ -	\$ 345,000	\$ 8,125,000	\$ 355,000
General obligation bonds	350,000	-	15,000	335,000	15,000
Water System Fund					
Certificates of participation	515,134	-	66,073	449,061	68,440
Sanitation System Fund					
Capital lease obligations	71,208	-	55,512	15,696	15,696
Total Business Type Activities Long-Term Liabilities	\$ 9,406,342	\$ -	\$ 481,585	\$ 8,924,757	\$ 454,136
Total Governmental Activities and Business Type Activities Long-Term Liabilities	\$ 28,539,170	\$ 642,163	\$ 2,046,416	\$ 27,134,917	\$ 1,816,917

The following summarizes changes in the liability for accrued compensated absences:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities					
	\$ 352,640	\$ 263,543	\$ 235,194	\$ 380,989	\$ 342,890
Business type activities					
Sanitary Sewerage System Fund	46,157	17,746	22,240	41,663	37,497
Water System Fund	47,210	19,554	28,411	38,353	34,517
Sanitation System Fund	10,204	11,559	10,338	11,425	10,284
Electric Fund	118,793	70,594	67,175	122,212	109,991
Total business-type activities	222,364	119,453	128,164	213,653	192,289
Total Governmental and Business-type activities Accrued compensated absences	\$ 575,004	\$ 382,996	\$ 363,358	\$ 594,642	\$ 535,179

CITY OF MONETT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

Debt service requirements on long-term debt at March 31, 2009 are as follows:

The annual Governmental Activities debt service requirements to maturity, including principal and interest, for long-term debt as of March 31, 2009, are as follows:

Fiscal Year Ended March 31	Governmental Activities					
	General Obligation Bonds		Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 13,620	\$ 5,506	\$ 560,000	\$ 575,746	\$ 50,000	\$ 1,500
2011	14,297	4,829	1,465,000	550,499	-	-
2012	15,007	4,119	3,910,000	428,049	-	-
2013	15,753	3,373	780,000	339,931	-	-
2014	16,536	2,590	820,000	307,276	-	-
2015-2019	33,742	2,674	4,455,000	972,090	-	-
2020-2024	-	-	1,000,000	332,060	-	-
2025-2029	-	-	665,000	76,648	-	-
2030-2034	-	-	-	-	-	-
	<u>\$ 108,955</u>	<u>\$ 23,091</u>	<u>\$ 13,655,000</u>	<u>\$ 3,582,299</u>	<u>\$ 50,000</u>	<u>\$ 1,500</u>

Fiscal Year Ended March 31	Governmental Activities (Cont)		Total	
	Capital Lease Obligations		Governmental Activities	
	Principal	Interest	Principal	Interest
2010	\$ 639,161	\$ 143,518	\$ 1,262,781	\$ 726,270
2011	640,168	120,093	2,119,465	675,421
2012	648,088	95,951	4,573,095	528,119
2013	455,807	72,940	1,251,560	416,244
2014	466,576	54,255	1,303,112	364,121
2015-2019	997,250	59,999	5,485,992	1,034,763
2020-2024	-	-	1,000,000	332,060
2025-2029	-	-	665,000	76,648
2030-2034	-	-	-	-
	<u>\$ 3,847,050</u>	<u>\$ 546,756</u>	<u>\$ 17,661,005</u>	<u>\$ 4,153,646</u>

CITY OF MONETT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

Fiscal Year Ended March 31	Business Type Activities					
	General Obligation Bonds - Sewer		Revenue Bonds - Sewer		Capital Lease Obligation - Water	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 15,000	\$ 15,440	\$ 355,000	\$ 379,678	\$ 68,440	\$ 15,345
2011	15,000	14,896	370,000	366,611	70,891	12,894
2012	15,000	14,315	385,000	352,141	73,430	10,355
2013	15,000	13,700	40,000	336,673	76,060	7,725
2014	15,000	13,063	415,000	319,856	78,784	5,001
2015-2019	100,000	52,240	2,410,000	1,288,900	81,458	2,179
2020-2024	130,000	24,610	3,080,000	619,341	-	-
2025-2029	30,000	765	710,000	33,370	-	-
2030-2034	-	-	-	-	-	-
	<u>\$ 335,000</u>	<u>\$ 149,029</u>	<u>\$ 7,765,000</u>	<u>\$ 3,696,570</u>	<u>\$ 449,063</u>	<u>\$ 53,499</u>

Fiscal Year Ended March 31	Business Type Activities (Cont'd)		Total	
	Capital Lease Obligation - Sanitation		Business Type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 15,696	\$ 2,610	\$ 454,136	\$ 413,073
2011	-	-	455,891	394,401
2012	-	-	473,430	376,811
2013	-	-	491,060	358,097
2014	-	-	508,784	337,920
2015-2019	-	-	2,591,458	1,343,319
2020-2024	-	-	3,210,000	643,951
2025-2029	-	-	740,000	34,135
2030-2034	-	-	-	-
	<u>\$ 15,696</u>	<u>\$ 2,610</u>	<u>\$ 8,924,759</u>	<u>\$ 3,901,707</u>

CITY OF MONETT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

General Obligation Bonds payable at March 31, 2009 are comprised of the following individual issues:

4.15% General Obligation Bonds, Neighborhood Improvement District Bonds Series 2006, due through September 6, 2015	\$ 108,954
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, 2009, 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.	335,000
Total General Obligation Bonds	\$ 443,954

Revenue bonds payable at March 31, 2009 are comprised of the following individual issues:

Tax Increment Financing fund:

1.25% to 3.80% Tax Increment Financing Revenue Bonds Series 2004 (Hwy 60 Redevelopment Project TIF #1) interest due semiannually April 1 and October 1 with principal due annually October 1; bonds maturing on October 1, 2010, shall be subject to redemption beginning with bonds maturing in October 1, 2010 are subject to optional redemption on October 1, 2004 at 100% of the principal. Funding was used in combination with funds received from Missouri Department of Transportation to improve safety and usability of the city's infrastructure particularly related to the areas adjoining Highway 60.	\$ 1,480,000
3.625% to 3.85% Tax Increment Allocation Bonds, Subordinate Series 2007 (Hwy 60 Amended Redevelopment Project TIF #1) interest due semi-annually October 1 and April 1; bonds mature October 1, 2010 through 2014, optional redemption beginning October 1, 2012 at 100% of the principal. Original issuance of \$6,100,000 in December of 2008 had a partial defeasance of \$590,000 with the issuance of the Series 2008 bonds. Monies generated from these bonds were used in combination with funds received from Missouri Department of Transportation for projects such as added lanes on Highway 60 and also combined with funds from the Burlington Northern Santa Fe Railroad to build an overpass on Eisenhower Street.	5,510,000
4.00% to 4.5% Subordinate Tax Increment Allocation Bonds,	3,000,000

CITY OF MONETT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

Junior Series 2008 (Hwy 60 Amended Redevelopment Project TIF #1) interest due semi-annually April 1 and October 1 with bonds maturing October 1, 2104 through 2018, optional redemption begins October 1, 2012 at 100% of the principal. Funding from this issuance was to further expand and improve the infrastructure of and adjacent to Highway 60.

5.00% Tax Increment Allocation Bonds Series 2005A (East Hwy 60 Infrastructure Project TIF #2) interest due semiannually January 1, and July 1, with principal and bonds maturing January 1, 2028. Optional redemption beginning January 1, 2010, at 100% of the principal. These monies were specifically generated to make improvements on and around Chapel Drive. 1,130,000

5.25% Tax Increment Allocation Bonds Series 2005B (RPA #1 Infrastructure Improvements Project TIF #2) interest due semiannually January 1, and July 1, with principal and bonds maturing January 1, 2028 optional redemption beginning January 1, 2010, at 100% of the principal. Specific use of this funding was to redevelop 385 acres in the southeast portion of the city adjacent to Highway 60. 2,535,000

Sewer system fund:

2.00% to 4.70% Combined Waterworks and Sewerage System Revenue Bonds, (State Revolving Funds Program) Series 2003, due through January 1, 2025, callable on or after December 1, 2012 at 100% principal. Monies generated from this debt issuance were combined with funds from the State Environment Improvement and Energy Resources Authority to construct wastewater treatment and clean water facilities for the city (Drinking Water Loan). 7,815,000

5.20% to 6.55% Sewerage Revenues Refunding Bonds, (State Revolving Funds Program) Series 1992A, due through June 1, 2013. Monies generated from this debt issuance were combined with funds from the State Environment Improvement and Energy Resources Authority to construct wastewater treatment and clean water facilities for the city (Clean Water Loan). 310,000

Total revenue bonds payable \$ 21,780,000

Notes payable at March 31, 2009 consisted of the following obligation:

CITY OF MONETT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

General fund:

3.00% Promissory Note (to purchase land for the police station on Business highway 60) payable in four annual payments maturing September 6, 2009.	\$ 50,000
	<hr/>
Total notes payable	\$ 50,000
	<hr/>

Certificates of Participation

In 2002, the City accepted the Commerce National Bank, N.A. bid to acquire leasehold certificates of participation, and subsequently entered into a Lease Purchase Agreement for the purpose of airport improvements. Currently the agreement has a present value of lease payments of \$120,000, with interest at 3.30%, and is payable in semiannual installments through October 2011.

In 2002, the City accepted the Commerce National Bank, N.A. bid to acquire leasehold certificates of participation, and subsequently entered into a Lease Purchase Agreement for the purpose of golf course improvements. Currently the agreement has a present value of lease payments of \$360,040, with interest at 3.30%, and is payable in semiannual installments through October 2011.

In 2004, the City accepted the Commerce National Bank, N.A. bid to acquire leasehold certificates of participation, and subsequently entered into a Lease Purchase Agreement in 2005, for the purpose of constructing a water tower. Currently the agreement has a present value of lease payments of \$449,040, with interest at 3.52%, and is payable in semiannual installments through December 2014.

Capital Leases

Governmental Activities:

Wells Fargo Brokerage Services, LLC, Governmental Lease-Purchase Agreement: dated February 25, 2009, the present value of lease payments is \$392,532, with interest at 3.85%, and is payable in annual payments through January 15, 2018. Funds generated from this lease were used for the interior security system and communication tower and equipment at the newly constructed Monett Justice Center.

Yamaha Commercial Customer Finance Lease Agreement: In May of 2008, the City entered into a lease of 24 golf carts. The present value of lease payments is \$67,335 at year end, with interest at 5.25% and is payable in monthly payments through October 2011.

Citi-capital Finance Lease Agreement: in May 2008, the City entered into a Lease of 2 golf utility carts. The present value of lease payments at March 31, 2009 is \$10,477, with interest at 5.25% and is payable monthly through November 2012.

In October 2007, the City entered into a Lease with Option to Purchase Agreement with United Missouri Bank. The present value of lease payments at March 31, 2009 is \$15,696, with interest at

CITY OF MONETT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

4.50%, and is payable in annual installments through September 2009. These funds were used to purchase a street sweeper.

In January 2008, the City entered into a Lease with Option to Purchase Agreement with Welis Fargo Brokerage Services, LLC. The present value of lease payments at March 31, 2009 is \$2,540,000, with interest at 4.10%, and is payable in annual installments through July 2010. These funds were used to expand the police station and municipal court facilities by building the new Monett Justice Center.

In October 2008, the City entered into a Lease with Option to Purchases Agreement with De Lage Landen Public Financing LLC. The present value of lease payments at March 31, 2009 is \$56,707, with interest at 3.47%, and is payable in annual installments through January 2011. These funds were used to lease purchase three police cars.

Developers' Agreements

Certain developers within the Monett TIF #1 District applied for reimbursement of the cost of infrastructure from the district. The related infrastructure was given to the city and is included in the City's capital assets. The payment of reimbursement is based solely on sales taxes collected and as such there is no definitive payout schedule. Additionally, should the requested reimbursement not be completely paid off before the TIF District expires in 2019, the City's obligation ends. At March 31, 2009, the amount outstanding on this obligation is \$549,155.

Legal Debt margin – General Obligation Bonds

Article VI, Section 26 (b), (c), (d) and (e), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a political subdivision to twenty-percent of the assessed valuation of the political subdivision (excluding state-assessed railroad and utilities). The legal debt margin, computed excluding state-assessed railroad and utilities, of the City at March 31, 2009 was:

Assessed Valuation	
Real Estate	\$ 87,284,307
Personal Property	<u>43,769,359</u>
Total Assessed Valuation	<u>\$131,053,666</u>

The legal debt margin at March 31, 2009, was computed as follows:

General Obligation	
Debt Limit	\$ 26,210,733
General Obligation	
Bonds Payable	<u>443,954</u>
Legal Debt Margin	<u>\$ 25,766,779</u>

As of March 31, 2009, the City of Monett had \$443,954 outstanding general obligation bonds.

CITY OF MONETT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

(E) Construction Commitments City of Monett

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

<u>Fund</u>	<u>Contract Amount</u>
Tax Increment Financing – Hwy 60	\$ 99,432
General Fund – Eisenhower/Clear Creek Project	\$ 239,303

(F) Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of March 31, 2009 is as follows:

<u>Receivable fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Electric	Fiber	\$ 360,000

Interfund payables and receivables are made for specific purposes for each fund, and for overdraws of cash, both of which are made in the ordinary course of business. Interfund payables and receivables are intended to be repaid in future years. At its inception, the Fiber Fund borrowed startup money from the Electric Fund which is repaid with monies generated from Fiber operations.

<u>Interfund Transfers</u>		
<u>General fund</u>	<u>Electric fund</u>	<u>Total</u>
\$ 300,000	\$ (300,000)	\$ -0-

<u>Transfers</u>		
<u>General fund</u>	<u>TIF – District 1 fund</u>	<u>Total</u>
\$ 254,273	\$ (254,273)	\$ -0-

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

(3) OTHER INFORMATION

(A) Employee Retirement Systems and Plans

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

**CITY OF MONETT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009**

Missouri Local Government Employees Retirement System (LAGERS) Plan Description

The City of Monett participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri.

LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and is governed by statute, Section RSMo 70.600-70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

Funding Status

The City of Monett's full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 10.9% (general), 10.7% (police), and 13.1% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost

For 2008, the political subdivision's annual pension cost of \$513,588 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2006 and/or February 28, 2007 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2008 included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age, attributable to seniority/merit, and (d) pre- and post-retirement mortality based on the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back 1 year for men and 7 years for women.

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfounded actuarial

CITY OF MONETT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

accrued liability is being amortized as a level of percentage of projected payroll on a closed basis. The amortization period at February 28, 2006 was 15 years.

Three-Year Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost APC</u>	<u>Percentage of</u> <u>APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
6/30/2006	514,468	100%	\$ -0-
6/30/2007	523,460	100%	-0-
6/30/2008	513,588	100%	-0-

Contribution Information

All Monett City full-time employees participate in LAGERS. The payroll for employees covered by LAGERS for the year ended March 31, 2009, was \$4,633,876; the City's total payroll was \$4,923,336. All City full-time employees are eligible to participate in the LAGERS Program. Employees who retire at or after age 60 (55 for police and fire employees) with 5 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 1.60 percent of their final-average salary for each year of credited service. Final-average salary is the employee's monthly average of gross salary paid an employee during the period of sixty months or, if an election has been made in accordance with the plan, thirty-six consecutive months or credited service producing the highest monthly average within the last 120 months of credited service. Benefits fully vest on reaching 5 years of service. Vested employees may retire at or after age 55 (age 50 for police and fire employees) and receive reduced retirement benefits.

(B) Litigation and Contingent Liabilities

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

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

CITY OF MONETT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

(C) Risk Management

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

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

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

(D) Prior Period Adjustment

In the current year, the City changed its method of accounting for "business-type" activity supplies. In order to maintain service to the industries growing and developing in the municipality, it has become necessary to increase the amount of supplies kept on hand. In prior year, all supplies were expensed when purchased. With the change, supplies are considered inventory until put into service. Had this method been adopted in prior years, supplies expense would have been reduced in the "business-type" net assets as follows:

Waterworks	\$	153,513
Electric		504,320
Sewer		21,136
Fiber		23,964
Total	\$	<u>702,933</u>

Required Supplementary Information

CITY OF MONETT, MISSOURI
NOTES TO BUDGETARY COMPARISON SCHEDULES
MARCH 31, 2009

Budgets and Budgetary Accounting

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

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

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE.
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED MARCH 31, 2009

Functions/Programs	Budgeted Amount		March 31, 2009 Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Business license and permits	\$ 46,100	\$ 21,100	\$ 22,834	\$ 1,734
Federal and state grants	1,960,935	1,679,635	1,303,457	(376,178)
Fines and forfeitures	215,200	170,200	194,660	24,460
Franchise fees	373,500	397,500	423,246	25,746
Sales tax	2,737,250	2,737,250	2,608,667	(128,583)
Interest income	50,000	35,000	31,717	(3,283)
Intergovernmental	-	-	-	-
Other revenue	713,175	932,475	741,303	(191,172)
Other taxes and assessments	348,000	348,000	321,465	(26,535)
Rental revenue	142,200	142,200	151,319	9,119
Total revenues	<u>6,586,360</u>	<u>6,463,360</u>	<u>5,798,668</u>	<u>(664,692)</u>
Expenditures				
Salaries	3,031,105	3,046,305	3,022,187	(24,118)
Payroll taxes	224,825	224,825	220,660	(4,165)
Community development block grant	-	-	-	-
Computer	34,000	51,500	52,602	1,102
Education and travel	35,500	35,500	35,918	418
Election	4,000	4,000	2,889	(1,111)
Health and life insurance	423,800	423,800	357,477	(66,323)
Insurance	74,625	95,425	94,361	(1,064)
Merchandise	125,000	72,000	57,113	(14,887)
Miscellaneous	23,500	151,000	157,855	6,855
Professional and consulting service	156,500	334,500	270,750	(63,750)
Repairs and maintenance	862,020	947,820	805,639	(142,181)
Retirement	320,950	320,950	353,951	33,001
Supplies	320,100	357,900	335,534	(22,366)
Telephone	35,700	35,700	44,289	8,589
Workman's compensation	74,130	107,380	78,679	(28,701)
Capital outlay	3,402,325	3,499,325	3,545,647	46,322
Debt service - principal	659,075	659,075	702,848	43,773
Debt service - interest	170,200	183,700	171,896	(11,804)
Total expenditures	<u>9,977,355</u>	<u>10,550,705</u>	<u>10,310,295</u>	<u>(240,410)</u>
Excess (deficiency) of revenues over expenditures	(3,390,995)	(4,087,345)	(4,511,627)	(424,282)
Other financing sources (uses)				
Due from (to) other funds	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	51,685	51,685
Settlement	-	-	196,374	196,374
Proceeds from Financing	-	85,000	86,024	1,024
Payments in Lieu of Taxes (PILOTS)	2,133,040	2,133,040	2,107,567	(25,473)
Transfers	650,000	555,000	591,393	36,393
Total other financing sources (uses)	<u>2,783,040</u>	<u>2,773,040</u>	<u>3,033,043</u>	<u>260,003</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ (607,955)</u>	<u>\$ (1,314,305)</u>	<u>\$ (1,478,584)</u>	<u>\$ (164,279)</u>

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
E - 911 FUND
FOR THE FISCAL YEAR ENDED MARCH 31, 2009

Functions/Programs	Budgeted Amount		March 31, 2009 Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Business license and permits	\$ -	\$ -	\$ -	\$ -
Federal and state grants	-	-	-	-
Fines and forfeitures	-	-	-	-
Franchise fees	-	-	-	-
Sales tax	-	-	-	-
Interest income	-	-	-	-
Intergovernmental	-	-	-	-
Other revenue	10,800	10,800	10,800	-
Other taxes and assessments	40,000	65,000	83,703	18,703
Rental revenue	-	-	-	-
Total revenues	<u>50,800</u>	<u>75,800</u>	<u>94,503</u>	<u>18,703</u>
Expenditures				
Salaries	39,275	39,275	39,181	(94)
Payroll taxes	2,950	2,950	2,997	47
Community development block grant	-	-	-	-
Computer	6,200	6,200	9,741	3,541
Education and travel	4,400	4,400	3,587	(813)
Election	-	-	-	-
Health and life insurance	6,500	6,500	4,495	(2,005)
Insurance	400	400	337	(63)
Merchandise	-	-	-	-
Miscellaneous	100	100	122	22
Professional and consulting service	2,500	2,500	-	(2,500)
Repairs and maintenance	-	-	-	-
Retirement	4,400	4,400	4,271	(129)
Supplies	1,500	1,500	966	(534)
Telephone	25,000	25,000	26,491	1,491
Workman's compensation	100	100	-	(100)
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	<u>93,325</u>	<u>93,325</u>	<u>92,188</u>	<u>(1,137)</u>
Excess (deficiency) of revenues over expenditures	(42,525)	(17,525)	2,315	19,840
Other financing sources (uses)				
Due from (to) other funds	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-
Settlement	-	-	-	-
Proceeds from Financing	-	-	-	-
Payments in Lieu of Taxes (PILOTS)	-	-	-	-
Transfers	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ (42,525)</u>	<u>\$ (17,525)</u>	<u>\$ 2,315</u>	<u>\$ 19,840</u>

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TAX INCREMENT FINANCING - DISTRICT 1
FOR THE FISCAL YEAR ENDED MARCH 31, 2009

Functions/Programs	Budgeted Amount		March 31, 2009 Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Business license and permits	\$ -	\$ -	\$ -	\$ -
Federal and state grants	-	-	-	-
Fines and forfeitures	-	-	-	-
Franchise fees	-	-	-	-
Sales tax	589,250	589,250	567,263	(21,987)
Interest income	137,000	62,000	63,300	1,300
Intergovernmental	-	-	-	-
Other revenue	-	-	-	-
Other taxes and assessments	241,000	241,000	259,476	18,476
Rental revenue	-	-	-	-
Total revenues	<u>967,250</u>	<u>892,250</u>	<u>890,029</u>	<u>(2,211)</u>
Expenditures				
Salaries	-	-	-	-
Payroll taxes	-	-	-	-
Community development block grant	-	-	-	-
Computer	-	-	-	-
Education and travel	-	-	-	-
Election	-	-	-	-
Health and life insurance	-	-	-	-
Insurance	-	-	-	-
Merchandise	-	-	-	-
Miscellaneous	2,000	7,200	7,313	113
Professional and consulting service	5,000	5,000	5,654	654
Repairs and maintenance	-	-	-	-
Retirement	-	-	-	-
Supplies	-	-	-	-
Telephone	-	-	-	-
Workman's compensation	-	-	-	-
Capital outlay	8,035,000	7,836,000	7,913,911	77,911
Debt service - principal	355,000	355,000	361,985	6,985
Debt service - interest	505,000	505,000	299,187	(205,813)
Total expenditures	<u>8,902,000</u>	<u>8,708,200</u>	<u>8,588,050</u>	<u>(120,150)</u>
Excess (deficiency) of revenues over expenditures	<u>(7,934,750)</u>	<u>(7,815,950)</u>	<u>(7,698,011)</u>	<u>117,939</u>
Other financing sources (uses)				
Due from (to) other funds	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-
Settlement	-	-	-	-
Proceeds from Financing	-	550,000	549,155	(845)
Payments in Lieu of Taxes (PILOTS)	-	-	-	-
Transfers	(414,000)	(255,000)	(291,393)	(36,393)
Total other financing sources (uses)	<u>(414,000)</u>	<u>295,000</u>	<u>257,762</u>	<u>(37,238)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ (8,348,750)</u>	<u>\$ (7,520,950)</u>	<u>\$ (7,440,249)</u>	<u>\$ 80,701</u>

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TAX INCREMENT FINANCING - DISTRICT 2
FOR THE FISCAL YEAR ENDED MARCH 31, 2009

Functions/Programs	Budgeted Amount		March 31, 2009 Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Business license and permits	\$ -	\$ -	\$ -	\$ -
Federal and state grants	-	-	-	-
Fines and forfeitures	-	-	-	-
Franchise fees	-	-	-	-
Sales tax	284,200	284,200	278,608	(5,592)
Interest income	35,000	10,000	9,461	(539)
Intergovernmental	-	-	-	-
Other revenue	-	-	-	-
Other taxes and assessments	87,200	87,200	96,686	9,486
Rental revenue	-	-	-	-
Total revenues	<u>406,400</u>	<u>381,400</u>	<u>384,755</u>	<u>3,355</u>
Expenditures				
Salaries	-	-	-	-
Payroll taxes	-	-	-	-
Community development block grant	-	-	-	-
Computer	-	-	-	-
Education and travel	-	-	-	-
Election	-	-	-	-
Health and life insurance	-	-	-	-
Insurance	-	-	-	-
Merchandise	-	-	-	-
Miscellaneous	-	-	-	-
Professional and consulting service	5,000	5,000	6,461	1,461
Repairs and maintenance	-	-	-	-
Retirement	-	-	-	-
Supplies	-	-	-	-
Telephone	-	-	-	-
Workman's compensation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	500,000	500,000	-
Debt service - interest	215,000	215,000	214,587	(413)
Total expenditures	<u>220,000</u>	<u>720,000</u>	<u>721,048</u>	<u>1,048</u>
Excess (deficiency) of revenues over expenditures	186,400	(338,600)	(336,293)	2,307
Other financing sources (uses)				
Due from (to) other funds	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-
Settlement	-	-	-	-
Proceeds from Financing	-	-	-	-
Payments in Lieu of Taxes (PILOTS)	-	-	-	-
Transfers	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ 186,400</u>	<u>\$ (338,600)</u>	<u>\$ (336,293)</u>	<u>\$ 2,307</u>

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
 SCHEDULE OF FUNDING PROCESS
 RETIREMENT SYSTEM
 MARCH 31, 2009**

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Entry Age Actuarial Accrued Liability</u>	<u>(b-a) Unfunded Accrued Liability (UAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>	<u>[(b-a)/c] UAL as a Percentage of Covered Payroll</u>
2/28/2006	8,100,173	8,265,211	165,038	98%	4,127,969	4%
2/28/2007	9,287,107	9,113,567	(173,540)	102	4,314,237	
2/28/2008	10,370,464	9,987,480	(382,984)	104	4,700,760	

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

See accompanying notes to the financial statements.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MONETT, MISSOURI
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
 YEAR ENDED MARCH 31, 2009

Revenues	Total Policy Development and Administration			Public Safety					
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	BOCA Building Enforcement			Municipal Court		
				Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Business license and permits	\$ 13,718	\$ 12,374	\$ 11,100	\$ 31,313	\$ 10,460	\$ 10,000	\$ -	\$ -	\$ -
Federal and state grants	96,139	-	-	-	-	-	-	-	-
Fines and forfeitures	213,434	188,993	165,200	-	-	-	-	-	-
Franchise fees	295,305	423,246	397,500	-	-	-	-	-	-
Sales tax	2,018,812	2,179,966	2,275,500	-	-	-	-	-	-
Interest income	38,789	31,717	35,000	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	399,097	83,297	277,500	375	205	500	-	-	-
Other taxes and assessments	36,820	37,320	33,000	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-	-
Total revenues	<u>3,112,114</u>	<u>2,956,913</u>	<u>3,194,800</u>	<u>31,688</u>	<u>10,665</u>	<u>10,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures									
Salaries	98,976	149,814	150,300	82,166	99,755	100,170	51,259	55,376	52,665
Payroll taxes	7,689	10,957	11,250	11,045	6,911	7,500	3,942	4,216	3,700
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	10,246	9,989	8,000	108	16	1,500	2,119	1,070	1,200
Education and travel	9,467	3,506	2,000	239	247	1,000	1,335	589	1,600
Election	6,744	2,889	4,000	-	-	-	-	-	-
Health and life insurance	21,825	27,089	29,300	7,819	9,433	10,700	3,605	4,276	4,600
Insurance	28,657	23,375	19,100	1,651	1,838	2,000	317	297	100
Merchandise	-	-	-	-	-	-	-	-	-
Miscellaneous	341,700	140,801	138,700	10,580	374	1,500	478	660	500
Professional and consulting service	124,038	114,301	100,000	22,353	43,350	45,000	756	744	1,500
Repairs and maintenance	5,537	13,919	13,500	4,598	5,865	6,000	-	27	2,500
Retirement	10,830	51,150	16,750	6,517	9,268	9,500	4,193	4,336	4,500
Supplies	19,287	27,479	24,800	3,289	2,914	5,000	2,384	5,760	5,000
Telephone	2,218	5,359	2,000	2,392	1,811	2,500	1,390	915	1,400
Utilities	-	-	-	-	-	-	-	-	-
Workman's compensation	8,945	7,337	7,450	3,222	184	450	137	349	100
Capital outlay	-	2,367	-	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-
Total expenditures	<u>696,159</u>	<u>590,332</u>	<u>527,150</u>	<u>155,979</u>	<u>181,966</u>	<u>192,820</u>	<u>71,915</u>	<u>78,615</u>	<u>79,365</u>
Excess (deficiency) of revenues over expenditures	<u>2,415,955</u>	<u>2,366,581</u>	<u>2,667,650</u>	<u>(124,291)</u>	<u>(171,301)</u>	<u>(182,320)</u>	<u>(71,915)</u>	<u>(78,615)</u>	<u>(79,365)</u>
Other financing sources (uses)									
Due from (to) other funds	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	-	51,685	-	-	-	-	-	-	-
Settlement	-	196,374	-	-	-	-	-	-	-
Proceeds from financing	-	-	-	-	-	-	-	-	-
Payments in lieu of taxes (PILOTS)	2,110,984	2,107,567	2,133,040	-	-	-	-	-	-
Transfers	533,551	300,000	300,000	-	-	-	-	-	-
Total other financing sources (uses)	<u>2,644,535</u>	<u>2,655,626</u>	<u>2,433,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ 5,060,490</u>	<u>\$ 5,022,207</u>	<u>\$ 5,100,690</u>	<u>\$ (124,291)</u>	<u>\$ (171,301)</u>	<u>\$ (182,320)</u>	<u>\$ (71,915)</u>	<u>\$ (78,615)</u>	<u>\$ (79,365)</u>

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
 YEAR ENDED MARCH 31, 2009

Revenues	Public Safety								
	E-911			Emergency Management			Communications		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Business license and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	13,826	10,800	10,800	-	-	-	-	-	-
Other taxes and assessments	89,310	83,703	65,000	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-	-
Total revenues	103,136	94,503	75,800	-	-	-	-	-	-
Expenditures									
Salaries	37,044	39,181	39,275	1,393	1,248	1,500	222,216	241,509	231,050
Payroll taxes	2,930	2,997	2,950	103	95	125	16,834	17,958	17,300
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	-	9,741	6,200	-	-	-	5,433	8,526	7,200
Education and travel	4,310	3,587	4,400	875	328	900	1,583	471	1,000
Election	-	-	-	-	-	-	-	-	-
Health and life insurance	7,223	4,495	6,500	-	126	-	31,199	31,607	38,500
Insurance	303	337	400	23	25	100	1,286	1,432	1,600
Merchandise	-	-	-	-	-	-	-	-	-
Miscellaneous	111	122	100	127	-	100	192	192	300
Professional and consulting service	375	-	2,500	-	-	-	163	-	500
Repairs and maintenance	-	-	-	2,650	542	2,200	5,435	6,556	8,500
Retirement	4,440	4,271	4,400	-	136	-	23,963	25,983	25,000
Supplies	689	966	1,500	476	30	400	398	226	1,500
Telephone	24,977	26,491	25,000	-	-	-	-	-	200
Utilities	-	-	-	-	-	-	-	-	-
Workman's compensation	104	-	100	4	-	25	601	455	455
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-
Total expenditures	82,506	92,188	93,325	5,656	2,530	5,350	309,303	334,915	333,105
Excess (deficiency) of revenues over expenditures	20,630	2,315	(17,525)	(5,656)	(2,530)	(5,350)	(309,303)	(334,915)	(333,105)
Other financing sources (uses)									
Due from (to) other funds	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	-
Settlement	-	-	-	-	-	-	-	-	-
Proceeds from financing	-	-	-	-	-	-	-	-	-
Payments in lieu of taxes (PILOTS)	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	\$ 20,630	\$ 2,315	\$ (17,525)	\$ (5,656)	\$ (2,530)	\$ (5,350)	\$ (309,303)	\$ (334,915)	\$ (333,105)

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
 YEAR ENDED MARCH 31, 2009

	Public Safety						Total Public Safety		
	Fire Department			Police Department			Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009			
Revenues									
Business license and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,313	\$ 10,460	\$ 10,000
Federal and state grants	-	3,924	3,135	8,896	3,265	-	8,896	7,189	3,135
Fines and forfeitures	-	-	-	7,898	5,667	5,000	7,898	5,667	5,000
Franchise fees	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	407,164	428,701	461,750	407,164	428,701	461,750
Interest income	-	-	-	100,000	-	-	100,000	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	6,555	8,678	-	22,806	15,849	9,600	43,562	35,532	20,900
Other taxes and assessments	-	-	-	-	-	-	89,310	83,703	65,000
Rental revenue	-	-	-	-	-	-	-	-	-
Total revenues	6,555	12,602	3,135	546,764	453,482	476,350	688,143	571,252	565,785
Expenditures									
Salaries	691,486	702,310	717,900	806,679	849,794	842,550	1,892,243	1,989,173	1,985,110
Payroll taxes	49,907	50,240	50,000	60,232	62,768	62,000	144,998	145,185	143,575
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	920	407	600	18,863	31,259	30,500	27,443	51,019	47,200
Education and travel	4,887	7,121	7,000	12,144	18,787	15,000	25,373	31,130	30,900
Election	-	-	-	-	-	-	-	-	-
Health and life insurance	61,657	70,384	82,500	80,018	91,337	110,000	191,521	211,658	252,800
Insurance	11,010	12,259	13,600	14,304	15,927	17,700	28,894	32,115	35,500
Merchandise	-	-	-	-	-	-	-	-	-
Miscellaneous	726	574	1,000	917	1,073	-	13,131	2,995	3,500
Professional and consulting service	-	-	-	17,273	21,332	20,000	40,920	65,426	69,500
Repairs and maintenance	71,686	64,506	74,220	120,374	150,452	164,650	204,743	227,948	258,070
Retirement	83,271	88,284	83,000	88,390	87,618	93,000	210,774	219,896	219,400
Supplies	16,172	11,956	12,000	25,122	52,939	48,000	48,530	74,791	73,400
Telephone	4,244	4,266	3,000	9,318	18,899	13,000	42,321	52,382	45,100
Utilities	1,750	-	-	-	-	-	1,750	-	-
Workman's compensation	32,604	24,937	35,700	23,909	19,830	27,500	60,581	45,755	64,330
Capital outlay	7,670	-	82,250	3,012,492	1,150,210	1,229,000	3,020,162	1,150,210	1,311,250
Debt service - principal	126,190	-	-	140,000	515,785	486,100	266,190	515,785	486,100
Debt service - interest	7,142	-	-	114,858	144,516	144,250	122,000	144,516	144,250
Total expenditures	1,171,322	1,037,244	1,162,770	4,544,893	3,232,526	3,303,250	6,341,574	4,959,984	5,169,985
Excess (deficiency) of revenues over expenditures	(1,164,767)	(1,024,642)	(1,159,635)	(3,998,129)	(2,779,044)	(2,826,900)	(5,653,431)	(4,388,732)	(4,604,200)
Other financing sources (uses)									
Due from (to) other funds	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	-
Settlement	-	-	-	-	-	-	-	-	-
Proceeds from financing	-	-	-	759,000	86,024	85,000	759,000	86,024	85,000
Payments in lieu of taxes (PILOTS)	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	759,000	86,024	85,000	759,000	86,024	85,000
Revenues and other sources over (under) expenditures and other uses	\$ (1,164,767)	\$ (1,024,642)	\$ (1,159,635)	\$ (3,239,129)	\$ (2,693,020)	\$ (2,741,900)	\$ (4,894,431)	\$ (4,302,708)	\$ (4,519,200)

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
 YEAR ENDED MARCH 31, 2009

Revenues	Public Works								
	Cemetery			Tax Increment Finance - District 1			Tax Increment Finance - District 2		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Business license and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants	-	-	-	614,092	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	614,991	567,263	589,250	337,741	278,608	284,200
Interest income	-	-	-	76,717	63,300	62,000	46,766	9,461	10,000
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	17,041	14,860	14,300	-	-	-	-	-	-
Other taxes and assessments	-	-	-	264,785	259,476	241,000	87,481	96,686	87,200
Rental revenue	-	-	-	-	-	-	-	-	-
Total revenues	17,041	14,860	14,300	1,570,585	890,039	892,250	471,988	384,755	381,400
Expenditures									
Salaries	97,253	102,690	103,785	-	-	-	-	-	-
Payroll taxes	6,603	7,147	7,800	-	-	-	-	-	-
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	-	-	-	-	-	-	-	-	-
Education and travel	-	78	-	-	-	-	-	-	-
Election	-	-	-	-	-	-	-	-	-
Health and life insurance	16,152	14,964	20,000	-	-	-	-	-	-
Insurance	1,260	1,403	1,600	-	-	-	-	-	-
Merchandise	-	-	-	-	-	-	-	-	-
Miscellaneous	167	131	-	420	7,313	7,200	-	-	-
Professional and consulting service	175	-	500	178,339	5,654	5,000	94,943	6,461	5,000
Repairs and maintenance	25,712	34,411	36,000	-	-	-	-	-	-
Retirement	10,050	9,999	9,700	-	-	-	-	-	-
Supplies	754	709	1,000	-	-	-	-	-	-
Telephone	1,550	1,275	2,000	-	-	-	-	-	-
Utilities	591	-	-	-	-	-	-	-	-
Workman's compensation	4,491	3,121	5,625	-	-	-	-	-	-
Capital outlay	14,495	-	-	1,522,493	7,913,911	7,836,000	1,584,449	-	-
Debt service - principal	-	-	-	940,000	361,985	355,000	-	500,000	500,000
Debt service - interest	-	-	-	88,247	299,187	505,000	271,889	214,587	215,000
Total expenditures	179,253	175,928	188,010	2,729,499	8,588,050	8,708,200	1,951,281	721,048	720,000
Excess (deficiency) of revenues over expenditures	(162,212)	(161,068)	(173,710)	(1,158,914)	(7,698,011)	(7,815,950)	(1,479,293)	(336,293)	(338,600)
Other financing sources (uses)									
Due from (to) other funds	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	-
Settlement	-	-	-	-	-	-	-	-	-
Proceeds from financing	-	-	-	9,100,000	549,155	550,000	-	-	-
Payments in lieu of taxes (PILOTS)	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	58,754	(291,393)	(255,000)	(442,305)	-	-
Total other financing sources (uses)	-	-	-	9,158,754	257,762	295,000	(442,305)	-	-
Revenues and other sources over (under) expenditures and other uses	\$ (162,212)	\$ (161,068)	\$ (173,710)	\$ 7,999,840	\$ (7,440,249)	\$ (7,520,950)	\$ (1,921,598)	\$ (336,293)	\$ (338,600)

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
 YEAR ENDED MARCH 31, 2009

	Public Works								
	Community Development Block Grant Project			Street Department			Total Public Works		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Revenues									
Business license and permits	\$ -	\$ -	\$ -	\$ 130	\$ -	\$ -	\$ 130	\$ -	\$ -
Federal and state grants	-	-	-	762,952	933,854	1,293,200	1,377,044	933,854	1,293,200
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	300,892	-	-	1,253,624	845,871	873,450
Interest income	-	-	-	-	-	-	123,483	72,761	72,000
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	11,785	178,588	189,275	28,826	193,448	203,575
Other taxes and assessments	-	-	-	-	284,145	315,000	352,266	640,307	643,200
Rental revenue	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	1,075,759	1,396,587	1,797,475	3,135,373	2,686,241	3,085,425
Expenditures									
Salaries	-	-	-	425,626	400,038	404,410	522,879	502,728	508,195
Payroll taxes	-	-	-	32,118	29,318	30,300	38,721	36,465	38,100
Community development block grant	13	-	-	-	-	-	13	-	-
Computer	-	-	-	2,536	312	2,000	2,536	312	2,000
Education and travel	-	-	-	1,366	2,248	4,000	1,366	2,326	4,000
Election	-	-	-	-	-	-	-	-	-
Health and life insurance	-	-	-	51,151	54,225	62,000	67,303	69,189	82,000
Insurance	-	-	-	15,139	16,856	18,700	16,399	18,259	20,300
Merchandise	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	1,287	1,449	1,000	1,874	8,893	8,200
Professional and consulting service	-	-	-	4,951	2,154	20,000	278,408	14,269	30,500
Repairs and maintenance	-	-	-	398,594	307,009	351,550	424,306	341,420	387,550
Retirement	-	-	-	45,240	43,610	43,000	55,290	53,609	52,700
Supplies	-	-	-	13,290	117,061	110,000	14,044	117,770	111,000
Telephone	-	-	-	3,515	3,262	4,000	5,065	4,537	6,000
Utilities	-	-	-	3,205	-	-	3,796	-	-
Workman's compensation	-	-	-	20,889	15,232	21,500	25,380	18,353	27,125
Capital outlay	-	-	-	567,372	1,895,178	1,822,150	3,688,809	9,809,089	9,658,150
Debt service - principal	-	-	-	12,780	13,317	12,975	952,780	875,302	867,975
Debt service - interest	-	-	-	5,603	5,066	6,150	365,739	518,840	726,150
Total expenditures	13	-	-	1,604,662	2,906,335	2,913,735	6,464,708	12,391,361	12,529,945
Excess (deficiency) of revenues over expenditures	(13)	-	-	(528,903)	(1,509,748)	(1,116,260)	(3,329,335)	(9,705,120)	(9,444,520)
Other financing sources (uses)									
Due from (to) other funds	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	-
Settlement	-	-	-	-	-	-	-	-	-
Proceeds from financing	-	-	-	-	-	-	9,100,000	549,155	550,000
Payments in lieu of taxes (PILOTS)	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	291,393	255,000	(383,551)	-	-
Total other financing sources (uses)	-	-	-	-	291,393	255,000	8,716,449	549,155	550,000
Revenues and other sources over (under) expenditures and other uses	\$ (13)	\$ -	\$ -	\$ (528,903)	\$ (1,218,355)	\$ (861,260)	\$ 5,387,114	\$ (9,155,965)	\$ (8,894,520)

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
 YEAR ENDED MARCH 31, 2009

	Parks and Recreation								
	Casino			Recreation			Golf Course		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Revenues									
Business license and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	314	2,226	500	232,910	245,458	259,500
Other taxes and assessments	-	-	-	-	-	-	-	-	-
Rental revenue	27,381	24,299	24,500	12,000	12,500	12,000	53,128	59,812	57,200
Total revenues	27,381	24,299	24,500	12,314	14,726	12,500	286,038	305,270	316,700
Expenditures									
Salaries	13,524	16,050	13,250	-	-	-	176,144	178,584	181,350
Payroll taxes	1,035	1,228	950	-	-	-	13,289	13,285	16,500
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	-	-	-	-	-	-	181	1,023	500
Education and travel	-	-	-	-	-	-	1,141	927	1,000
Election	-	-	-	-	-	-	-	-	-
Health and life insurance	-	-	-	-	-	-	16,091	18,492	22,000
Insurance	177	197	225	435	484	600	2,498	2,781	3,100
Merchandise	-	-	-	-	-	-	17,508	21,528	22,000
Miscellaneous	24	24	-	-	-	-	3,546	10,162	5,800
Professional and consulting service	-	-	-	-	-	-	2,453	2,676	2,000
Repairs and maintenance	3,608	7,387	4,700	1,651	11,080	58,100	61,600	62,274	74,200
Retirement	-	-	-	-	-	-	11,250	12,214	12,500
Supplies	8,742	7,832	6,200	537	73	-	125,234	91,983	123,500
Telephone	936	637	1,000	-	-	-	2,334	2,814	1,500
Utilities	569	-	-	4,588	-	-	884	-	-
Workman's compensation	433	35	325	-	-	-	2,948	926	1,975
Capital outlay	-	-	-	-	53,420	-	122,319	49,015	21,500
Debt service - principal	-	-	-	-	-	-	123,405	133,746	120,000
Debt service - interest	-	-	-	-	-	-	21,361	17,307	28,350
Total expenditures	29,048	33,390	26,650	7,211	65,057	58,700	704,186	619,737	637,775
Excess (deficiency) of revenues over expenditures	(1,667)	(9,091)	(2,150)	5,103	(50,331)	(46,200)	(418,148)	(314,467)	(321,075)
Other financing sources (uses)									
Due from (to) other funds	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	-
Settlement	-	-	-	-	-	-	-	-	-
Proceeds from financing	-	-	-	-	-	-	98,977	-	-
Payments in lieu of taxes (PILOTS)	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	98,977	-	-
Revenues and other sources over (under) expenditures and other uses	\$ (1,667)	\$ (9,091)	\$ (2,150)	\$ 5,103	\$ (50,331)	\$ (46,200)	\$ (319,171)	\$ (314,467)	\$ (321,075)

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
YEAR ENDED MARCH 31, 2009

	Parks and Recreation								
	North Park			South Park			Pool		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Revenues									
Business license and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants	-	-	-	-	17,667	17,700	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	2,320	879	-	32,034	15,961	12,300	4,853	4,722	5,000
Other taxes and assessments	-	-	-	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-	-
Total revenues	<u>2,320</u>	<u>879</u>	<u>-</u>	<u>32,034</u>	<u>33,628</u>	<u>30,000</u>	<u>4,853</u>	<u>4,722</u>	<u>5,000</u>
Expenditures									
Salaries	45,779	47,278	46,525	94,170	84,133	99,675	1,863	-	-
Payroll taxes	3,451	3,384	3,500	6,971	6,217	6,200	139	-	-
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	-	-	-	-	-	-	-	-	-
Education and travel	214	400	500	238	75	500	-	-	-
Election	-	-	-	-	-	-	-	-	-
Health and life insurance	5,405	8,891	6,000	17,857	13,320	15,700	60	-	-
Insurance	917	1,021	1,150	2,112	2,351	2,600	580	646	750
Merchandise	-	-	-	-	-	-	-	-	-
Miscellaneous	48	48	500	96	269	-	-	-	-
Professional and consulting service	-	-	-	-	-	-	35,000	35,000	35,000
Repairs and maintenance	41,504	32,740	32,550	55,070	50,321	64,550	2,005	6,077	4,000
Retirement	4,201	5,153	5,000	9,313	7,361	9,000	209	-	-
Supplies	2,192	1,633	2,000	3,544	2,355	5,000	4,891	4,845	5,000
Telephone	654	817	700	1,419	1,166	1,500	-	-	-
Utilities	-	-	-	-	-	-	-	-	-
Workman's compensation	1,502	2,180	1,150	3,332	2,329	2,350	40	-	-
Capital outlay	-	14,692	17,000	18,939	25,488	25,500	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-
Total expenditures	<u>105,867</u>	<u>118,237</u>	<u>116,575</u>	<u>213,061</u>	<u>195,385</u>	<u>232,575</u>	<u>44,787</u>	<u>46,568</u>	<u>44,750</u>
Excess (deficiency) of revenues over expenditures	<u>(103,547)</u>	<u>(117,358)</u>	<u>(116,575)</u>	<u>(181,027)</u>	<u>(161,757)</u>	<u>(202,575)</u>	<u>(39,934)</u>	<u>(41,846)</u>	<u>(39,750)</u>
Other financing sources (uses)									
Due from (to) other funds	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	-
Settlement	-	-	-	-	-	-	-	-	-
Proceeds from financing	-	-	-	-	-	-	-	-	-
Payments in lieu of taxes (PILOTS)	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ (103,547)</u>	<u>\$ (117,358)</u>	<u>\$ (116,575)</u>	<u>\$ (181,027)</u>	<u>\$ (161,757)</u>	<u>\$ (202,575)</u>	<u>\$ (39,934)</u>	<u>\$ (41,846)</u>	<u>\$ (39,750)</u>

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
 YEAR ENDED MARCH 31, 2009

	Parks and Recreation			Total Municipal Airport		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Revenues						
Business license and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants	-	17,667	17,700	10,500	344,747	365,500
Fines and forfeitures	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Other revenue	272,431	269,246	277,300	209,730	170,580	164,000
Other taxes and assessments	-	-	-	-	-	-
Rental revenue	92,509	96,611	93,700	47,530	54,708	48,500
Total revenues	364,940	383,524	388,700	267,760	570,035	578,100
Expenditures						
Salaries	331,480	326,045	340,800	93,105	93,608	101,175
Payroll taxes	24,885	24,114	27,150	6,880	6,936	7,700
Community development block grant	-	-	-	-	-	-
Computer	181	1,023	500	-	-	-
Education and travel	1,593	1,402	2,000	816	1,141	1,000
Election	-	-	-	-	-	-
Health and life insurance	39,413	40,703	43,700	15,725	13,333	22,500
Insurance	6,719	7,480	8,425	13,627	13,469	12,500
Merchandise	17,508	21,528	22,000	85,008	35,585	50,000
Miscellaneous	3,714	10,503	6,300	1,475	2,098	1,600
Professional and consulting service	37,453	37,676	37,000	10,243	51,193	110,000
Repairs and maintenance	165,438	169,879	238,100	21,325	52,473	50,600
Retirement	24,973	24,728	26,500	7,377	8,839	10,000
Supplies	145,140	108,721	141,700	8,545	7,739	8,500
Telephone	5,343	5,434	4,700	2,747	3,068	2,900
Utilities	6,041	-	-	17,894	-	-
Workman's compensation	8,255	5,470	5,800	2,164	1,764	2,775
Capital outlay	141,258	142,615	64,000	12,648	355,277	301,925
Debt service - principal	123,405	133,746	120,300	40,000	40,000	40,000
Debt service - interest	21,361	17,307	28,350	6,327	5,007	4,950
Total expenditures	1,104,160	1,078,374	1,117,025	345,906	691,530	728,125
Excess (deficiency) of revenues over expenditures	(739,220)	(694,850)	(728,325)	(78,146)	(121,495)	(150,025)
Other financing sources (uses)						
Due from (to) other funds	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-
Settlement	-	-	-	-	-	-
Proceeds from financing	98,977	-	-	-	-	-
Payments in lieu of taxes (PILOTS)	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Total other financing sources (uses)	98,977	-	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	\$ (640,243)	\$ (694,850)	\$ (728,325)	\$ (78,146)	\$ (121,495)	\$ (150,025)

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
YEAR ENDED MARCH 31, 2009

	Total General Fund		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Revenues			
Business license and permits	\$ 45,161	\$ 22,834	\$ 21,100
Federal and state grants	1,492,579	1,303,457	1,679,635
Fines and forfeitures	221,332	194,660	170,200
Franchise fees	295,305	423,246	397,500
Sales tax	3,679,600	3,454,538	3,610,700
Interest income	262,272	104,478	107,000
Intergovernmental	-	-	-
Other revenue	953,646	752,103	943,275
Other taxes and assessments	478,396	761,330	741,200
Rental revenue	140,039	151,319	142,200
Total revenues	7,568,330	7,167,965	7,812,810
Expenditures			
Salaries	2,938,683	3,061,368	3,085,580
Payroll taxes	223,173	223,657	227,775
Community development block grant	13	-	-
Computer	40,406	62,343	57,700
Education and travel	38,615	39,505	39,900
Election	6,744	2,889	4,000
Health and life insurance	335,787	361,972	430,300
Insurance	94,296	94,698	95,825
Merchandise	102,516	57,113	72,000
Miscellaneous	361,894	165,290	158,300
Professional and consulting service	491,062	282,865	347,000
Repairs and maintenance	821,349	805,639	947,820
Retirement	309,244	358,222	325,350
Supplies	235,546	336,500	359,400
Telephone	57,694	70,780	60,700
Utilities	29,481	-	-
Workman's compensation	105,325	78,679	107,480
Capital outlay	6,862,877	11,459,558	11,335,325
Debt service - principal	1,382,375	1,564,833	1,514,075
Debt service - interest	515,427	685,670	903,700
Total expenditures	14,952,507	19,711,581	20,072,230
Excess (deficiency) of revenues over expenditures	(7,384,177)	(12,543,616)	(12,259,420)
Other financing sources (uses)			
Due from (to) other funds	-	-	-
Gain (Loss) on Sale of Assets	-	51,685	-
Settlement	-	196,374	-
Proceeds from Financing	9,957,977	635,179	635,000
Payments in Lieu of Taxes (PILOTS)	2,110,984	2,107,567	2,133,040
Transfers	150,000	300,000	300,000
Total other financing sources (uses)	12,218,961	3,290,805	3,068,040
Revenues and other sources over (under) expenditures and other uses	\$ 4,834,784	\$ (9,252,811)	\$ (9,191,380)

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN RETAINED EARNINGS (ORIGINAL BUDGET AND ACTUAL) - PROPRIETARY FUND TYPES
 YEAR ENDED MARCH 31, 2009

	Waterworks			Electric			Wastewater-Sewer		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Operating revenues									
Revenues	\$ 1,714,004	\$ 1,719,805	\$ 1,780,000	\$ 17,134,539	\$ 17,071,100	\$ 17,601,500	\$ 1,807,385	\$ 1,809,493	\$ 1,901,000
Federal and state grants	-	101,341	100,000	552,585	1,147	-	-	-	-
Tap - in charges	17,172	-	-	-	-	-	510	210	600
Penalties	-	-	2,000	78,678	149,677	123,000	-	-	2,000
Miscellaneous charges	17,073	108,565	109,500	36,390	74,841	81,000	3,433	1,022	5,300
Rental	4,320	4,320	3,500	-	-	-	-	-	1,000
Total operating revenues	1,752,569	1,934,031	1,995,000	17,802,192	17,296,765	17,805,500	1,811,328	1,810,725	1,909,900
Operating expenses									
Salaries	437,490	439,429	501,700	726,434	761,147	751,200	415,393	446,689	498,900
Payroll taxes	33,124	32,436	37,100	52,727	55,081	56,400	31,550	32,650	36,000
Depreciation	257,427	257,246	-	156,394	166,914	-	1,012,908	1,019,051	-
Computer	6,555	7,082	10,000	6,238	10,413	10,000	4,613	7,398	10,000
Education	3,612	3,736	15,000	4,237	10,869	10,000	6,346	1,105	10,000
Electric purchases	-	-	-	13,312,839	13,114,942	13,460,000	-	-	-
Health and life insurance	42,589	52,205	65,500	53,976	74,009	80,000	38,908	44,632	62,000
Insurance	15,884	17,686	19,600	64,612	71,943	80,000	19,458	21,666	24,000
Landfill and recycling	-	-	-	-	-	-	-	-	-
Miscellaneous	1,216	740	2,500	887	1,789	2,500	754	618	1,500
Professional and consulting service	30,511	252,869	260,000	17,942	23,253	70,000	73,204	139,520	130,000
Repairs and maintenance	220,499	504,971	556,450	193,289	139,814	211,450	236,322	507,712	501,450
Retirement	48,698	41,355	53,000	80,211	82,593	83,600	48,011	47,575	51,000
Supplies	177,630	141,602	240,000	419,325	199,813	365,000	104,683	58,654	90,000
Telephone	3,419	3,949	4,000	5,948	7,653	5,200	2,735	3,750	3,500
Utilities	258,043	-	-	437	-	-	259,886	-	-
Workman's compensation	11,838	11,884	13,150	21,442	18,838	25,800	8,734	7,244	10,225
Total operating expenses	1,548,535	1,767,190	1,778,000	15,116,988	14,739,071	15,210,550	2,263,505	2,338,270	1,428,575
Non-operating revenues (expenses)									
Investment income	14,200	349	-	38,789	1,280	1,500	346,887	421,288	125,000
Gain (loss) on asset disposal	-	-	-	-	-	-	-	-	-
Special assessment income	-	-	-	-	-	-	-	-	30,950
Interest expense and fees	(19,924)	(17,677)	(17,800)	-	-	-	(416,714)	(474,762)	(407,300)
Net non-operating revenues (expenses)	(5,724)	(17,328)	(17,800)	38,789	1,280	1,500	(69,827)	(53,474)	(251,350)
Net income before transfers	198,310	149,513	199,200	2,723,993	2,558,974	2,596,450	(522,004)	(581,019)	229,975
Transfers									
Transfers - payments in lieu of taxes (PILOT)	(177,207)	(194,159)	(182,700)	(1,691,902)	(1,668,212)	(1,718,650)	(222,644)	(226,799)	(198,890)
Transfers	-	-	-	(150,000)	(300,000)	(300,000)	-	-	-
Total transfers	(177,207)	(194,159)	(182,700)	(1,841,902)	(1,968,212)	(2,018,650)	(222,644)	(226,799)	(198,890)
Net income (loss)	\$ 21,103	\$ (44,646)	\$ 16,500	\$ 882,091	\$ 590,762	\$ 577,800	\$ (744,618)	\$ (807,818)	\$ 31,085

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN RETAINED EARNINGS (ORIGINAL BUDGET AND ACTUAL) - PROPRIETARY FUND TYPES
 YEAR ENDED MARCH 31, 2009

	Fiber			Sanitation			Total Proprietary Funds		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Operating revenues									
Revenues	\$ 161,724	\$ 165,322	\$ 175,000	\$ 556,484	\$ 562,293	\$ 553,000	\$ 21,374,136	\$ 21,328,013	\$ 22,010,500
Federal and state grants	-	-	-	10,721	-	-	563,306	102,488	100,000
Tap - in charges	-	-	-	-	-	-	17,682	210	600
Penalties	-	-	-	-	-	-	78,678	149,677	127,000
Miscellaneous charges	30,590	18,648	-	3,329	3,538	1,000	90,815	206,614	196,800
Rental	-	-	-	-	-	-	4,320	4,320	4,500
Total operating revenues	192,314	183,970	175,000	570,534	565,831	554,000	22,128,937	21,791,322	22,439,400
Operating expenses									
Salaries	-	-	-	124,062	123,122	135,100	1,703,429	1,770,387	1,886,900
Payroll taxes	-	-	-	8,770	2,569	10,200	126,171	122,736	139,700
Depreciation	29,536	31,566	-	75,727	82,925	-	1,531,992	1,557,702	-
Computer	2,009	-	1,000	-	-	-	19,415	24,893	31,000
Education	30,590	14	-	-	-	500	44,785	15,724	35,500
Electric purchases	-	-	-	-	-	-	13,312,839	13,114,942	13,460,000
Health and life insurance	-	-	-	23,978	20,132	33,000	159,451	190,978	240,500
Insurance	-	-	-	4,297	4,785	5,500	104,251	116,080	129,100
Landfill and recycling	-	-	-	171,696	152,957	167,000	171,696	152,957	167,000
Miscellaneous	-	18,648	-	517	5,253	1,000	3,374	27,048	7,500
Professional and consulting service	10,373	16,924	12,000	-	108	-	132,030	432,674	472,000
Repairs and maintenance	7,004	4,670	10,000	82,966	70,890	64,900	740,080	1,228,057	1,344,250
Retirement	-	-	-	14,717	11,941	15,500	191,637	183,464	202,500
Supplies	20,016	21,943	25,000	6,596	7,831	8,000	728,250	429,843	728,000
Telephone	176	930	500	-	314	-	12,278	16,602	13,200
Utilities	-	-	-	215	-	-	518,581	-	-
Workman's compensation	-	-	-	12,543	15,932	9,350	54,557	53,898	58,525
Total operating expenses	99,704	94,695	48,500	526,084	498,759	450,050	19,554,816	19,437,985	18,915,675
Non-operating revenues (expenses)									
Investment income	-	-	-	-	-	-	399,876	422,917	126,500
Gain (loss) on asset disposal	-	-	-	5,000	-	-	5,000	-	-
Special assessment income	-	-	-	-	-	-	-	-	30,950
Interest expense and fees	-	-	-	-	(5,109)	(5,100)	(436,638)	(497,548)	(430,200)
Net non-operating revenues (expenses)	-	-	-	5,000	(5,109)	(5,100)	(31,762)	(74,631)	(272,750)
Net income before transfers	92,610	89,275	126,500	49,450	61,963	98,850	2,542,359	2,278,706	3,250,975
Transfers									
Transfers - payments in lieu of taxes (PILOT)	(19,231)	(18,397)	(17,500)	-	-	-	(2,110,984)	(2,107,567)	(2,117,740)
Transfers	-	-	-	-	-	-	(150,000)	(300,000)	(300,000)
Total transfers	(19,231)	(18,397)	(17,500)	-	-	-	(2,260,984)	(2,407,567)	(2,417,740)
Net income (loss)	\$ 73,379	\$ 70,878	\$ 109,000	\$ 49,450	\$ 61,963	\$ 98,850	\$ 281,375	\$ (128,861)	\$ 833,235

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN RETAINED EARNINGS (ORIGINAL BUDGET AND ACTUAL) - INTERNAL SERVICE FUND TYPES
 YEAR ENDED MARCH 31, 2009

	Hazardous Material			Safety Program			Mechanic		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Operating revenues									
Revenues	\$ 7,723	\$ 3,359	\$ 7,850	\$ 20,325	\$ 19,138	\$ 21,200	\$ 138,386	\$ 145,806	\$ 156,250
Federal and state grants	-	-	-	-	-	-	-	-	-
Tap - in charges	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-
Miscellaneous charges	-	-	-	-	-	-	20	-	-
Rental	-	-	-	-	-	-	-	-	-
Total operating revenues	7,723	3,359	7,850	20,325	19,138	21,200	138,406	145,806	156,250
Operating expenses									
Salaries	3,638	2,058	2,000	10,115	10,111	10,700	68,637	70,072	71,900
Payroll taxes	278	157	600	773	773	800	4,589	4,655	5,400
Depreciation	-	-	-	-	-	-	-	-	-
Computer	-	-	-	928	759	1,600	-	-	-
Education	-	-	-	2,998	3,931	2,000	-	205	-
Electric purchases	-	-	-	-	-	-	-	-	-
Health and life insurance	102	107	200	102	107	200	9,720	10,170	12,000
Insurance	62	69	100	-	-	-	825	918	1,000
Landfill and recycling	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	100	48	48	100
Professional and consulting service	-	325	-	-	-	200	-	-	-
Repairs and maintenance	-	-	500	648	888	500	2,597	5,494	7,000
Retirement	441	224	900	1,244	1,280	1,300	8,168	7,638	8,200
Supplies	2,155	-	3,400	2,143	154	2,500	38,082	42,846	48,000
Telephone	902	326	-	1,282	1,013	1,200	1,109	836	1,200
Utilities	-	-	-	-	-	-	2,393	-	-
Workman's compensation	145	93	150	92	122	100	2,238	2,924	1,450
Total operating expenses	7,723	3,359	7,850	20,325	19,138	21,200	138,406	145,806	156,250
Non-operating revenues (expenses)									
Investment income	-	-	-	-	-	-	-	-	-
Gain (loss) on asset disposal	-	-	-	-	-	-	-	-	-
Interest expense and fees	-	-	-	-	-	-	-	-	-
Net non-operating revenues (expenses)	-	-	-	-	-	-	-	-	-
Net income before transfers	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Net income (loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN RETAINED EARNINGS (ORIGINAL BUDGET AND ACTUAL) - INTERNAL SERVICE FUND TYPES
 YEAR ENDED MARCH 31, 2009**

	Total Internal Service Funds		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Operating revenues			
Revenues	\$ 166,434	\$ 168,303	\$ 185,300
Federal and state grants	-	-	-
Tap - in charges	-	-	-
Penalties	-	-	-
Miscellaneous charges	20	-	-
Rental	-	-	-
Total operating revenues	<u>166,454</u>	<u>168,303</u>	<u>185,300</u>
Operating expenses			
Salaries	82,390	82,241	84,600
Payroll taxes	5,640	5,585	6,800
Depreciation	-	-	-
Computer	928	759	1,600
Education	2,998	4,136	2,000
Electric purchases	-	-	-
Health and life insurance	9,924	10,384	12,400
Insurance	887	987	1,100
Landfill and recycling	-	-	-
Miscellaneous	48	48	200
Professional and consulting service	-	325	200
Repairs and maintenance	3,245	6,382	8,000
Retirement	9,853	9,142	10,400
Supplies	42,380	43,000	53,900
Telephone	3,293	2,175	2,400
Utilities	2,393	-	-
Workman's compensation	2,475	3,139	1,700
Total operating expenses	<u>166,454</u>	<u>168,303</u>	<u>185,300</u>
Non-operating revenues (expenses)			
Investment income	-	-	-
Gain (loss) on asset disposal	-	-	-
Interest expense and fees	-	-	-
Net non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>
Net income before transfers	-	-	-
Transfers	-	-	-
Net income (loss)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

FEDERAL COMPLIANCE SECTION



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

To the Honorable Mayor James Orr,

Councilman Jerry Dierker and Councilman Michael Brownsberger
City of Monett, Missouri

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Monett, Missouri, as of and for the year ended March 31, 2009, which collectively comprise the City of Monett, Missouri's basic financial statements and have issued our report thereon dated September 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Monett, Missouri's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Monett's financial statements that is more than inconsequential will not be prevented or detected by the City of Monett's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Monett's internal control.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of City of Monett, in a separate letter dated September 21, 2009.

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

THE CPA GROUP, P.C.

Monett, Missouri
September 21, 2009



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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of City of Monett, Missouri, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2009. The City of Monett, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Monett, Missouri's management. Our responsibility is to express an opinion on the City of Monett, Missouri's compliance based on our audit.

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

In our opinion, the City of Monett, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2009.

Internal Control Over Compliance

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

Accordingly, we do not express an opinion on the effectiveness of the City of Monett's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

THE CPA GROUP, P.C.

Monett, Missouri
September 21, 2009

**CITY OF MONETT, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COST
 MARCH 31, 2009**

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Type of auditors' report issued on compliance
 for major program: Unqualified

Any audit findings disclosed that are required
 to be reported in accordance with
 Circular A-133, Section .510(a)? Yes No

Identification of major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Department of Transportation

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

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Findings

No matters were noted.

Section III - Federal Award Findings and Questioned Costs

No matters were noted.

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
MARCH 31, 2009**

FEDERAL GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
Department of Transportation			
Transportation Enhancement Funds passed Through the Missouri Highway and Transportation Commission	20.205	J7P0786	\$ 1,768,527
Federal Aviation Agency passed Through the Missouri Highway and Transportation Commission	20.106	AIR 035/045-98B	355,277
Law Enforcement Assistance Funds passed Through the Missouri Highway and Transportation Commission	20.600	LKKD47 and 033	842
Law Enforcement Equipment Funds passed Through the Missouri Highway and Transportation Commission	20.601	OMB-1121-0	5,009
Law Enforcement Payroll - DWI Funds passed Through the Missouri Highway and Transportation Commission	20.607	LKK053 & 044 NHTSA	1,853
Total Department of Transportation			\$ 2,131,508
Environmental Protection Agency			
Clean Water Loans passed through the Missouri Department of Natural Resources	66-458		\$ 310,000
	66-468		7,815,000
Total Environmental Protection Agency			\$ 8,125,000
Total Federal Programs			\$ 10,256,508

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the City's federal award programs presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles.

See accompanying notes to the financial statements.

**UNAUDITED SIX MONTH REVIEW FOR THE PERIOD APRIL 1, 2009
THROUGH SEPTEMBER 30, 2009**

CITY OF MONETT
ALL FUNDS- REVENUE AND EXPENDITURES/EXPENSE SUMMARY
APRIL 1, 2009 THROUGH SEPTEMBER 30, 2009

	<u>GENERAL FUND</u>	<u>ENTERPRISE FUND</u>	<u>TOTAL (MEMO ONLY)</u>
Revenues	\$ 5,525,386.57	\$ 11,469,061.17	\$ 16,994,447.74
Expenditures/Expenses	5,952,710.28	10,636,273.44	16,588,983.72
Revenues Over (Under) Expenditures	<u>\$ (427,323.71)</u>	<u>\$ 832,787.73</u>	<u>\$ 405,464.02</u>
Other Financing Sources Uses:			
Financing			
Transfers	-	-	-
Revenues and Other Sources Over (Under) Expenditures And Other Uses	<u>\$ 427,323.71</u>	<u>\$ 832,787.73</u>	<u>\$ (405,464.02)</u>

Indebtedness of City as of September 30, 2009

Airport - 2004A	100,000.00
Golf Course - 2004A	300,000.00
Golf Carts (24)	55,907.90
Golf Carts (2)	9,152.88
Police Cars (3)	56,708.29
Police Station Equipment	659,973.51
Country Club Project (Sewer)	320,000.00
Valley View Project (Street)	95,090.58
Police Station	2,355,000.00
Sewer - 1992A	255,000.00
Sewer - 2003B	7,815,000.00
TIF 1 - Series 2007	5,510,000.00
TIF 1 - Series 2008	3,000,000.00
TIF 2 - Series 2005A & 2005B	3,665,000.00
Water Tower	415,167.02
	<u>24,612,000.18</u>

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

The following information concerning DTC and DTC's Book-Entry Only System has been obtained from sources that the City believes to be reliable, but is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by the City, the Trustee or the Underwriter. The City, the Trustee and the Underwriter make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners will act in accordance with the procedures described above or in a timely manner.

General. Ownership interests in the Certificates will be available to purchasers only through a book-entry only system (the "**Book-Entry Only System**") maintained by The Depository Trust Company ("**DTC**"), New York, New York. DTC will act as securities depository for the Certificates. Initially, the Certificates will be issued as fully-registered securities, registered in the name of Cede & Co. (DTC'S partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC. The following discussion will not apply to any Certificates issued in certificate form due to the discontinuance of the DTC Book-Entry Only System, as described below.

DTC and its Participants. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchase of Ownership Interests. Purchases of the Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Bond (the "**Beneficial Owner**") is, in turn, to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their

ownership interest in the Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

Transfers. To facilitate subsequent transfers, all Certificates deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Certificates with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates. DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as prepayments, tenders, defaults, and proposed amendments to the Lease or the Declaration of Trust. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all of the Certificates are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Voting. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of bonds as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal and Interest. Payments of principal of or prepayment price and interest on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, its nominee, the Trustee or the City, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal of or prepayment price and interest on the Certificates to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee. Disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Discontinuation of Book-Entry Only System. DTC may discontinue providing its services as securities depository with respect to the Certificates at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered as described in the Declaration of Trust.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed, registered in the name of DTC's partnership nominee, Cede & Co. (or such other name as may be requested by an authorized representative of DTC), and delivered to DTC (or a successor securities depository), to be held by it as securities depository for Direct Participants. If, however, the system of book-entry-only transfers has been discontinued and a Direct Participant has elected to withdraw its Certificates from DTC (or such successor securities depository), certificates may be delivered to Beneficial Owners in the manner described in the Declaration of Trust.

None of the Underwriter, the Trustee nor the City will have any responsibility or obligations to any Direct Participants or Indirect Participants or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or any such Direct Participant or Indirect Participant; (ii) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal or prepayment price or interest on the Certificates; (iii) the delivery by any such Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Declaration of Trust to be given to owners of the Certificates; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial prepayment of the Certificates; or (v) any consent given or other action taken by DTC as Bondholder.

APPENDIX D

DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS

The summaries of the Declaration of Trust and the Lease contained in this **Appendix D** do not purport to be comprehensive or definitive and are qualified in their entirety by reference to such documents, copies of which may be viewed at the office of the Trustee, or will be provided by the Trustee to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request.

Definitions

The definitions of certain words and terms used in this Official Statement are set forth below:

“Acceptance Certificate” means the certificate of the City given in accordance with the Lease.

“Acquisition Fund” means the fund by that name established pursuant to the Declaration of Trust.

“Authorized Representative” means the Mayor of the City, or any such other person at the time designated to act on behalf of the City as an Authorized Representative, such designation being approved by the governing body of the City.

“Available Revenues” means, for any Fiscal Year, any balances of the City from previous Fiscal Years encumbered to pay Rent, amounts budgeted or appropriated by the City for such Fiscal Year plus any unencumbered balances of the City from previous Fiscal Years that are legally available to pay Rent during such Fiscal Year, plus all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Declaration of Trust.

“Basic Rent” means the Basic Rent Payments comprised of a Principal Portion and an Interest Portion as set forth in the Lease.

“Basic Rent Payment” means a payment of Basic Rent.

“Basic Rent Payment Date” means each January 1 and July 1 during the Lease Term, commencing on January 1, 2011.

“Certificate Payment” means the payments to be made to the Owners of the Certificates, whether representing Interest Portion only or Principal Portion and Interest Portion of Basic Rent under the Lease.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“Completion Date” means the date of completion of the acquisition and installation of the Project as that date shall be certified as provided in the Lease.

“Continuing Disclosure Undertaking” means the Continuing Disclosure Undertaking from the City, and dated as of the date of issuance and delivery of the Certificates, as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the City and related to the authorization, execution, sale and delivery of the Certificates, including advertising

and printing costs, costs of preparation and reproduction of documents, filing fees, initial fees and charges of the Trustee, legal fees of parties to the transaction and all other initial fees and disbursements contemplated by the Lease and the Declaration of Trust.

“Costs of the Project” means all reasonable or necessary expenses related or incidental to the acquisition and installation of the Project, including the expenses of studies, architectural and engineering services, legal and other special services and all other necessary and incidental expenses. Costs of the Project shall include Costs of Issuance.

“Debt Service Reserve Fund” means the Debt Service Reserve Fund so designated and established pursuant to the Declaration of Trust.

“Debt Service Reserve Requirement” means the amount of \$220,000.

“Directive” means an instrument in writing executed in one or more counterparts by (a) the City, or (b) the Owners of Certificates, as determined from the records of the Trustee kept pursuant to the Declaration of Trust, or their lawful attorneys-in-fact, representing no less than a majority of the aggregate unpaid Principal Portion represented by the then Outstanding Certificates.

“Event of Default” means an Event of Default as described in the Declaration of Trust.

“Event of Lease Default” means an Event of Default as described in the Lease.

“Event of Nonappropriation” means an Event of Nonappropriation as described in the Lease.

“Fiscal Year” means the fiscal year of the City, currently the twelve-month period beginning April 1 and ending on March 31.

“Funds” means, collectively, the Acquisition Fund, the Lease Revenue Fund, the Debt Service Reserve Fund and the Rebate Fund.

“Government Obligations” means (a) direct noncallable obligations of the United States of America and obligations the timely payment of principal and interest on which is fully and unconditionally guaranteed by the United States of America, and (b) trust receipts or certificates evidencing participation or other direct ownership interests in principal or interest payments to be made upon obligations described in clause (a) above that are held in a custody or trust account free and clear of all claims of persons other than the holders of such trust receipts or certificates, and (c) obligations which are noncallable or for which the call date has been irrevocably determined having an investment rating in the highest rating category of either Moody’s or S&P as a result of the advance refunding of such obligations by the deposit of direct noncallable obligations of the United States of America in a trust or escrow account segregated and exclusively set aside for the payment of such obligations and which mature as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to timely pay such principal and interest.

“Interest Portion” means the portion of each Basic Rent Payment that represents the payment of interest as set forth in the Lease.

“Interest Subsidy Payments” means, with respect to any Certificates that constitute “qualified bonds” under Section 6431 of the Internal Revenue Code, the payments received by or on behalf of the City from the U.S. Treasury, equal to a portion of each interest payment on such Certificates in accordance with said Section 6431.

“Investment Securities” means and includes any of the securities described in the Declaration of Trust, if and to the extent the same are permitted by law for the City.

“Leased Property” means the personal property that has been leased from the Trustee to the City pursuant to the Lease.

“Lease Revenues” means the Basic Rent Payments, Supplemental Rent Payments and all other amounts due and owing pursuant to or with respect to the Lease, including prepayments, insurance proceeds, condemnation proceeds, and any and all interest, profits or other income derived from the investment thereof in any fund or account established pursuant to the Declaration of Trust.

“Lease Revenue Fund” means the fund by that name established pursuant to the Declaration of Trust.

“Net Proceeds” means the amount remaining from the gross proceeds of any insurance claim, condemnation award or sale under threat of condemnation after deducting all reasonable expenses, including attorneys’ fees, incurred in the collection thereof.

“Notice by Mail” or **“Notice”** of any action or condition **“by Mail”** means a written notice meeting the requirements of the Declaration of Trust mailed by first-class mail to the Owners of specified Certificates, at the addresses shown on the registration books maintained by the Registrar.

“Ordinance” means the ordinance of the Board of Commissioners adopted on June 21, 2010, approving the delivery of the Certificates.

“Original Term” means the period from the date of the initial delivery of the Certificates until the end of the Fiscal Year then in effect.

“Outstanding” means, as of the date of determination, all Certificates theretofore executed and delivered pursuant to the Declaration of Trust except (i) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation, (ii) Certificates for the transfer or exchange of or in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee pursuant to the Declaration of Trust, (iii) Certificates whose payment or prepayment has been provided for in accordance with the Declaration of Trust, and (iv) Certificates paid or deemed to be paid pursuant to the Declaration of Trust.

“Owner” or **“Registered Owner”** of a Certificate means the registered owner of such Certificate as shown on the register kept by the Registrar.

“Prepayment Price” means, with respect to any Certificate (or portion thereof) the amount specified in the Declaration of Trust.

“Principal Portion” means the principal portion of the Basic Rent Payments as set forth in the Lease.

“Proceeds” means the aggregate moneys initially paid to the Trustee for the Certificates.

“Project” means the improvements to the water portion of the City’s combined waterworks and sewerage system, including primarily the installation of water lines paid for with the proceeds of the Certificates as described on **Schedule 1** to the Lease.

“Purchase Price” means the amount designated as such in the Lease that the City shall pay to the Trustee to purchase the Trustee’s interest in the Leased Property.

“Rebate Fund” means the fund by that name established pursuant to **Section 6.01**.

“Record Date” means the fifteenth day of the month prior to the applicable Basic Rent Payment Date.

“Registrar” means the Trustee when acting in that capacity, or its successor as Registrar.

“Renewal Term” means each renewal term of the Lease, each having a duration of one year and a term coextensive with the then current Fiscal Year as provided in the Lease, except that the last possible Renewal Term shall end on July 1, 2035.

“Rent” means, collectively, Basic Rent and Supplemental Rent.

“Rent Payment” means a payment of Rent.

“Special Counsel” means Gilmore & Bell, P.C., or any other attorney or firm of attorneys of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds or other obligations issued by states and political subdivisions.

“State” means the State of Missouri.

“Supplemental Declaration of Trust” means any amendment or supplement to the Declaration of Trust.

“Supplemental Lease” means any amendment or supplement to the Lease entered pursuant to the Lease.

“Supplemental Rent” means all amounts due under the Lease other than Basic Rent.

“Supplemental Rent Payment” means a payment of Supplemental Rent.

“Tax Compliance Agreement” means the Tax Compliance Agreement dated as of June 1, 2010, between the Trustee and the City, as amended and supplemented from time to time in accordance with its terms.

“Trust Estate” means the assets, property and interests held by the Trustee pursuant to the Declaration of Trust and the Lease.

SUMMARY OF THE DECLARATION OF TRUST

General Provisions

The Declaration of Trust is entered by and between the Trustee and the City. The Declaration of Trust authorizes the Trustee to execute and deliver the Certificates, provides the terms of the Certificates and provides for various Funds related to the Leased Property and the Lease.

Trust Estate

Under the Declaration of Trust, the Trustee holds all of the assets, property and interests received by it under the terms of the Declaration of Trust and the Lease and all agreements and instruments contemplated thereby (except for the Rebate Fund any compensation, indemnification or other amounts which may be due directly to the Trustee thereunder) (collectively, the “Trust Estate”), as trustee, upon the terms and trusts set

forth under the Declaration of Trust for the equal and proportionate benefit, security and protection of all present and future Owners of the Certificates.

Establishment of Funds

The following funds and accounts (altogether, referred to as the "Funds") are established under the Declaration of Trust:

- (a) Acquisition Fund.
- (b) Lease Revenue Fund.
- (c) Debt Service Reserve Fund.
- (d) Rebate Fund.

Application of Lease Revenues

Lease Revenues shall be deposited, as received pursuant to the Lease, as follows:

- (a) The Basic Rent shall be deposited to the Lease Revenue Fund.
- (b) Optional and mandatory prepayments of the Principal Portion of Basic Rent (in amounts equal to the applicable Prepayment Price) shall be deposited to the Lease Revenue Fund.
- (c) Payments of Supplemental Rent pursuant to the Lease shall be applied as provided in the Lease.

Undesignated payments of Rent which are insufficient to discharge the full amount then due shall be applied first to the Interest Portion of Basic Rent, next to the Principal Portion of Basic Rent and finally to Supplemental Rent.

Disbursements from the Acquisition Fund

Payment shall be made from moneys in the Acquisition Fund upon receipt by the Trustee of a requisition certificate therefor signed by an Authorized Representative of the City. The Completion Date of the Project and the payment of all Costs of the Project (other than Costs of the Project for which sufficient amounts are retained in the Acquisition Fund) shall be evidenced by the filing with the Trustee of the Acceptance Certificate pursuant to the Lease. As soon as practicable any balance remaining in the Acquisition Fund shall be transferred and deposited without further authorization as provided in the Lease. In the event of the acceleration of all of the Certificates pursuant to the Lease, any moneys then remaining in the Acquisition Fund shall be transferred and deposited to the credit of the Lease Revenue Fund and shall be used to pay the Interest Portion and Principal Portion of Basic Rent.

Application of Moneys in the Lease Revenue Fund

Except as otherwise provided in the Declaration of Trust, all amounts in the Lease Revenue Fund shall be used and withdrawn by the Trustee solely to pay Basic Rent represented by the Certificates when due and payable (including principal and accrued interest with respect to any Certificates paid prior to maturity pursuant to the Declaration of Trust).

Debt Service Debt Service Reserve Fund

Except as otherwise provided in the Declaration of Trust, money in the Debt Service Reserve Fund will be used solely to make up any deficiencies in the Lease Revenue Fund. Moneys in the Debt Service Reserve Fund will also be used to pay the last Certificates becoming due unless such Certificates have been otherwise paid. If the money in the Lease Revenue Fund is insufficient to pay the Principal Portion and the Interest Portion of Basic Rent as the same become due, the Trustee will without further authorization transfer any funds available to make Basic Rent Payments or deposits to the Lease Revenue Fund to make such payments. Money in the Debt Service Reserve Fund will be used to make all or part of the final Basic Rent Payment.

The investments in the Debt Service Reserve Fund will be valued annually on March 1. If at any time the amount in the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement, such excess will be transferred to the Acquisition Fund until the Completion Date and to the Lease Revenue Fund thereafter. If at any time the amount in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement as a result of a withdrawal or a decrease in value, the City will replenish the Debt Service Reserve Fund at the time and in the manner set forth in the Lease.

Rebate Fund

Moneys will be deposited in and disbursed from the Rebate Fund in accordance with written instructions from the City to the Trustee prepared in accordance with the provisions of the Tax Compliance Agreement.

Investment of Moneys in Various Funds

Moneys held in the Funds shall, subject to the requirements of the Tax Compliance Agreement and as provided in the Declaration of Trust, be invested and reinvested by the Trustee, pursuant to written direction of the City, signed by an Authorized Representative of the City, in Investment Securities that mature or are subject to redemption by the holder prior to the date such funds will be needed. In the absence of such instructions, the Trustee is authorized to invest moneys in Investment Securities described in subparagraph (f) of the definition of Investment Securities

The Trustee shall sell and reduce to cash a sufficient amount of such Investment Securities held by the Trustee in any Fund hereunder whenever the cash balance in such Fund is insufficient for the purpose of such Fund. Any such Investment Securities shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Fund in which such moneys are originally held, and the interest accruing thereon and any profit realized from such Investment Securities shall be credited to such Fund, and any loss resulting from such Investment Securities shall be charged to such Fund; provided, that, if at any time the amount in the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement, such excess will be transferred as provided under the provisions of the Declaration of Trust to the Debt Service Reserve Fund.

Amendments to the Declaration of Trust or the Lease

The Declaration of Trust, the Lease and the rights and obligations of the City and of the Owners of the Certificates and of the Trustee may be modified or amended from time to time and at any time by an amendment or supplement hereto or thereto which the parties hereto or thereto may enter into when the written consent of the Trustee and the City, if not a party hereto or thereto, and the Owners of a majority in aggregate Principal Portion of Basic Rent Payments represented by the Certificates then Outstanding shall have been filed with the Trustee. No such modification or amendment shall (i) extend the stated maturity of any Certificate, or reduce the amount of principal represented thereby, or extend the time of payment or reduce the amount of any Prepayment Price provided in the Declaration of Trust for the payment of any Certificate, or reduce the rate of interest with respect thereto, or extend the time of payment of interest with respect thereto without the consent of the Owner of each Certificate so affected, (ii) reduce the aforesaid percentage of

Certificates the consent of the Owners of which is required to effect any such modification or amendment or permit the creation of any lien on the moneys in the Acquisition Fund, the Debt Service Reserve Fund and the Lease Revenue Fund or deprive the Owners of the trust created by the Declaration of Trust with respect to the moneys in the Acquisition Fund, the Debt Service Reserve or the Lease Revenue Fund or (iii) create a preference or priority of any Certificate or Certificates over any other Certificate or Certificates without the consent of the Owners of all of the Certificates then Outstanding.

Notwithstanding the foregoing paragraph, the Declaration of Trust, the Lease and the rights and obligations of the City, of the Trustee and of the Owners of the Certificates may also be modified or amended from time to time and at any time by an agreement which the parties thereto may enter into without the consent of any Certificate Owners, only to the extent permitted by law and only for any one or more of the following purposes: (i) to add to the covenants and agreements of the Trustee in the Declaration of Trust, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Certificates (or any portion thereof), or to surrender any right or power reserved under the Declaration of Trust to or conferred upon the City; provided, however, that no such covenant, agreement, pledge, assignment or surrender shall, in the sole judgment of the Trustee, materially adversely affect the interests of the Trustee or the security of the Owners of the Certificates; (ii) to add to the covenants and agreements of the City in the Lease, other covenants and agreements thereafter to be observed or to surrender any right or power therein reserved to or conferred upon the Trustee or the City; provided, however, that no such covenant, agreement or surrender shall, in the sole judgment of the Trustee, materially adversely affect the security of the Owners of the Certificates; (iii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Declaration of Trust, the Lease, or in regard to matters or questions arising under the Declaration of Trust, the Lease as the Trustee and the City may deem necessary or desirable and not inconsistent with said agreements, or as may be requested by the City or the Trustee and which shall not, in any such case, in the sole judgment of the Trustee, materially adversely affect the security of the Owners of the Certificates; (iv) to modify, amend or supplement the Declaration of Trust in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not, in the sole judgment of the Trustee, materially adversely affect the security of the Owners of the Certificates; (v) to provide for any additional procedures, covenants or agreements necessary to maintain the federal tax status of the Certificates Outstanding and the right, if any, of the City to receive Interest Subsidy Payments with respect thereto; (vi) to provide for any additional or revised procedures, covenants or agreements with respect to the procedure for collection of any Interest Subsidy Payments to which the City may be entitled in connection with any series of Certificates (including but not limited to modifications to the duties of the City and the Trustee set forth in the Declaration of Trust), or (vii) to make any other change that, in the sole judgment of the Trustee, does not have a materially adverse effect on the security of the Certificate Owners.

Defaults

The occurrence of any of the following events, subject to the provisions of the Declaration of Trust, is hereby defined as an "Event of Default":

- (a) Default in the due and punctual payment of any Interest Portion of Basic Rent represented by a Certificate; or
- (b) Default in the due and punctual payment of the Principal Portion of Basic Rent represented by a Certificate, whether at the stated payment date thereof or the prepayment date set therefor in accordance with the terms of the Declaration of Trust; or
- (c) Any Event of Lease Default.

Acceleration

Upon the occurrence of an Event of Default, the Trustee may, and upon receipt of a Directive shall, by notice in writing delivered to the City, declare the Principal Portion and Interest Portion of Basic Rent represented by all Certificates Outstanding to the end of the then current Fiscal Year immediately due and payable.

Other Remedies Upon an Event of Default

Upon the occurrence of an Event of Lease Default or an Event of Nonappropriation, the Trustee may exercise any remedies available under the Lease and, to the extent consistent therewith, may sell, lease or manage all or any portion of the Leased Property and apply the net proceeds thereof in accordance with the Declaration of Trust and, whether or not it has done so, may pursue any other remedy available to it under the Lease or at law or in equity.

No remedy by the terms of the Declaration of Trust conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Certificate Owners thereunder or now or hereafter existing at law or in equity or by statute.

Rights of Certificate Owners

If an Event of Default or an Event of Nonappropriation shall have occurred and be continuing and if instructed to do so by a Directive and if indemnified as provided in the Declaration of Trust, the Trustee shall be obligated to exercise such one or more of the rights and the remedies conferred thereunder as the Trustee, upon the advice of counsel, shall deem to be in the interests of the Certificate Owners.

Any other provision in the Declaration of Trust to the contrary notwithstanding, the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the Declaration of Trust, or for the appointment of a receiver or any other proceedings thereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Declaration of Trust, and provided, further, that the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability.

Defeasance

When (i) the obligations of the City under the Lease shall have been satisfied in connection with the exercise by the City of its option to purchase the Leased Property in accordance with the Lease by the irrevocable deposit in escrow of cash or Government Obligations (maturing as to principal and interest in such amounts and at such times as are necessary to make any required payments without reinvestment of any earnings thereon) or both cash and such Government Obligations, and (ii) the City shall have delivered to the Trustee, (x) an opinion of counsel to the effect that the conditions for such discharge contained in the Declaration of Trust have been satisfied or irrevocably provided for and (y) for an advance refunding, an accountant's certificate verifying the sufficiency of cash or Government Obligations or both so deposited for the payment of the Principal Portion and Interest Portion of the Certificates and any applicable Prepayment Price to be paid with respect to the Certificates and (iii) the City shall have deposited sufficient moneys to pay the fees, charges and expenses of the Trustee (or has made provision satisfactory to the Trustee for their payment), thereupon the obligations created by the Declaration of Trust shall cease, determine and become void except for the right of the Certificate Owners and the obligation of the Trustee to apply such moneys and Government Obligations to the payment of the Certificates as set forth in the Declaration of Trust.

After all amounts owing to the Certificate Owners have been paid under the Declaration of Trust and the Lease and all fees, expenses and charges of the Trustee have been paid, the Trustee shall turn over to the City any surplus in the Lease Revenue Fund and all balances remaining in any other funds or accounts other than moneys and Government Obligations held for the payment of the Certificates at maturity or on prepayment, which moneys and Government Obligations shall continue to be held by the Trustee in trust for the benefit of the Certificate Owners and shall be applied by the Trustee to the payment, when due, of the Principal Portions and any premium and Interest Portions of Basic Rent represented by the Certificates.

The Trustee

The Trustee shall, prior to an Event of Default or Event of Nonappropriation, and after the curing of all Events of Default or Events of Nonappropriation which may have occurred, perform such duties and only such duties as are specifically set forth in the Declaration of Trust. The Trustee shall, during the existence of any Event of Default or Event of Nonappropriation, exercise such of the rights and powers vested in it by the Declaration of Trust, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee may be removed at any time by a Directive or shall resign at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged as bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the property or affairs for the purpose of rehabilitation, conservation or liquidation, and thereupon a successor Trustee shall be appointed by a Directive. Written notice of any removal or resignation pursuant to this subsection (b) shall be given by the Trustee to the City.

The Trustee may at any time resign by giving written notice of such resignation to the City and by giving the Certificate Owners Notice by Mail of such resignation at the addresses listed on the registration books kept by the Trustee. Upon receiving such notice of resignation, a successor Trustee shall be appointed by a Directive.

SUMMARY OF THE LEASE

General

The Lease has been entered into between the Trustee and the City and contains the terms and conditions under which the Leased Property will be leased to and used by the City.

Lease Term

The Original Term of the Lease shall terminate the last day of the current Fiscal Year. The Lease Term may be continued, solely at the option of the City, at the end of the Original Term or any Renewal Term for an additional one year, provided that the final Renewal Term shall not extend beyond July 1, 2035. At the end of the Original Term and at the end of each Renewal Term, unless the City has terminated the Lease and for no other reason, the City shall be deemed to have exercised its option to continue the Lease for the next Renewal Term. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term, except for any difference in the Rent as provided in the Lease.

Continuation of Lease Term by the City

The City reasonably believes that legally available funds in an amount sufficient to make all payments of Rent during the Original Term and each of the Renewal Terms can be obtained. The decision to budget and

appropriate funds or to extend the Lease for any Renewal Term is to be made in accordance with the City's normal procedures for such decisions by the then current governing body of the City.

Non appropriation

The City is obligated only to pay periodic payments under the Lease as may lawfully be made from Available Revenues. If an Event of Nonappropriation occurs, the Lease shall be deemed terminated at the end of then current Original Term or Renewal Term. An Event of Nonappropriation shall be deemed to have occurred if the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent and any reasonably anticipated Supplemental Rent to come due during the immediately following Renewal Term. The City agrees to deliver notice to the Trustee of such termination at least 90 days prior to the end of then current Original Term or Renewal Term, but failure to give such notice shall not extend the term beyond such Original Term or Renewal Term. If the Lease is terminated in accordance with this section, the City agrees peaceably to transfer and surrender possession of the Leased Property to the Trustee.

Payment for the Project

Costs and expenses of every nature incurred in the acquisition and installation of the Project that qualify as Costs of the Project shall be paid by the Trustee from the Acquisition Fund upon receipt by the Trustee of a completed request of the City signed by the Authorized Representative of the City (as defined in the Declaration of Trust) and containing the statements, representations and certifications set forth in the form of such request attached to the Declaration of Trust.

Completion Date; Excess Funds

The Completion Date shall be evidenced to Trustee upon receipt by the Trustee of a certificate signed by the Authorized Representative of the City (the "Acceptance Certificate") stating (a) the date on which acquisition and installation of the Project was substantially completed, (b) the Project has been acquired and installed in accordance with the plans and specifications and in conformance with all applicable zoning, planning, building, environmental and other similar governmental regulations, (c) that, except for Costs of the Project described in accordance with clause (d), all Costs of the Project have been paid and (d) the amounts, if any, to be retained in the Acquisition Fund for the payment of Costs of the Project, if any, not yet due or Costs of the Project whose liability the City is contesting, and amounts that otherwise should be retained and the reasons they should be retained. The Acceptance Certificate may state that it is given without prejudice to any rights of the City that then exist or may subsequently come into being against third parties. Any amounts remaining in the Acquisition Fund that are not needed to pay any remaining Costs of the Project shall without further authorization be transferred to the Lease Revenue Fund.

Basic Rent

The City shall promptly pay all Basic Rent in lawful money of the United States of America on each Basic Rent Payment Date in such amounts as are described in the Lease. A portion of each Basic Rent Payment is paid as, and represents payment of, interest. To provide for the timely payment of Basic Rent, the City shall pay to the Trustee for deposit in the Lease Revenue Fund not less than five business days before each Basic Rent Payment Date, the amount due on such Basic Rent Payment Date.

The City will, in accordance with the requirements of law and its normal budgeting procedures, fully budget and appropriate sufficient funds for the current Fiscal Year to make the Rent Payments scheduled to come due during the Original Term, and to meet its other obligations for the Original Term, and such funds will not be expended for other purposes.

Supplemental Rent

The City shall pay as Supplemental Rent (a) all taxes and assessments (the "Impositions") which may be lawfully taxed, charged, levied, assessed or imposed upon or against or be payable for or in respect of the Project; (b) all amounts required under the Lease and all other payments of whatever nature which the City has agreed to pay or assume under the Lease; (c) all expenses, including attorneys' fees and expenses to the extent permitted by law, incurred in connection with the enforcement of any rights under the Lease by the Trustee; (d) all fees, charges and expenses of the Trustee as further provided in the Lease; (e) in the event that the amount in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement as a result of the withdrawal of moneys therein in order to make Basic Rent Payments, the amount of such deficiency to the Trustee for deposit in the Debt Service Reserve Fund on or before the first anniversary of the date of such withdrawal; (f) in the event the amount in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement as a result of a decrease in value as shown by the valuation required by the Declaration of Trust, the amount of such deficiency to the Trustee for deposit in the Debt Service Reserve Fund within 90 days of such valuation; and (g) any payments required to be made pursuant to the Tax Compliance Agreement.

Rent Payments to Constitute a Current Expense and Limited Obligation of the City

The obligation of the City to pay rent under the Lease is limited to payment from Available Revenues and shall constitute a current expense of the City and shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, nor shall anything contained in the Lease constitute a pledge of the general tax revenues, funds or moneys of the City.

Deficiency of Acquisition Fund

If the Acquisition Fund shall be insufficient to pay fully all Costs of the Project and to complete fully the acquisition and installation of the Project lien free, the City shall pay, in cash, the full amount of any such deficiency by making payments directly to the contractors and to the suppliers of materials and services as the same shall become due. The Trustee is not obligated to pay and shall not be responsible for any such deficiency, and the City shall save the Trustee whole and harmless from any obligation to pay such deficiency.

Contest of Impositions

The City shall have the right, in its own name or in the Trustee's name, to contest the validity or amount of any Imposition which the City is required to bear, pay and discharge pursuant to the terms of this Article by appropriate legal proceedings instituted at least ten days before the Imposition complained of becomes delinquent and may permit the Imposition so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee shall notify the City that, in the opinion of counsel, by nonpayment of any such items the interest of the Trustee in the Leased Property will be endangered or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments or charges or provide the Trustee with full security against any loss which may result from nonpayment in form satisfactory to the Trustee.

Insurance

The City shall, during the Lease Term, cause the Leased Property to be kept continuously insured against such risks customarily insured against for facilities such as the Leased Property and shall pay (except as otherwise provided in the Lease), as the same become due, all premiums in respect thereof, such insurance to include the following policies of insurance:

(a) Insurance insuring the Leased Property against loss or damage by fire, lightning and all other risks covered by the extended coverage insurance endorsement then in use in the State in an amount not less than the replacement value of the Leased Property and issued by such insurance company or companies authorized to do business in the State as may be selected by the City. The replacement value of the Leased Property may be determined from time to time at the request of the Trustee or the City (but not less frequently than every five years) by one of the insurers, to be selected, subject to the insurer's approval, and paid by the City. The policy or policies of such insurance with shall name the City and the Trustee as insureds, as their respective interests may appear. All proceeds from such policies of insurance with respect to the Leased Property shall be applied as provided in the Lease.

(b) Comprehensive general accident and public liability insurance (including coverage for all losses whatsoever arising from the ownership, maintenance, operation or use of any automobile, truck or other motor vehicle), under which the City and the Trustee are named as insureds, in an amount not less than \$1,000,000 combined single limit for bodily injuries and property damage.

(c) Workers' compensation and unemployment coverages to the extent, if any, required by the laws of the State.

The City may elect to be self-insured for all or any part of the foregoing requirements of the Declaration of Trust if (i) the City annually obtains a written evaluation with respect to such self insurance program from an individual or firm selected by the City and acceptable to the Trustee qualified to survey risks and to recommend insurance coverage for entities engaged in operations similar to those of the City and having a favorable reputation for skill and experience in making such surveys and recommendations (an "Insurance Consultant"), (ii) the evaluation is to the effect that the self insurance program is sound, (iii) unless the evaluation states that such reserves are not necessary, the City maintains adequate reserves for the self-insurance program, and (iv) in the case of workers' compensation, adequate reserves created by the City for such self-insurance program are maintained in such amount and manner as are acceptable to the State. The City will pay any fees and expenses of such Insurance Consultant in connection therewith.

Maintenance and Modification of Leased Property by the City

The City will at its own expense (a) keep the Leased Property in a safe condition, (b) with respect to the Leased Property, comply with all applicable health and safety standards and all other industrial requirements or restrictions enacted or promulgated by the State, or any political subdivision or agency thereof, or by the government of the United States of America or any agency thereof, and (c) keep the Leased Property in good repair and in good operating condition and make from time to time all necessary repairs thereto and renewals and replacements thereof; provided, however, that the City will have no obligation to operate, maintain, preserve, repair, replace or renew any element or unit of the Leased Property, the maintenance, repair, replacement or renewal of which becomes uneconomical to the City because of damage, destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulations. The City shall not permit or suffer others to commit a nuisance in or about the Leased Property or itself commit a nuisance in connection with its use of the Leased Property. The City will pay all costs and expenses of operation of the Leased Property.

The City may, also at its own expense, make from time to time any additions, modifications or improvements to the Leased Property that it may deem desirable for its business purposes and that do not materially impair the structural strength or effective use, or materially decrease the value, of the Leased Property. All additions, modifications or improvements made by the City pursuant to the authority of this

Section shall (a) be made in a workmanlike manner and in strict compliance with all laws and ordinances applicable thereto, (b) when commenced, be pursued to completion with due diligence and (c) when completed, be deemed a part of the Leased Property.

During the Lease Term, the Leased Property will be used by the City only for the purpose of performing essential governmental or proprietary functions of the City consistent with the permissible scope of the City's authority.

Damage, Destruction and Condemnation

The City shall bear the risk of loss with respect to the Leased Property during the Lease Term. If (a) the Leased Property or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Leased Property or any part thereof shall be nonexistent or deficient or taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, the City and the Trustee will cause the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Leased Property, unless the City shall have exercised its option to purchase the Trustee's interest in the Leased Property by making payment of the Purchase Price as provided in the Lease. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the City and shall be held and appropriated by the City for the exclusive purpose of paying Rent under the Lease.

If the City determines that the repair, restoration, modification or improvement of the Leased Property is not economically feasible or in the best interest of the City, then, in lieu of making such repair, restoration, modification or improvement and if permitted by law, the City shall promptly purchase the Trustee's interest in the Leased Property pursuant to **Section 10.01(b)** by paying the Purchase Price and such Net Proceeds shall be applied by the City to such payment to the extent required for such payment. Any balance of the Net Proceeds remaining after paying the Purchase Price shall belong to the City.

Assignment and Subleasing by the City

Except as expressly provided in the Lease, none of the City's right, title and interest in, to and under the Lease and in the Leased Property may be assigned or encumbered by the City for any reason; except that the City may sublease any one or more parts of the Leased Property if the City obtains and causes to be delivered to the Trustee an opinion of Special Counsel that such subleasing will not adversely affect the tax status of the Interest Portion of the Basic Rent Payments. Any such sublease of all or part of the Leased Property shall be subject to the Lease and the rights of the Trustee in, to and under the Lease and the Leased Property.

Events of Default

Any of the following shall constitute an "Event of Default" under the Lease:

(a) Failure by the City to make any deposits required under the Lease to pay Basic Rent in the Lease Revenue Fund at the time specified therein and the continuance of such failure for ten business days;

(b) Failure by the City to make any Supplemental Rent Payment when due and the continuance of such failure for ten days after written notice specifying such failure and requesting that it be remedied is given to the City by the Trustee;

(c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease, other than as referred to in subparagraph (a) or (b) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to the City by the Trustee unless such party shall agree in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be corrected within the applicable period, such party will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected;

(d) Any statement, representation or warranty made by the City in or pursuant to the Lease or the execution, delivery or performance of either of them shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made;

(e) Any provision of the Lease shall at any time for any reason cease to be valid and binding on the City, or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the City or any governmental agency or authority if the loss of such provision would materially adversely affect the rights or security of the Trustee; or

(f) The City becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee, receiver or custodian for the City or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian for the City or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian is appointed by the City or a substantial part of its property and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement, moratorium or any proceeding under bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is instituted by or against the City and, if instituted against the City, is consented to or acquiesced in by the City or is not dismissed within 60 days.

Remedies on Default

Whenever any Event of Default exists, the Trustee shall have the right, without any further demand or notice, to take one or any combination of the following remedial steps:

(a) By written notice to the City, the Trustee may declare all Rent payable by the City hereunder to the end of the then current Original Term or Renewal Term to be due;

(b) With or without terminating the Lease, the Trustee may enter the premises where the Leased Property is located and retake possession of the Leased Property or require the City at the City's expense to promptly return any or all of the Leased Property to the possession of the Trustee at a place specified by the Trustee and sell the Leased Property or lease the Leased Property or, for the account of the City, sublease the Leased Property continuing to hold the City liable for the difference between (a) the Rent payable by the City hereunder for the then current Original Term or Renewal Term, as the case may be, and (b) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the Trustee in exercising its remedies under the Lease, including without limitation all expenses of taking possession, removing, storing, reconditioning, and selling or leasing or subleasing the Leased Property and all brokerage, auctioneers and attorneys' fees);

(c) The Trustee may terminate any rights the City may have in any funds held by the Trustee under the Declaration of Trust; and

(d) The Trustee may take whatever action at law or in equity necessary or desirable to enforce its rights in the Leased Property and under the Lease.

Amendments, Changes and Modifications

The Lease may be amended by the Trustee and the City, provided that (a) no amendment that materially adversely affects the rights of the Owners of the Certificates shall be effective unless it shall have been consented to by the Owners of a majority, in principal amount, of the Certificates, if any, then outstanding, (b) no amendment that affects the amount or due date of any Basic Rent Payment or of the Purchase Price shall be effective unless consented to by the Owners of all of the Certificates, if any, then outstanding, and (c) any amendment shall comply with the applicable requirements of the Declaration of Trust.

* * *

APPENDIX E

PROPOSED FORM OF OPINION OF SPECIAL COUNSEL

City of Monett, Missouri
Monett, Missouri

UMB Bank, N.A.
Kansas City, Missouri

UMB Bank, N.A.,
as Trustee
Kansas City, Missouri

Re: \$2,859,000 City of Monett, Missouri, Taxable Certificates of Participation (Recovery Zone Economic Development Bonds) Series 2010

Ladies and Gentlemen:

We have acted as Special Counsel in connection with the above-referenced Certificates of Participation (the "Certificates"), evidencing interests of the Owners thereof in Basic Rent Payments to be made by the City of Monett, Missouri (the "City") under a Lease Purchase Agreement dated as of June 1, 2010 (the "Lease"), between UMB Bank, N.A., as lessor (the "Trustee"), and the City, as lessee. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Lease.

We have examined (i) the Lease, (ii) the Declaration of Trust dated as of June 1, 2010 (the "Declaration of Trust"), executed by the Trustee, (iii) the Tax Compliance Agreement dated as of June 1, 2010 (the "Tax Compliance Agreement"), between the City and the Trustee, and (iv) certificates of officers and officials of the City and the Trustee. In addition, we have reviewed and considered the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations thereunder promulgated by the United States Treasury Department.

In rendering the opinions set forth herein, we have assumed without undertaking to verify the same by independent investigation, (a) as to questions of fact, the accuracy of all representations of the Trustee and the City set forth in the Lease, the Tax Compliance Agreement and the Declaration of Trust and all certificates of officers of the Trustee, the City and others examined by us, and (b) the conformity to original documents of all documents submitted to us as copies and the authenticity of such original documents and all documents submitted to us as originals.

Based upon and subject to the foregoing, we are of the opinion, under existing law, as follows:

1. The Lease, the Tax Compliance Agreement and the Declaration of Trust have been approved by the City, and the Lease and the Tax Compliance Agreement have been duly authorized, executed and delivered by the City and constitute legal, valid and binding agreements of the City, enforceable in accordance with their terms, except that the Lease is enforceable only during each fiscal year for which sufficient funds have been appropriated.

2. The Certificates have been duly authorized, executed and delivered in accordance with the Declaration of Trust, are entitled to the benefits and security of the Declaration of Trust and evidence interests in the right to receive Basic Rent Payments under the Lease, which right to receive Basic Rent Payments is

enforceable against the City in accordance with the terms of the Certificates, the Declaration of Trust and the Lease.

3. The Interest Portion of each Basic Rent Payment represented by the Certificates is exempt from income taxation by the State of Missouri.

We express no opinion as to the title to or the description of the property subject to the Lease.

We express no opinion regarding the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Certificates. Further, we express no opinion regarding tax consequences arising with respect to the Certificates other than as expressly set forth in this opinion.

The rights of the owners of the Certificates and the enforceability of the Certificates, the Declaration of Trust and the Lease may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Very truly yours,