OFFICIAL STATEMENT DATED JUNE 26, 2014

REFUNDING ISSUE **BOOK ENTRY ONLY**
BANK QUALIFIED **NOT RATED**

In the opinion of Yates, Mauck, Bohrer, Elliff, & Fels P.C., Bond Counsel, under existing law and assuming continued compliance with of the Internal Revenue Code of 1986, as amended, the interest on the Bonds (a) is excludable from gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (c) is exempt from income taxation by the State of Missouri. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "**TAX EXEMPTION**" herein.

$2,430,000
CITY OF MONETT, MISSOURI
ANNUAL APPROPRIATION - SUPPORTED TAX INCREMENT AND SALES TAX REFUNDING REVENUE BONDS
SERIES 2014
(EAST U.S. HIGHWAY 60 AND RPA1 INFRASTRUCTURE REDEVELOPMENT PROJECTS)

Dated: June 26, 2014 **Due: January 1, 2028, as shown on the Inside cover page**

The Annual Appropriation Supported-Tax Increment and Sales Tax Refunding Revenue Bonds (East US Highway and RPA1 Infrastructure Bonds) Series 2014 (the "**Bonds**") are being issued by the City of Monett, Missouri (the "**City**") pursuant to an Ordinance adopted by the City on May 30, 2014 (the "**Ordinance**") and are secured by certain funds on deposited under a Trust Indenture, dated as of June 1, 2014 (the "**Indenture**") between the City and UMB Bank, N.A., as Trustee (the "Trustee"). The Bonds are being issued for the purpose of providing funds to: (i) refund the City's Series A 2005 and Series B 2005 Bonds, the proceeds of which were used to pay the costs of the East US Highway 60 and RPA1 Infrastructure Redevelopment costs (the "**Projects**") incurred in redevelopment under the 2005 Plan of the City as such term is defined herein; (ii) to fund a deposit to the debt service fund to payment of accrued interest on the Bonds (iii) fund a Debt Service Reserve Fund for the Bonds and (v) to pay the cost related to the issuance of the Bonds.

The Bonds are special, limited obligations of the City payable solely from (I) Payments in Lieu of Taxes, (ii) subject to annual appropriation by the City, Economic Activity Tax Revenues, (iii) subject to annual appropriation by the City, City Revenues, and (iv) certain moneys on deposit with the Trustee under the Indenture.

The Bonds are issuable only as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as registered Owner and nominee for The Depository Trust Company ("**DTC**") New York, New York which will act as securities depository for the Bonds. Purchase of beneficial interest will be made in book entry only, in the denomination of $5,000 or any integral multiple thereof. There will be no distribution of Bonds to the ultimate purchasers thereof. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bond Owners or registered owners of the Bonds shall mean Cede & Co. as aforesaid and shall not mean the Beneficial Owners (herein defined) of the Bonds.

Principal will be payable annually on January 1, beginning January 1, 2015, at the designated corporate trust operations office of UMB Bank, N.A., in St. Louis, Missouri (the "**Trustee**"). So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of principal of and redemption premium, if any, and interest on the Bonds will be made directly to DTC, which is expected, in turn, to remit such payments to the DTC Participants (herein defined) for subsequent disbursement to the Beneficial Owners. Interest will be payable each July 1 and January 1, beginning January 1, 2015, by check, draft mailed or wire transfer by the Trustee to the person in whose name such Certificate is registered on the 15th day of the month next preceding each interest payment date. See the caption "**BOOK-ENTRY ONLY SYSTEM**" herein.

The Bonds are subject to redemption prior to maturity in certain circumstances as described in this Official Statement under the caption "THE BONDS - Redemption."

Payment of principal of and interest on the Bonds are NOT secured by any deed of trust, mortgage or other lien on the Projects (as defined herein) and neither the Projects nor any other facilities or real property of the City is pledged as security for the Bonds. There is no mortgage securing the Bonds.

THE BONDS AND INTEREST THEREON ARE NOT AN INDEBTEDNESS OF THE CITY, THE COUNTY (AS DEFINED HEREIN), THE SCHOOL DISTRICT (AS DEFINED HEREIN) , THE 911 BOARD (AS DEFINED HEREIN) OR OF THE STATE OF MISSOURI (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY PROVISION OF THE CONSTITUTION OR LAWS OF THE STATE OF MISSOURI. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS OF THE CITY, THE COUNTY, THE SCHOOL DISTRICT, THE 911 BOARD, THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT, DIRECTLY OR INDIRECTLY OR CONTINGENTLY, OBLIGATE THE CITY, THE COUNTY, THE SCHOOL DISTRICT, THE 911 BOARD ,THE STATE, OR ANY SUBDIVISION THEREOF TO LEVY ANY FORM OF TAXATION.

The Bonds are offered when, as and if issued by the City and accepted by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice and subject to approval of their validity by Yates, Mauck, Bohrer, Elliff & Fels, P.C.., Springfield, Missouri, Bond Counsel, as described herein. Certain legal matters will be passed on for the City by Amy Boxx, City Attorney, Monett, Missouri. It is expected that the Bonds will be available for delivery through DTC in New York, New York on or about June 26, 2014.

Crews&**Associates**
Capital Markets Group

The date of this Official Statement is June 26, 2014

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRIES, YIELDS, AND CUSIP NUMBERS

$2,430,000
CITY OF MONETT, MISSOURI
ANNUAL APPROPRIATION SUPPORTED -TAX INCREMENT AND SALES TAX REFUNDING REVENUE BONDS
SERIES 2014
(EAST U.S. HIGHWAY 60 AND RPA 1 INFRASTRUCTURE REDEVELOPMENT PROJECTS

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	CUSIP[1]
01/01/2016	Term 1 Coupon	2.000%	2.000%	200,000.00	100.000%	60934C AA6
01/01/2020	Term 2 Coupon	3.100%	3.100%	650,000.00	100.000%	60934C AB4
01/01/2021	Serial Coupon	3.500%	3.500%	175,000.00	100.000%	60934C AC2
01/01/2028	Term 3 Coupon	3.500%	3.750%	1,405,000.00	97.368%	60934C AD0
Total				**$2,430,000.00**		

Term Bonds Maturing January 1, 2016

Year (January 1)	Principal Amount
2015	50,000
2016	150,000

Mid-Term Bonds Maturing January 1, 2020

Year (January 1)	Principal Amount
2017	155,000
2018	160,000
2019	165,000
2020	170,000

Long-Term Bonds Maturing January 1, 2028

Year (January 1)	Principal Amount
2022	180,000
2023	185,000
2024	195,000
2025	200,000
2026	210,000
2027	215,000
2028	220,000

[1] CUSIP Numbers have been assigned to this issue by Standard & Poor's CUSIP Service Bureau, a division of McGraw-Hill Companies, Inc., and are included solely for the convenience of the Bondowners. Neither the City, the Trustee nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

CITY OF MONETT, MISSOURI
217 5th Street
Monett MO, 65708

The Honorable James Orr, Mayor
Commissioner Jerry Dieker
Commissioner Mike Brownsberger
Dennis Pyle, City Administrator
Janie Knight, City Clerk

BOND COUNSEL

Yates, Mauck, Bohrer, Elliff & Fels, P.C.
Springfield, Missouri

UNDERWRITER

Crews & Associates, Inc.
Little Rock, Arkansas

INDEPENDENT AUDITORS

The CPA Group
A Professional Corporation
Monett, Missouri

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter or by any person to give any information or to make any representation with respect to the Bonds offered hereby, 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 any offer to buy nor shall there be any offer, solicitation or sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not so expressly described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from the City and other sources which are believed to be reliable. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities 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 such information. 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 information presented herein since the date hereof.

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

THE BONDS HAVE NOT BEEN REGISTERED WITH THE 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, 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. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT, ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute "forwarding-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1955, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "anticipate," "projected," "budget" or other similar words. and certain statements under the sections in this Official Statement captioned **"PLAN OF FINANCING," PROJECTED NET REVENUES AND DEBT SERVICE COVERAGE," "BONDOWNERS RISKS," "THE PROJECTS"** and in **Appendix A** to this Official Statement.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS, INCLUDED IN SUCH RISKS AND UNCERTAINTIES ARE (i) THOSE RELATING TO THE POSSIBLE INVALIDITY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (ii) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL, ECONOMIC, BUSINESS, INDUSTRY, MARKET, LEGAL AND REGULATORY CIRCUMSTANCES, AND (iii) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING CUSTOMERS, SUPPLIERS, BUSINESS PARTNERS AND COMPETITORS, AND LEGISLATIVE, JUDICIAL AND OTHER GOVERNMENTAL AUTHORITIES AND OFFICIALS. ASSUMPTIONS RELATED TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE, AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY. FOR THESE REASONS, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT WILL PROVE TO BE ACCURATE.

UNDUE RELIANCE SHOULD NOT BE PLACED ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT ARE BASED ON INFORMATION AVAILABLE TO THE CITY ON THE DATE HEREOF, AND THE CITY ASSUMES NO OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN THE EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR, OTHER THAN AS INDICATED UNDER THE CAPTION CONTINUING DISCLOSURE.

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CITY OF MONETT, MISSOURI
ANNUAL APPROPRIATION SUPPORTED -TAX INCREMENT AND SALES TAX REFUNDING REVENUE BONDS
SERIES 2014
(EAST U.S. HIGHWAY 60 AND RPA 1 INFRASTRUCTURE REDEVELOPMENT PROJECTS)

INTRODUCTORY STATEMENT

The following introductory statement is subject in all respects to the complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the Appendices, are not deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the Cover Page and Appendices, must be considered in its entirety. All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the meanings ascribed thereto in C hereto.

Purpose of Official Statement

This Official Statement, including the Cover Page hereof and the Appendices hereto, is provided to furnish information relating to the City of Monett, Missouri (the "**City**"), the City's Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (East US Highway 60 and RPA1 Infrastructure Redevelopment Projects) Series 2014 (the "**Bonds**") to be issued in the aggregate principal amount of $2,430,000. The Bonds are being executed and delivered pursuant to an Ordinance adopted by the City on May 30, 2014 (the "**Ordinance**") and are secured by the Trust Estate created under the Trust Indenture, dated as of June 1, 2014 (the "**Indenture**") between the City and the UMB Bank, N.A., Missouri, as Trustee, (the "**Trustee**"). The proceeds from the sale of the Bonds will be used in part, together with other available funds of the City, to refund $3,510,000 aggregate principal amount of the Tax Increment Allocation Bonds, Series A 2005 Bonds (East Highway 60 Infrastructure Project) and Series B 2005 Bonds (RPA1 Infrastructure Improvement Project) of the City (collectively the "**Series 2005 Bonds**") which remain outstanding on the date of this Official Statement. For the definition of certain capitalized terms used in this Official Statement and not otherwise defined, see **Appendix A** hereto. The proceeds of the Bonds will used to refund the Series 2005 Bonds; to pay the costs of issuance of the Bonds; and to fund a Debt Service Reserve Fund.

The City

The City is a third class city and political subdivision of the State of Missouri (the "**State**"). The City is located in the southwestern portion of the State on U.S. Highway 60 approximately 42.7 miles West of Springfield, Missouri. The City has a current estimated population of 8,922 residents. See discussion herein "**INFORMATION REGARDING THE CITY**" in this Official Statement for certain economic and demographic information regarding the City. The information regarding the City contained in the caption hereof '**INFORMATION REGARDING THE CITY**" should not be construed as an indication that the Bonds are payable from any source other than such revenues as are described in this Official Statement. See the caption "**SECURITY FOR THE BONDS**" in this Official Statement.

The City is authorized, pursuant to the provisions of the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 through 99.865 of the Revised Statutes of Missouri, as amended, (the "**Act**"), to designate an area within the corporate limits of the City as a blighted area, create a tax increment financing commission (the "**TIF Commission**") and to finance the costs of redevelopment projects designed to overcome such blight within such area by the issuance of its tax increment allocation bonds to fund the costs of such redevelopment projects..

The Bonds

The Bonds are being issued pursuant to the Act under authority of the Ordinance for the purpose of providing funds to refund the outstanding Series 2005 Bonds. The repayment of such Bonds is secured by the covenants of the City in the Ordinance and the pledge of the Trust Estate under the Indenture between the City and the Trustee.

The proceeds of the Bonds are to be used: (i) to refund the City's outstanding Series 2005 Bonds; (ii) to fund the payment of interest for the Bonds; (iii) to fund a debt service reserve fund for the Bonds; and (iv) to pay the costs related to the issuance of the Bonds. A description of the Bonds is contained in this Official Statement under the Caption "**THE BONDS**"

Security for the Bonds

The Bonds are special, limited obligation of the City payable solely from (i) Payments in Lieu of Taxes (the "**PILOTs**") Revenues resulting from collection of ad valorem taxes in the 2005 Area, (ii) subject to annual appropriation by the City, Economic Activity Tax (the "**EATs**") Revenues representing the Captured portion of the EATs collected from the 2005 Area; (iii) subject to annual appropriation by the City, City Revenues representing collected, but non-captured portion of the City Sales Taxes from the 2005 Area (the PILOTs Revenue, the EATs Revenue and the City Revenue are collectively the "**Revenues**"), and (iv) certain other funds held by the Trustee under the Indenture, and not from any other fund or source of the City. Pursuant to the Indenture, the City will assign to the Trustee, for the benefit and security of the registered owners of the Bonds, substantially all of the rights of the City in the Special Allocation Fund. The City, to accomplish the refunding, desires to issue the Bonds herein authorized and will deposit a portion of the proceeds of the issuance and sale of the Bonds, less accrued interest received on the Bonds, certain costs of issuance and funds to establish a reserve fund, together with other funds of the City which are or will become available, with the Trustee, pursuant to the Indenture for the purpose of providing for the defeasance and payment of the principal of, redemption premium and interest on the Series 2005 Bonds through the deposit in trust with the Trustee as herein provided.

PILOTs are payments imposed pursuant to the Act, which are equal to the excess, if any, of (i) the current ad valorem taxes which are imposed by a taxing district and could be collected by the taxing district in the absence of the 2005 Plan by applying the current ad valorem tax levy to the current equalized assessed valuation of real property in the 2005 Area (or defined part thereof) over (ii) the ad valorem taxes which could be imposed by applying the current ad valorem tax levy to the initial equalized assessed valuation of real property in the 2005 Area (or defined part thereof) for the Base Year (defined in **Appendix A**), as certified by the county assessor.

EATs are generally defined as 50% of the total additional revenue from economic activity taxes which are imposed by the City, the County and the 911 Board which are generated by economic activity within the 2005 Area in excess of the amount of revenue from such taxes generated by economic activity within the 2005 Area in the Base Year (defined in **Appendix A**) (excluding taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or special assessments and personal property taxes, other than PILOTs), which shall be allocated to and paid by the collecting officer to the treasurer of the City who shall deposit such moneys in the Special Allocation Fund.

The repayment of the Bonds is secured by a pledge of the Revenues consisting of PILOTs Revenue, EATS Revenue and City Revenue collected from the 2005 Area by the City and deposited with the Trustee under the Indenture. The Bonds and the interest thereon are special, limited obligations of the City payable by the City solely from (1) Revenues collected by the City and deposited with the Trustee under the Indenture and (2) from other funds on deposit with the Trustee under the Indenture.

The principal of, premium, if any, and interest on the Bonds shall be paid from revenues generated from the Payments in Lieu of Taxes ("**PILOTs**") with respect to real property located within the 2005 Area and 50% of the increase in certain economic activity (sales and use tax) taxes imposed by the City, Barry County, Missouri (the "**County**") and Barry County 911 ("**911 Board**") which are generated by economic activities within the Area (the "**Captured Portion**" and after capture "**EATs**") plus the amount annually appropriated by the City for the portion of the City economic activity taxes not included in the Captured Portion (the "**City Revenues**") The PILOTs, the EATs and the City Revenues are collectively referred to herein as the "**Revenues.**" The City in the Ordinance covenants that the Revenues shall be deposited as received by the City with the Trustee which agrees to deposit such Revenues into a fund designated as the revenue fund (the "**Revenue Fund**") which is pledged under the Indenture to the repayment of the Bonds.

For a detailed discussion of the Revenues pledged to payment of the Bonds, along with estimated future collections thereof, see the caption "**SECURITY FOR THE BONDS**" herein. In addition to the pledge of the Revenues, the Bonds are secured by a debt service reserve funded with Bond proceeds. See the caption "**SECURITY FOR THE BONDS**" herein

Bonds are Limited Obligations

The Bonds are not a general obligation of the City but a special, limited obligation of the City and are payable solely from revenues described in this Official Statement. The Bonds are issued pursuant to the authority of and in full compliance with the Constitution and laws of the State, particularly the Act and pursuant to the terms and provisions of the Ordinance.

The Bonds are special, limited obligations of the City, payable solely and secured as to payment of both principal of and interest solely from the Revenues on deposit with the Trustee in the Revenue Fund after transfer from the Special Allocation Fund. The Special Allocation Fund is a fund created pursuant to the provisions of the Act and in accordance with the Ordinance and maintained with the Trustee under the Indenture pursuant to which the Revenues are held on deposit by the Trustee prior to transfer to the Revenue Fund.

The Bonds shall not constitute a constitutional debt or liability of the City or of the State or of any political subdivision thereof and shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The Bonds are special, limited obligations of the City payable solely and secured as to the payment of both principal of and interest solely from the Revenues on deposit in the City's Special Allocation Fund. The issuance of the Bonds shall not obligate the City to levy any form of taxation. The City's officers and directors shall not be personally liable for the payment of the principal of, premium, if any, or interest on the Bonds.

Proceedings Regarding the 2005 Area, the 2005 Plan and the 2005 Projects

On March 2nd, 2005, pursuant to the Act, the City adopted Ordinance No. 7533 (the "**2005 Plan Ordinance**") which implemented tax increment financing in a newly annexed area of the City which is generally located as beginning at the eastern boundary of the City limits of the City and extending west to the western boundary of Chapel Drive in the City (the "**2005 Area**") as identified in the plan for redevelopment by the City (the "**2005 Plan**"). The City, in the 2005 Plan Ordinance agreed to implement redevelopment in RPA1 in the 2005 Area by selecting Lowe's Home Centers as the developer under the 2005 Plan for RPA1. The 2005 Plan provided for the development and financing of a retail center which was identified as the Lowe's Home Improvement Center within RPA1. The 2005 Bonds were issued to provide financing for a portion of the costs of redevelopment within RPA1.

Development of Lowes Home Improvement Center

The City, following the publication of a Request For Proposals by the TIF Commission and upon recommendation by the TIF Commission to the City Council, selected Lowe's Home Improvement Centers (the "**Developer**") for RPA1 and entered into a Redevelopment Agreement with the Developer for the Implementation of RPA1. See the Caption "**THE PROJECTS - The Center**" in this Official Statement.

The City heretofore approved the designation of the 2005 Area as a redevelopment area within the corporate limits of the City as blighted area; approved a plan for redevelopment to overcome the blight in the 2005 Area by adopting the 2005 Plan authorizing the construction of redevelopment projects in RPA1 (which is an area within the 2005 Area) and includes the Lowe's Home Improvement Center; which would necessitate the widening of East US Highway 60 and constructing street, water, sewer and utility improvements referred to as the RPA1 Infrastructure Improvements (collectively the East US Highway 60 Improvements and the RPA1 Infrastructure Improvement the "**2005 Projects**") as recommended by the TIF Commission of the City and issued and sold Tax Increment Allocation Bonds, Series A 2005 Bonds (East Highway 60 Infrastructure Project) and Series B 2005 Bonds (RPA1 Infrastructure Improvement Project) of the City in an aggregate principal amount of $4,120,000 (collectively the "**Series 2005 Bonds**") for the purpose of paying a portion of the costs of the 2005 Projects.

Annual Appropriation Covenant

The Ordinance contains an annual appropriation covenant made by the City pursuant to which the City agrees to cause the budget officer of the City to include in the annual budget presented to the City Council an appropriation of moneys in an amount sufficient to authorize the payment of the EAT's Revenues to the Trustee for deposit in the Special Allocation Fund for payment of the Bonds and a further amount, if a deficiency is reasonably expected to exist, to equal the annual and reasonably estimated shortfall in the collection of revenues on deposit with the Trustee in the Special Allocation Fund for payment of debt service on the Bonds such City Revenue when appropriated as required for the payment of principal and interest on the Bonds for the next succeeding fiscal year. The taxing power of the City, the County, the 911 Board or the School District is not pledged to the repayment of the Bonds. See "**SECURITY FOR THE BONDS**" herein.

Payment of principal and interest on the Bonds is primarily dependent on the collection of PILOTs Revenue and EATs Revenue and following the City's decision to appropriate sufficient EATs Revenue (together with any estimated City Revenue) to make the required deposits under the Indenture. See "**BONDOWNERS RISKS**" for a discussion of certain risks.

The Bonds are subject to redemption prior to maturity as described herein. See "**THE BONDS - Redemption**" herein.

The Bonds are payable only from the Pledged Revenue as described in this Official Statement under the caption "**SECURITY FOR THE BONDS - Security and Sources of Payment for the Bonds**" Such Pledged Revenues (other than funds held by the Trustee under the terms of the Indenture) will be comprised solely of PILOTs, EATs and City Revenues.

Definitions and Descriptions; Inspection of Documents

Capitalized terms used in this Official Statement, not defined in the text hereof, are defined under the caption "**DEFINITIONS OF WORDS AND TERMS**" set forth in **Appendix A** of this Official Statement. **Appendix A** also contains summaries of the Ordinance and the Indenture. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Ordinance, the Plan and the Indenture are qualified in their entirety by reference to such documents, copies of which may be viewed at the office of Crews & Associates Inc. (the "**Underwriter**"), 800 First Security Center, 521 President Clinton Avenue, Little Rock, Arkansas 72201, (501) 907-2000, or will be provided 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 Bonds are qualified in their entirety by the definitive terms thereof and the information with respect thereto included in the Ordinance and the Indenture.

TAX INCREMENT FINANCING IN MISSOURI

Overview

Tax increment financing is an economic development tool whereby cities and counties encourage the redevelopment of designated areas within the territorial limits of such city or county. The theory of tax increment financing is that, by encouraging redevelopment projects, the value of real property in a redevelopment area should increase and, if the redevelopment project includes establishments that pay sales and other economic activity taxes, the amounts of economic activity taxes generated by the redevelopment area should also increase.

When tax increment financing is adopted for a redevelopment area, the assessed value of real property in the redevelopment area is frozen for tax purposes at the current base level prior to the construction of improvements. The owners of the property continue to pay property taxes at the base level. As the property is improved, the assessed value of real property in the redevelopment area should increase above the base level. By applying the tax rate of all taxing districts having taxing power and levying ad valorem taxes within the redevelopment area to the increase in assessed valuation of the improved property over the base level, a tax increment is produced.

The annual tax increments (referred to as payments in lieu of taxes or PILOTS and more fully defined herein under the section captioned "**SECURITY FOR THE BONDS - Security and Sources of Payment for the Bonds**") are paid by the owners of property in the same manner as regular property taxes.

The payments in lieu of taxes are transferred by the collecting agency to the treasurer of the city or county and deposited in the PILOTS account of a special allocation fund. Similarly, an amount (referred to as economic activity tax revenues and more fully defined herein under the section captioned "**SECURITY FOR THE BONDS" - Security and Sources of Payment for the Bonds**") attributable to 50% of the increase in tax revenues generated by economic activities within the redevelopment area (including sales and utilities taxes, but excluding personal property taxes, taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or sales taxes other than payments in lieu of taxes) are transferred by the collecting agency to the treasurer of the city or county and deposited in an economic activity tax account of such special allocation find. All or a portion of the moneys in the special allocation fund are used to pay redevelopment project costs or to retire bonds or other obligations issued to pay such costs.

The Act

The ACT was enacted in 1982 and has been amended several times in subsequent years. The constitutional validity of the Act (prior to the amendments) was upheld by the Missouri Supreme Court in *Tax Increment Financing Commission of Kansas City, Missouri v. J.E. Dunn Construction Co., Inc.*, 781 S.W.2d 70 which allows cities and counties to provide long-term financing for redevelopment projects in blighted, conservation and economic development areas (as defined in the Act) through the issuance of bonds and other obligations. Prior to the amendments to the Act, such obligations were payable solely from PILOTs derived from the redevelopment area. As a result of amendments to the Act, such obligations are also payable from economic activity tax revenues derived from the redevelopment area, except those economic activity tax revenues expressly excluded in the Act. See the caption "**SECURITY FOR THE BONDS - Security and Sources of Payment for the Bonds**" in this Official Statement. The validity of certain portions of amendments to the Act relating to the capture of economic activity tax revenues was upheld by the Missouri Supreme Court in County of *Jefferson v. QuikTrip Corporation*, 912 S.W.2d 487 (Mo. 1995).

After approving a redevelopment plan, a city or a county has 23 years for the collection of Captured Revenues within an approved area to pay the costs of redevelopment costs resulting from constructing approved projects. The exception to the 23 year rule is a city or a county after approving a plan for an area can reserve the right for up to 10 years after the date of adoption of the ordinance or resolution approving a plan to implement redevelopment projects in another redevelopment project area, thereby effectively extending the period for collection of revenues to 33 years. The City in adopting the 2005 Plan and 2005 Area only implemented redevelopment in RPA1 (the Lowe's Home Improvement Center) so the City could until March 2015 implement additional redevelopment projects in the 2005 Area.

Amendments to the Act have been proposed in each legislative session during recent years. In connection with proposed amendments to the Act that may be introduced in future legislative sessions, it is not possible to predict the nature of such proposed amendments or whether such proposed amendments to the Act will become law during future sessions of the General Assembly.

Although PILOTs may be irrevocably pledged to the repayment of bonds, economic activity tax revenues are subject to annual appropriation by the governing body of the city or county, and there is no obligation on the part of the governing body to appropriate economic activity tax revenues in any year. See the caption "**BONDOWNERS RISKS**" in this Official Statement.

Assessment and Collection of Ad Valorem Taxes

The City and the 2005 Area are located entirely within Barry County, Missouri (the "**County**"). On or before September 1 in each year, each political subdivision located within the County which imposes ad valorem taxes (the "**Taxing Districts**") is required to estimate the amount of taxes that will be required during the next succeeding fiscal year to pay interest falling due on general obligation bonds issued and the principal of bonds maturing in such year and the costs of operation and maintenance plus such amounts as shall be required to cover emergencies and anticipated tax delinquencies. The Taxing Districts certify the amount of such taxes which shall be levied, assessed and collected on all taxable tangible property in the County to the County Assessor by September 1.

All taxes levied must be based upon the assessed valuation of land and other taxable tangible property in the County as shall be determined by the records of the County Assessor and must be collected and remitted to the Taxing Districts. All the laws, rights and remedies provided by the laws of the State for the collection of State, county, city, school and other ad valorem taxes are applicable to the collection of taxes authorized to be collected in the Redevelopment Area.

The Missouri Constitution requires uniformity in taxation of real property by directing such property to be sub-classified as agricultural, residential or commercial and permitting different assessment ratios for each subclass. Agricultural real property is currently assessed at 12% of true value in money, residential property is currently assessed at 19% of true value in money and commercial, industrial and all other real property is assessed at 32% of true value in money. The phrase true value in money has been held to mean fair market value except with respect to agricultural property.

Real property within the County is assessed by the County Assessor. The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The Board of Equalization has the authority to question and determine the proper values of real property and then adjust and equalize individual properties appearing on the tax rolls. The County Collector collects taxes for all Taxing Districts within the County limits. The County Collector deducts a commission for its services. After such collections and deductions of commission, taxes are distributed according to the Taxing District's pro rata share.

Taxes are levied on all taxable property based on the equalized assessed value thereof determined as of January 1 in each year. Under Missouri law, each property must be reassessed every two years (in odd numbered years). The County Collector prepares the tax bills and mails them to each taxpayer in September. Payment is due by December 31, after which taxes become delinquent and accrue a penalty of one percent per month. In the event of an increase in the assessed value of a property, notice of such increase must be given to the owner of the affected property, which notice is generally given in March.

Valuation of Real Property

The County Assessor must determine the assessed value of a property based upon requirements of State law which requires that property be valued at its true value in money. For agricultural land, true value is based on its productive capability. Residential and commercial property, are valued at the true value in money which is the fair market value of the property on the valuation date. The fair market value is arrived at by using the three universally recognized approaches to value: cost approach, the sales comparison approach and the income approach.

The cost approach is typically applied when a property is newly constructed and is based on the principle of substitution. This principle states that no informed buyer will pay more for a property than the cost to reproduce or replace the property. Value is determined under the cost approach by adding the estimated land value to the replacement or reproduction cost reduced by estimated depreciation. Courts have held however, that construction cost alone is not a proper basis for determining true value in money and that all factors which affect the use and utility of the property must be considered. The sales comparison approach determines value based upon recent sales prices of comparable properties. Comparable sales are adjusted for differences in properties by comparing such items as sales price per square foot and net operating income capitalization rates.

The income approach estimates market value by discounting to present value a stream of estimated net operating income. First, the property's gross potential income is estimated based on gross rents being generated at the property. A vacancy allowance is then deducted to arrive at effective gross income. Next, allowable operating expenses are deducted to arrive at an estimate of the property's net operating income. Finally, the net operating income is divided by an appropriate capitalization rate to arrive at the estimated present value of the income stream.

Certain properties, such as those used for charitable, educational, and religious proposes, are excluded from both the real estate ad valorem tax and personal property tax. In addition, pursuant to various State statutes, the City and other public entities may grant real estate tax abatement, under certain conditions, to businesses building or rehabilitating property within their boundaries.

Appeal of Assessment

State statutes establish various mechanisms for a property owner to appeal the assessment of a tax on owned property. Typically, there are four issues that can be raised in property tax appeals: overvaluation, uniformity, misclassification and exemption. Overvaluation appeals are the most common appeals presented by taxpayers. An overvaluation appeal requires the taxpayer to prove that the true value in money of the property is less than that determined by the assessor. Uniformity appeals are based on the assertion that other property in the same class and county as the subject property is assessed at a lower percentage of value than the subject property. A misclassification appeal is based on an assertion that assessing authorities have improperly subclassed a property. Exemption appeals are based on claims that the property in question is exempt from taxation. Overvaluation appeals generally must be made administratively, first to the Board of Equalization and then to the State Tax Commission, within prescribed time periods following notice of an increase in assessment.

Appeals to the Board of Equalization must be filed with the County Clerk as Secretary of the Board of Equalization on or before the third Monday in June of each year. Appeals to the State Tax Commission must be filed by the later of December 31 or 30 days after the date of the final decision of the Board of Equalization.

Where valuation is not an issue, appeals must be taken directly to the State circuit court rather than the State Tax Commission. If an appeal is pending on December 31, the due date for the payment of taxes, State statutes provide a procedure for the payment of taxes under protest. If taxes are paid but not under protest, the taxpayer cannot recover the amount paid unless the taxes have been mistakenly or erroneously paid. Application for a refund of mistakenly or erroneously paid taxes must be made within one year after the tax in dispute was paid. Typically, only that portion of the taxes being disputed is identified as being paid under protest, unless a claim of exemption is being asserted. The portion of the tax paid under protest is required to be held in an interest bearing account. Unless an appeal before the Board of Equalization or State Tax Commission is pending, suit must be brought by the taxpayer to resolve the dispute within 90 days, or the escrowed funds will be released to the Collector of Revenue and distributed to the Taxing Districts.

An owner of any property located within the 2005 Area is restricted from appealing the determination of the assessed value of any such property. Any appeals, however, will be required to be conducted in the manner as summarized above under current law.

Reassessment and Tax Rate Rollback

As previously stated, a general reassessment of all property in the State is required to be conducted every two years. When, as a result of such reassessment, the assessed valuation within a Taxing District increases by more than an allowable percentage, the Taxing District is required to roll back the rate of tax within the Taxing District so as to produce substantially the same amount of tax revenue as was produced in the previous year increased by an amount called a preceding valuation factor. A preceding valuation factor is a percentage increase or decrease based on the average annual percentage changes in total assessed valuation of the County over the previous three or five years, whichever is greater, adjusted to eliminate the effect of boundary changes, changes from State to County assessed property, general reassessment and State ordered changes.

The Hancock Amendment

On September 4, 1980 the voters of Missouri passed an amendment to the Missouri Constitution limiting taxation and government spending. This approval occurred on September 4, 1980, and went into effect with the 1981-82 fiscal year. The amendment (Article X, Sections 16 through 24 of the Missouri Constitution, and popularly known as the Hancock Amendment) limits the rate of increase and the total amount of taxes that shall be imposed in any fiscal year, and provides that the limit shall not be exceeded without voter approval.

Provisions are included in the Hancock Amendment for rolling back tax rates to produce an amount of revenues equal to that of the previous year if the definition of the tax base is changed or if property is reassessed. The tax levy on the assessed valuation of new construction is exempt from this limitation in the initial year of new construction. The limitation on local governmental units also does not apply to taxes imposed for the payment of principal of, premium, if any, and interest on bonds approved by the requisite percentage of voters.

Tax Delinquencies

Taxes and payments in lieu of taxes due upon any real estate within the 2005 Area remaining unpaid on the first day of January, annually, are delinquent, and the County Collector is empowered to enforce the lien of the taxing jurisdictions thereon. Whenever the County Collector is unable to collect any taxes on the tax roll, having diligently endeavored and used all lawful means to do so, the collector is required to compile lists of delinquent tax bills collectible by him. All lands and lots on which taxes are delinquent and unpaid are subject to suit to collect delinquent tax bills or suit for foreclosure of the tax liens. Upon receiving a judgment, the sheriff must advertise the sale and the land, fixing the date of sale within 30 days after the first publication of the notice. Delinquent taxes, with penalty, interest and costs, may be paid to the County Collector at any time before the property is sold therefor. No action for recovery of delinquent taxes shall be valid unless initial proceedings therefor are commenced within five years after delinquency of such taxes.

Collection of Economic Activity Tax Revenues or EATs

Retail businesses are required to collect the sales tax from purchasers at the time of sale and pay the amounts collected to the Department of Revenue of the State with the filing of returns, except for the sales tax on motor vehicles, trailers, boats and outboard motors, which is due at the time application is made for title and registration. The sales volume of a retail business determines the frequency of payments made to the Department of Revenue of the State. In most cases, the retail businesses in the City make monthly payments to the Department of Revenue of the State, which are due on the tenth day of each calendar month for sales taxes collected in the preceding calendar month. Retail businesses located in the City submit applications to the City for a merchants license and an occupancy permit, and before such license and permit are awarded verification of a tax identification number from the State is made by the City. In the event of a failure by a retail business to remit sales taxes, interest and penalties, the unpaid amount may become a lien in the nature of a judgment lien against the delinquent taxpayer. In the event of overpayment by any retail business as a result of error or duplication, provision is made under State law for refunds. Pursuant to State law, taxpayers who promptly pay their sales tax are entitled to retain 2% of the amount of taxes owed.

Within 30 days of receipt of sales taxes by the Department of Revenue of the State, the Director of the Department of Revenue remits to the State Treasurer for deposit in a special trust fund for the benefit of each political subdivision entitled to a sales tax distribution the amount of such sales tax receipts less 1% of such amount which constitutes a fee paid to the State for collecting and distributing the tax. The State Treasurer then distributes moneys on deposit in the special trust fund on behalf of each such political subdivision to the political subdivision on a monthly basis.

The 2005 Plan and improvements to RPA1

In accordance with the provisions of the Act, the City Council of the City has, pursuant to Ordinance No. 7533 adopted on March 2, 2005, designated the RPA1 as a redevelopment area within the corporate limits of the City as a "blighted area" within the meaning of the Act and approved the Plan for redevelopment of the RPA1. The RPA1 qualifies as a "blighted area" under the Act by reason of the existence of inadequate street layout, deteriorated site improvements, lack of water and sewer services and a lack of platting.

The RPA1 may be generally described as an undeveloped tract of land consisting of approximately 40 acres and located adjacent to East U.S. Highway 60 in the eastern portion of the City. RPA1 is zoned for commercial development.

The 2005 Plan called for the development of infrastructure improvements within the RPA1 in conformance with the Act. The specific objectives of the Plan are as follows:

1. Eliminate and/or reduce the presence of conditions that make the RPA1 in its 2005 condition and use, a "blighted area" under the terms of the Act;

2. Stimulate redevelopment of the RPA1 through private investment;

3. Enhance the tax base of the City and that of other taxing districts whose jurisdictions include the RPA1; and

4. Achieve other, complementary goals and objectives for the RPA1 as identified in the City's comprehensive plan.

TIF LITIGATION

Factual Background

Exercising the power granted by the Act, the City created two TIF Districts. The First TIF district was created in 1996 and another was created in 2005. In each instance, the City created a TIF Commission and the County appointed a representative to serve as a voting member of the TIF Commission and that member actively participated. The County received the proposed redevelopment plan for both the 1996 and the 2005 TIF districts and notice of the public hearing. After the public hearing, the TIF Commission recommended that the City Council approve a 1996 Plan the 2005 Plan, in each separate TIF District, which the City Council did by adoption of the 1996 Ordinance and the 2005 Ordinance.

The 1996 TIF district included, as core projects, US Highway 60 improvements and a Wal-Mart Supercenter. The 2005 TIF district included a Lowe's Home Improvement Center and infrastructure improvements to support its development as well as further improvements to US Highway 60. In the combined TIF Districts, the City pledged TIF allocation funds and issued over $9 million in obligations to finance these redevelopments.

After redevelopment, these areas generated new County sales tax revenues totaling millions of dollars. The County kept 50% of these monies and sent 50% to the City for reimbursement of TIF redevelopment costs, starting in 1997.

Following the creation of both TIF districts, the County voters adopted a Section 190.335 RSMo., an emergency services sales tax ("911 Board Sales Tax"). According to the factual finding of the Court, through November 2010, the TIF districts generated nearly $1 million in 911 Board sales tax revenue, none of which was allocated or paid to the City in accordance with the TIF Plans.

Since the 911 Board, did not commence payments after demand by the City, the City brought a mandamus action against the 911 Board. Thereafter, both Barry and Lawrence County stopped allocating TIF revenues (both PILOTs and EATs), and in July 2009 stopped paying their increment to the City and the City was forced to include both Counties in its mandamus action to enforce tax increment financing (TIF) allocation. The Counties and 911 Board counterclaimed that the TIF districts were not validly created, and thus were void ab initio. The Circuit Court, Lawrence County, in a decision by Judge Neal Quitno, granted summary judgment in the City's favor and the 911 Board and both Barry County and Lawrence County appealed.

The City prevailed on the parties' cross-motions for summary judgment. The trial court found that the County's counterclaims and defenses were barred by laches and estoppel, the TIF districts were validly enacted, and the 911 Board sales tax was subject to TIF capture and allocation.

Appellate Court Decision

The Missouri Court of Appeals, Southern District, in the case *State ex rel City of Monett* v. *Lawrence County*, 407 SW3rd 635, found as follows:

> "The issuance of bonds is significant. R.S.Mo. 99.835.4 provides that recitals in bond issuances that they are issued pursuant to the TIF Act are given conclusive evidence of their validity. Not only did bond holders rely on the validity of the TIF Districts, numerous third parties relied as well. Wal-Mart, Lowe's, the Missouri Highway and Transportation Commission and the City all spent funds to construct the TIF District improvements, improvements known to the Counties and approved by the Counties, while the Counties sat on their claims. The TIF Act presumes validity when bonds are issued. This Court should defer to the legislature's intent.
>
> "Until 2009, Respondents performed under the TIF Act as if the TIF Districts were valid. Respondents allocated sales taxes and PILOTs to the City. Pursuant to the TIF Act, each dollar of increased tax from within the TIF Districts was split 50/50 between the Counties and the City's special allocation funds. Respondents accepted the increased taxes generated within the TIF Districts. Respondents acted as if the TIF Districts were valid. Respondents benefitted from the validity of the TIF Districts. *See State ex rel. York y Daugherty.* 969 S.W.2d 223, 226 (Mo. banc 1998).

Following this appellate decision, Barry County and the 911 Board (Lawrence County dismissed its appeal) moved for transfer to the Missouri Supreme Court and the Missouri Supreme County denied the request.

Thereafter, all of the appellants including Barry County and the 911 Board (Lawrence County having done so when dismissing its appeal) released the funds held in escrow during the pendancy of the case, thus, ending the litigation.

THE CITY

Incorporated in 1888, the City of Monett, Missouri (the "**City**") is located partially in Barry and partially in Lawrence County, Missouri. All of the 2005 Area is located in Barry County, Missouri which is thus classified as the County (the "**County**") for purposes of the Official Statement. The City is a third class municipality organized under the laws of the State of Missouri and operates under a Commission form of government with an elected Mayor and two elected Commissioners, who with the elected Mayor, constitute the City Council which is the legislative body for the City.

THE BONDS

The following is a summary of certain terms and provisions of the Bonds. Reference is hereby made to the Bonds and the provisions with respect thereto in the Ordinance for detailed terms and provisions.

Authorization

The Bonds are being issued by the City pursuant to the Ordinance and the Act and their repayment is secured by the covenants of the City in the Ordinance and the pledge of funds on deposit under the Indenture.

Description

The Bonds will be issued in one series and dated June 26, 2014. The Bonds shall be issued in the aggregate principal amount shown on the cover page, shall mature (unless earlier redeemed as provided below) as shown on the cover page hereof and will bear interest at the rate per annum set forth on the cover page hereof payable semiannually on January 1 and July I of each year, commencing on January 1, 2015. The Bonds are issuable only as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("**DTC**"), New York, New York. DTC which will act as securities depository for the Bonds. Purchases of the Bonds will be made only in book-entry form (as described below under "**BOOK-ENTRY ONLY SYSTEM**"), in the denomination of $5,000 or any integral multiple thereof. There will be no distribution of Bonds to the ultimate purchasers thereof. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bondowners or registered owners of the Bonds shall mean Cede & Co. as aforesaid and shall not mean the Beneficial Owners (herein defined) of the Bonds. Principal of the Bonds is payable at the corporate trust office of the Trustee, and interest on the Bonds will be payable by check or draft mailed to the registered owner of the Bonds. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of principal of and redemption premium, if any, and interest on the Bonds will be made directly to DTC, which is expected, in turn, to remit such payments to the Direct Participants (herein defined) for subsequent disbursement to the Beneficial Owners. Interest on the Bonds is payable by check or draft mailed by the Trustee to the person in whose name each Bond is registered on the 15th day of the month next preceding an interest payment date at such person's address as it appears on the registration books kept by the Trustee under the Indenture.

Book-Entry Only System

General. When the Bonds are issued, ownership interests 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 Bonds. The Bonds 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 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC or the Trustee as its "FAST" agent.

DTC and its Participants. DTC, the world's largest securities depository, 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 Bonds Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, 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 is the holding company for DTC, National Bonds Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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 rating: AA. The DTC Rules applicable to its Participants are on file with the Bonds and Exchange Commission. More information about DTC can be found at www.dtc.com and www.dtc.org.

Purchase of Ownership Interests. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("**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 Bonds 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 interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

Transfers. To facilitate subsequent transfers, all Bonds deposited by Direct 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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may of 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.

Redemption notices shall be sent to DTC.

If less than all of the Bonds within an issue 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 Bonds unless authorized by a Direct Participant in accordance with DTC's WE Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal and Interest. So long as any Bond is registered in the name of DTC's nominee, all payments of principal of, premium, if any, and interest on such Bond 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 City or 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, the Trustee, the Board or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of City and the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The use of the system of book-entry transfers through DTC (or a successor securities depository) may be discontinued as described in the Indenture. In that event, bond certificates will be printed and delivered as described in the Indenture.

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; the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of, premium, if any, or interest on the Bonds; (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 Indenture to be given to owners of the Bonds; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (v) any consent given or other action taken by DTC as Bondholder.

The information above concerning DTC and DTC's book-entry system has been obtained from sources that the Board and the City believe 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.

Redemption

Extraordinary Redemption Under Designated Circumstances. If, as a result of changes in the Constitution of the State, or of legislative or administrative action of the State or any political subdivision thereof, or of the United States of America, or by reason of any action instituted in any court, the Ordinance becomes void or unenforceable or impossible of performance without unreasonable delay, or in any other way, by reason of such change of circumstances, unreasonable burdens or excessive liabilities are imposed upon the City, the Bonds shall be subject to redemption and payment prior to maturity, in whole or in part (in order of maturity) at any time, at a Redemption Price equal to 100% of the principal amount being redeemed plus accrued interest to the date of redemption. Redemption pursuant to the above shall occur only at the option of the City.

Optional Redemption.. At the option of the City, the Bonds maturing January 1, 2021, will be subject to redemption as a whole or in part at any time on or after January 1, 2020 at the Redemption Price of 100% of the principal amount of the Bonds to be redeemed, together with accrued interest to the Redemption Date.

Notice of Redemption

Any notice of call for redemption shall be given by mailing a copy of an official redemption notice by registered or certified mail, at least thirty (30) days and no more than forty-five (45) days prior to the date fixed for redemption, to the Bondowner of each Bond or portion thereof to be redeemed at the address shown on the Bond Register or at such other address as is furnished to the Trustee in writing by such Bondowner.

Projected Prepayment of Term Bonds Due January 1, 2028

Date	
01/01/2016	100,000.00
01/01/2017	95,000.00
01/01/2018	105,000.00
01/01/2019	105,000.00
01/01/2020	110,000.00
01/01/2021	115,000.00
01/01/2022	120,000.00
01/01/2023	125,000.00
TOTAL	$875,000.00

Assumes Revenue Available for debt service of $325,000 and
Projected Average Life of 5.382 years and
Average Coupon of 3.42%

Actual Prepayments may vary

Principal will be payable on January 1, 2015, as set forth below, at the corporate trust office of UMB Bank, N.A., St. Louis, Missouri (the "**Trustee**"). So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of principal of and redemption premium, if any, and interest on the Bonds will be made directly to DTC, which is expected, in turn, to remit such payments to the DTC Participants (herein defined) for subsequent disbursement to the Beneficial Owners. Interest will be payable each January 1 and July 1, beginning January 1, 2015 by check or draft mailed by the Trustee to the person in whose name such Bond is registered on the 15th day of the month next preceding each interest payment date. See "**BOOK-ENTRY ONLY SYSTEM**" herein.

No Additional Bonds

In the Ordinance, the City covenants that so long as any of the Bonds remain Outstanding and unpaid, the City will not issue any additional bonds or other obligations payable out of the Special Allocation Fund or any part thereof which are superior to, or on a parity with, the Bonds.

In the Ordinance, the City will have the right, if it finds it desirable, to refund any of the Bonds under the provisions of any law then available and the refunding bonds so issued will enjoy complete equality of pledge with any of the Bonds which are not refunded, if any, upon the Revenues in the Special Allocation Fund; provided, however, that if only a portion of the Bonds be refunded and if said Bonds are refunded in such manner that the refunding bonds bear a higher average rate of interest or become due on a date earlier than that of the Bonds which are refunded, then said Bonds may be refunded only by and with the written consent of the Bondowners of a majority in principal amount of the Bonds not refunded.

Mandatory Sinking Fund Redemption of Term Bonds

The Bonds maturing in the year 2028 (the "**Term Bonds**"), shall be subject to the mandatory sinking fund redemption and payment prior to maturity pursuant to the mandatory sinking fund redemption requirements of the Ordinance, on or after January 1, 2025, at the principal amount thereof plus accrued interest thereon to the redemption date, without premium. The City shall redeem, on January 1, in each of the following years, the following principal amount of such Term Bonds:

Redemption Date	Principal Amount
January 1, 2016	$ 200,000
January 1, 2020	650,000
January 1, 2028	1,405,000

At its option, to be exercised on or before the 45th day next preceding any mandatory redemption date, the City may: (i) deliver to the Trustee for cancellation Term Bonds in any aggregate principal amount desired; (ii) furnish the Trustee funds, together with appropriate instructions for the purpose of purchasing any of said Bonds from any Owner thereof, whereupon the Trustee shall expend such funds for such purpose to such extent as may be practical; or (iii) receive a credit with respect to the mandatory redemption obligation of the Trustee under the Ordinance for any Terms Bonds which prior to such date have been redeemed (other than through the operation of the requirements described in this paragraph) and cancelled by the Trustee and not theretofore applied as a credit against any redemption obligation described in this paragraph. Each Term Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the Trustee to redeem Term Bonds of the same maturity on such redemption date, and any excess of such amount shall be credited on future mandatory redemption obligations for Term Bonds of the same maturity in chronological order, and the principal amount of Term Bonds of the same maturity to be redeemed by operation of the requirements described in this paragraph shall be accordingly reduced. If the City intends to exercise any option granted by clauses (i), (ii) or (iii) above, the City will on or before the 45th day next preceding each mandatory redemption date, furnish the Trustee with a certificate indicating to what extent the provisions of said clauses (i), (ii) or (iii) are to be complied with in respect to the mandatory redemption payment.

Selection of Bonds to be Redeemed

The Bonds shall be redeemed in inverse order of Stated Maturity in the principal amount of $5,000 or any integral multiple thereof except with regard to mandatory sinking fund redemptions. In the case of a partial redemption of Bonds of the same Stated Maturity, the Bonds to be redeemed shall be selected by the Bond Registrar from the Outstanding Bonds of that Stated Maturity pro rata between the Prior Bonds and the Bonds based upon the initial principal amount of each series originally issued by such method as the Bond Registrar shall deem fair and appropriate and which may provide for the selection for redemption of portions of the principal of Outstanding Bonds of that Stated Maturity that have been issued in a denomination larger than $5,000. The portions of the principal of Outstanding Bonds so selected for partial redemption shall be equal to $5,000 or integral multiples thereof. Any Bond which is to be redeemed only in part shall be submitted to the Paying Agent and delivered to the Bond Registrar, who shall authenticate and deliver to the owner of such Bond, without service charge, a new Bond or Bonds, of any authorized denomination as requested by such owner in any aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bonds so surrendered. If the owner of any such Bond of a denomination greater than $5,000 shall fail to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall nevertheless, become due and payable on the Redemption Date to the extent of the principal amount of such Bond called for redemption (and to that extent only).

Trustee's Duty to Redeem Bonds

The Trustee, as Bond Registrar, shall call Bonds for redemption and payment as provided in the Indenture and shall give notice of redemption as provided therein upon receipt by the Trustee at least 45 days prior to the Redemption Date of a written request of the City. Such request shall specify the principal amount of Bonds and their maturity so to be called for redemption, the applicable redemption price or prices and the above-mentioned provision or provisions pursuant to which such Bonds are to be called for redemption.

Notice of Redemption

Notice of call for redemption identifying the Bonds or portions thereof to be redeemed shall be given by the Trustee by mailing a copy of the redemption notice by certified or registered mail, postage prepaid, at least 30 days prior to the Redemption Date to the Owner of each Bond to be redeemed at the address shown on the registration books maintained by the Trustee.

Effect of Call for Redemption

Prior to the date fixed for redemption, funds shall be deposited with the Trustee which shall be sufficient to pay the Bonds called for redemption and accrued interest thereon to the Redemption Date and the redemption premium, if any. Upon the happening of the above conditions, and notice having been given as described above, the Bonds or the portions of the principal amount of Bonds thus called for redemption will cease to bear interest on the specified Redemption Date, will no longer be entitled to the protection, benefit or security of the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture and the Ordinance.

Actual Collection of PILOTs and EATs 2013 and Anticipated Debt Service Coverage

The following table sets forth the Captured Portion of EATs and PILOTs for the Area in 2013:

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	Actual 2013
EATS Revenue	241,654.21
PILOTS Revenue	87,821.00
Total	329,475.21
Available City Revenue [1]	134,946.11
Total for Debt Service	
Projected Maximum Annual Debt Service Series 2014 Bonds [2]	232,750.00
Debt Service Coverage	2.00x

1. Non-captured Portion of City EATs available for debt service, if needed, but not for prepayment of bonds.
2. Assumes average coupon of 3.42%. Preliminary; subject to change.

THE REVENUES

General

The Bonds are special, limited obligations of the City payable solely, and secured as to the payment of both principal and interest, from the revenues derived from (i) PILOTs Revenues with respect to real property located within the RPA1, (ii) the appropriated percentage of certain sales taxes imposed by the City and the County which are generated by EATs Revenues occurring within the RPA1 while the 2005 Plan is in effect, and (iii) the appropriated, City Revenues on deposit in the Special Allocation Fund (collectively the PILOTs. Revenue, the EATs Revenue and the City Revenue are the "Revenues"). The Revenues shall be deposited as received by the City in the Special Allocation Fund and are then transferred to the Trustee under the Indenture. The taxing power of the City is not pledged to the payment of the Bonds either as to principal or interest. The Revenues shall be pledged and assigned to the Trustee as security for the payment of the Bonds as provided in the Indenture. THE BONDS AND THE INTEREST THEREON SHALL NOT CONSTITUTE A DEBT OF THE CITY, THE CID OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE CITY, THE COUNTY, THE 911 BOARD OR THE SCHOOL DISTRICT NOR THE CITY, THE COUNTY, THE 911 BOARD, THE SCHOOL DISTRICT OR THE STATE SHALL BE LIABLE THEREON. THE BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS WITHIN- THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Notwithstanding the foregoing, nothing agreed to by the City shall be construed as imposing on the City, the County, the 911 Board, the School District or the State any duty or obligation to levy any taxes either to pay the principal of, premium, if any, or interest on the Bonds.

PILOTs

Pursuant to Section 99.845 of the Act and proceedings duly had by the City, PILOTs shall be collected by the County Collector of the County, and paid to the City with respect to the increased assessed valuation of taxable real estate in the RPA 1 Area. The City shall deposit such payments in the PILOTs Account of the Special Allocation Fund to be used as provided in the Indenture. Pursuant to Section 99.845 of the Act, PILOTs are defined as the ad valorem tax revenues from increased assessed valuation of the real property situated in the RPA 1 Area which the City and other taxing districts would have received had the City not adopted the Plan, and which would result from levies made after the time of the adoption of the Plan and during the time the current equalized value of real property in the RPA 1 Area exceeds the total initial equalized value of real property in the RPA 1 Area until the Plan is terminated.

EATs

Pursuant to the Act, EATs are generally defined as a specified portion (as described below) of the total additional revenue from taxes which are imposed by the City and the County which are generated by economic activity within the RPA 1 Area over the amount of such taxes generated by economic activity within the RPA 1 Area in the calendar year prior to the year in which the Plan is adopted (excluding certain taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or special assessments and personal property taxes, other than PILOTs), which shall be allocated by appropriation to and paid by the collecting officer to the City who shall deposit such moneys in the Special Allocation Fund.

Pursuant to the Act, 50% of such additional revenue shall be included within the specified portion of tax collections constituting EATs. The City currently imposes (i) a one cent general sales tax and (ii) a 1/2 % percent capital improvement sales tax upon all sales within the RPA 1. The County currently imposes (i) a 1/2 cent general sales tax and (ii) a one-half cent road and bridge sales tax upon all sales within the RPA 1 Area.

In addition to the 50% allocation specified by the Act, the City has agreed pursuant to the Ordinance to appropriate from its non-captured 50% of the incremental increase in revenue arising from the levy of the City's one cent general sales tax on economic activity within the RPA1 to be used to make up any reasonably expected shortfall in Revenues on deposit in the Special Allocation Fund with the Trustee available to pay debt service on the Bonds.

Neither the City nor the County have authorized a "use tax" and until passed by a vote of the citizens, use tax collections are not included in the Revenues.

Projected EATs Revenue, PILOTs Revenues and City Sales Tax Collections in RPA1

The projected collections of EATs Revenue, PILOTs Revenues and City Revenues to be deposited in the Special Allocation Fund are detailed in herein under the caption **"ANTICIPATED DEBT SERVICE COVERAGE."**

The EATs, PILOTs and City Revenues projections are made based upon historical collections but projected assuming no major changes the RPA1 or in the manner and at the times contemplated in the 2005 Plan. Further, the EATs Revenue and City Revenue projections are necessary, based on projections of sales at such Lowes Home Improvement Center which is the only retail sales tax generator located in RPA1 which may or may not be realized. NO ASSURANCE CAN BE GIVEN THAT THE LOWE'S HOME IMPROVEMENT CENTER WILL CONTINUE TO BE OPERATED IN THE MANNER CONTEMPLATED IN THE 2005 PLAN, AND IF SO OPERATED, THAT THE SALES AT SUCH LOWES HOME IMPROVEMENT CENTER WILL EQUAL THE PROJECTIONS THEREOF SET FORTH ABOVE. ACCORDINGLY, NO ASSURANCE CAN BE GIVEN THAT THE EATs, PILOTs OR CITY REVENUES PROJECTIONS SET FORTH ABOVE WILL BE REALIZED.

The following tables set forth a historical summary of the EATs and PILOTs collected from RPA1 in the City:

EAT's
TIF #2, RPA #1 (Lowe's Home Improvement Center)

(Jan - Dec)

Year	City & County Sales Tax %	Barry County	Barry Co. E-911	City of Monett	Incremental Sales Tax Total for TIF - 50%	Monett Bottom 50%	CID Sales Tax Rate %	Sales Taxes Collected From CID	Total Sales Tax Eligible for TIF
2006	2.500	123,798.83	-	185,698.23	154,748.53	92,849.12	-		247,597.65
2007	2.500	168,188.32	-	252,282.47	210,235.40	126,141.23	-		336,376.63
2008	2.500	162,003.62	-	243,005.43	202,504.53	25,174.57	0.50	51,777.95	279,457.05
2009	3.000	149,526.71	37,381.68	256,430.61	221,669.50	-	0.50	70,777.14	292,446.64
2010	3.000	137,349.22	34,337.31	240,361.14	206,023.84	-	0.50	77,016.23	283,040.07
2011	3.000	162,213.21	40,553.30	283,873.12	243,319.82	-	0.50	83,511.34	326,831.16
2012	3.125	138,320.08	34,580.02	242,060.14	207,480.12	-	0.50	32,132.42	239,612.54
2013	3.250	155,582.14	57,834.05	269,892.22	241,654.21	-			241,654.21

PILOT's
TIF#2, RPA #1 (Lowe's Home Improvement Center)

(Apr - Mar)

Year	Market Value	Assessment Rate	Assessed Value	Base Assessed Value	Incremental Assessed Value	Property Tax Rate	Collected by TIF
2007	17,700	32%	5,665	5,665	-		
2008	8,076,828	32%	1,944,585	5,665	1,938,920	4.5118%	87,480
2009	6,731,250	32%	2,154,000	5,665	2,148,335	4.5005%	96,686
2010	6,816,506	32%	2,181,182	5,665	2,175,617	3.6577%	79,578
2011	6,877,584	32%	2,200,827	5,665	2,195,162	3.6872%	80,940
2012	6,370,106	32%	2,038,434	5,665	2,032,769	3.6228%	73,643
2013	6,370,106	32%	2,038,434	5,665	2,032,769	3.7051%	75,316
2014	6,381,437	32%	2,042,060	5,665	2,036,395	4.3125%	87,820

Total Revenue Available (PILOT's and EAT's)

Year	PILOT's	EAT's and CID*	City Revenues**	Total Funds Available
2007	87,480	336,377	126,141	549,998
2008	86,686	279,457	121,503	497,646
2009	79,578	292,447	128,215	500,239
2010	80,940	283,040	120,181	484,161
2011	73,643	326,831	141,937	542,411
2012	75,316	239,613	121,030	435,959
2013	87,820	241,654	134,946	464,420

* CID Tax was only collected through 2012

** Annually appropriated to pay the 2014 Bonds if PILOT's and EAT's are not sufficient to pay Debt Service; will not be used to prepay Bonds

Surplus

Annually, to the extent Revenues in the Special Allocation Fund are sufficient in amount to pay debt service on the Bonds, to pay the fees and expenses of the Trustee and any Paying Agent, and to remedy any deficiencies in the Debt Service Reserve Fund, the City has stated its intent in the Ordinance to declare the EATs Revenues, the PILOTs Revenues and the City Revenues as a surplus but only after the City has reimbursed itself for unreimbursed funds owed to the City for funds advanced by the City for payment of costs of the Bonds.

Thereafter, any remaining Surplus will be applied first to redeem the Bonds.

SECURITY FOR THE BONDS

Nature of Bonds; Limited Obligations; Sources of Payment

The Bonds are special and limited obligations of the City payable solely from, and secured as to the payment of both principal and interest by, the revenues derived from (i) Payments in Lieu of Taxes ("**PILOTs**") with respect to real property located within the Area, and (ii) 50% of the increase in certain sales taxes imposed by the City and by the County which are generated by economic activities occurring within the Area. The PILOTs and EATs are referred to collectively herein as the "**Revenues**." The Revenues shall be deposited as received by the City in a pledged fund created for such purpose (the "**Special Allocation Fund**"). The taxing power of the City is not pledged to the payment of the Bonds either as to principal or interest. The Revenues shall be pledged and assigned to the Trustee as security for the payment of the Bonds as provided in the Indenture.

The Bonds are not a general obligation of the City and are payable solely from the revenues described in this Official Statement. The information regarding the City contained herein should not be construed as an indication that the Bonds are payable from any source other than the revenues as described in this Official Statement. See "**INTRODUCTORY STATEMENT - Security for the Bonds**" herein.

THE BONDS AND THE INTEREST THEREON SHALL NOT CONSTITUTE A CONSTITUTIONAL DEBT OF THE CITY, THE COUNTY, THE 911 BOARD OR THE STATE; AND NEITHER THE CITY, THE COUNTY, THE 911 BOARD NOR THE STATE SHALL BE LIABLE THEREON, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT

LIMITATION OR RESTRICTION. THE BONDS ARE SPECIAL OBLIGATIONS OF THE CITY PAYABLE SOLELY AND SECURED AS TO THE PAYMENT OF BOTH PRINCIPAL OF AND INTEREST SOLELY FROM THE REVENUES OF THE CITY'S SPECIAL ALLOCATION FUND.

Pursuant to Section 99.845 of the Act and proceedings duly held by the City, PILOTs shall be collected by the Collector of Barry County, Missouri, and paid to the City Clerk with respect to the taxable real estate in the Area. The City Clerk shall deposit such payments in the PILOTs Account of the Special Allocation Fund to be used as provided in the Ordinance and the Indenture. Pursuant to Section 99.845 of the Act, PILOTs are equal to the excess, if any, of (i) the current Ad Valorem Taxes which could be imposed in the absence of the Plan by applying the current Ad Valorem Tax levy to the current equalized assessed valuation of real property in the Area (or defined part thereof) over (ii) the Ad Valorem Taxes which could be imposed by applying the current Ad Valorem Tax levy to the initial equalized assessed valuation of real property in the Area (or defined part thereof) for the Base Year, as certified by the county assessor.

Although PILOTs will be deposited in the Special Allocation Fund and will be available for the payment of debt service on the Bonds, it is not expected that such moneys will actually be used for such purpose. To the extent that EATs in the Special Allocation Fund are sufficient in amount to pay debt service on the Bonds, the City has stated its intent in the Ordinance to declare the PILOTs as a surplus and to release them from the Special Allocation Fund to the various local taxing districts in the same proportion as ad valorem taxes on the real property within the Area would be distributed. In addition to the conditional provisions regarding the declaration of a Surplus set forth below, the City has agreed in the Ordinance to annually declare as a Surplus for the benefit of the School District that portion of the PILOTs that would have been disbursed to the School District in the absence of tax increment financing. However, to the extent PILOTs are needed for the payment of debt service on the Bonds, such Surplus to the School District shall be paid from the general revenues of the City.

EATs are generally defined as 50% of the total additional revenue from taxes which are imposed by the City and the County which are generated by economic activity within the appropriate Area (or defined part thereof) in excess of the amount of revenue from such taxes generated by economic activity within the appropriate Area (or defined part thereof) in the Base Year (defined in **Appendix A**) (excluding taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or special assessments and personal property taxes, other than PILOTs), which shall be allocated to and paid by the collecting officer to the treasurer of the City who shall deposit such moneys in the Special Allocation Fund.

Notwithstanding anything to the contrary in the foregoing, the pledge of PILOTs as security for the Bonds is unconditional and not subject to appropriation.

Nothing contained in the Ordinance shall be construed as imposing on the City any duty or obligation to levy any taxes either to pay the principal of, premium, if any, or interest on the Bonds.

A Reserve Fund is established pursuant to the Ordinance and will be funded from proceeds from the sale of the Bonds in an amount equal to $116,287.50 (the "**Reserve Requirement**"). Amounts in the Reserve Fund are to be used to pay principal of, premium, if any, and interest on the Bonds to the extent of any deficiency in the Debt Service Fund and to pay and retire a portion of the last outstanding Bonds unless such Bonds and all interest thereon are otherwise paid.

Plan of Financing

The City expects to issue $2,430,000* in Bonds to refund the outstanding Series 2005 Bonds. See **"PLAN OF FINANCING"**, and **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."**

Estimated Sources and Uses of Funds.

The following is a summary of anticipated sources and uses of funds in connection with the issuance of the Bonds:

Sources of Funds:

Par Amount of Bonds	$2,430,000.00
Transfers from Series 2005 DSR Funds	418,862.84
2005 A/B PILOTs EATs	403,820.83
2005 A/B County EATs	399,185.20
Transfers from Series 2005 Debt Service Funds	178,151.64
2005 A/B City EATs	21,759.05
2005 A/B CID Revenue Fund	85.62
Original Issue Discount (OID)	(36,979.60)
Total Sources	**$3,814,885.58**

Uses of Funds:

Current Refunding Fund	$3,600,918.75
Debt Service Reserve	116,287.50
Total Underwriter's Discount	54,675.00
Costs of Issuance	43,004.33
Total Uses	**$3,814,885.58**

The payment of Underwriter's discount and the costs of issuing the Bonds relating to the payment of professional fees will be contingent on the Bonds being issued. See "**UNDERWRITING**" for a description of the Underwriter's discount.

Refunding

The Bonds are being issued to provide funds to partially pay together with the funds provided by the City the principal of and interest on the Series 2005 Bonds being refunded on June 26, 2014 as of the maturity date of July 1, 2014. A portion of the proceeds derived from the sale of the Bonds will be deposited with the Trustee and paying agent for the Series 2005 Bonds for deposit in the Current Refunding Fund. Such deposit will be used by the trustee for the Series 2005 Bonds to pay the principal and interest on the Series 2005 Bonds as of July 1, 2014.

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 such information. See **"BONDOWNERS RISKS"** in this Official Statement.

Security and Sources of Payment for the Bonds

The Indenture and Trust Estate. The Bonds and the interest thereon are special, limited obligations of the City, payable solely from the Revenues (as defined below) held by the Trustee as provided in the Indenture, and are secured by a transfer, pledge and assignment of and grant of a security interest in the Trust Estate to the Trustee and in favor of the Bondowners of the Bonds, as provided in the Indenture. The "Trust Estate" consists of funds on deposit under the Indenture, including all PILOTs and EATs and any City Revenue deposited in the Special Allocation Fund, all of which are pledged to the repayment of the Bonds (excluding funds in the Rebate Fund and the City's right to payment of its fees and expenses and to be indemnified in certain events) and all other moneys and securities from time to time held by the Trustee under the Indenture (except payments required to be made to meet the requirements of Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Code"), whether or not held in the Rebate Fund).

The Ordinance. Pursuant to the Ordinance, the City has pledged, as security for the payment of the Bonds, all of its rights and interest in (i) the PILOTs generated in the RPA I Area, and (ii) subject to annual appropriation, 50% of EATs generated in the RPA 1 Area and subject to annual appropriation all of the EATs, including the non-captured portion of the City's sales tax to make up any deficiency in Revenues required for payment of debt service on the Bonds, covenants to take all lawful actions within its control to cause the proper authorities of Barry County, Missouri (the "**County**") to assess and collect PILOTs and EATs applicable to County sales tax. The City further covenants in the Ordinance that the City officer responsible for formulating the City budget will be directed to include in the budget proposal submitted to the City Council each fiscal year that the Bonds are outstanding a request for an appropriation of 50% of EATs on deposit in the Special Allocation Fund an appropriation of all of the EATs, including the City's non-captured portion of the City's sales tax generated from the Center to make up any deficiency in Revenues required for payment of debt service on the Bonds, on deposit in the Special Allocation Fund.

Revenues. "Revenues" means (a) (i) all "Net Revenues" which are all PILOTs on deposit in the PILOTs Account of the Special Allocation Fund, (ii) all EATs on deposit in the City EATs Account and the County EATs Account of the Special Allocation Fund that have been appropriated to the payment of the Bonds, and (iii) all City Revenues annually appropriated by the City (Net Revenues do not include any amount paid under protest until the protest is withdrawn or resolved against the taxpayer or any sum received by the City which is the subject of a suit or other claim communicated to the City, which suit or claim challenges the collection of such sum), and the Reserve Fund under the Indenture, together with all investment earnings thereon, but excluding payments required to be made to meet the requirements of Section 148(f) of the Code (whether or not held in the Rebate Fund). The funds in the Special Allocation Fund are intended to be sufficient to pay, when due, the principal of and interest on the Bonds.

"PILOTs" are those revenues, if any, attributable to the increase in the current equalized assessed valuation of all taxable lots, blocks, tracts and parcels of real property in the RPA 1 Area over and above the certified total initial assessed valuation of the real property in the RPA 1 Area for 2004 (the last full year before tax increment financing for the RPA 1 Area was first adopted). Such increase is multiplied by the then current aggregate tax rate applicable to such property to determine the PILOTs. The PILOTs generated within the RPA 1 Area have been irrevocably pledged by the City under the Ordinance to the payment of the Bonds. See the caption **THE BONDS - Actual Collection of PILOTs and EATs 2013 and Anticipated Debt Service Coverage** to this Official Statement for a historical listing of PILOTs collection in RPA1.

"EATs" are, subject to annual appropriation by the City, equal to 50% (except for the period ending two (2) years from the opening of the Center when it is 100%) of the total additional revenues from taxes or economic activity imposed by the City or other taxing districts (as such term is defined in the Act) and which are generated by economic activities within the RPA 1 Area over the amount of such tax revenues generated by economic activities within the RPA 1 Area, but excluding any taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or special assessments, other than PILOTs, and personal property taxes and certain taxes levied by the County for the purpose of public safety. Notwithstanding the foregoing, if a retail establishment relocates within one (1) year to the RPA 1 Area from another location in the County and the City Council of the City determines that such establishment is a direct beneficiary of tax increment financing, then the increase in EATs is measured against the amount of such sales taxes generated by such establishment in the year prior to its relocation. It is expected that there will be no retail establishments in the RPA 1 Area that will be subject to this exception. The application of EATs to the payment of the Bonds is subject to annual appropriation by the City. See the caption **THE BONDS - Actual Collection of PILOTs and EATs 2013 and Anticipated Debt Service** to this Official Statement for a historical listing of EATs collection in RPA1.

For a more detailed discussion of the Revenues pledged to payment of the Bonds, along with estimated future collections thereof, see the caption "**THE REVENUES**" herein.

The Bonds

The City will issue the Bonds pursuant to the Act and an Ordinance of the City (the "**Ordinance**") adopted by its City Council. The repayment of such Bonds is secured by the covenants of the City in the Ordinance and the pledge of the Trust Estate under a Trust Indenture, dated as of August 1, 2005 (the "**Indenture**") between the City and UMB Bank, N.A. (the "**Trustee**").

Definitions and Summaries; Inspection of Documents

All capitalized terms used in this Official Statement and not defined in the text hereof are defined under the caption "**DEFINITIONS OF WORDS AND TERMS**" set forth in **Appendix A** to this Official Statement. **Appendix A** also contains summaries of the Ordinance, the Indenture, the Redevelopment Agreement and the CID Agreement. Such summaries do not purport to be comprehensive or definitive. All references herein to the Plan, the Ordinance, the Indenture, the Redevelopment Agreement, the CID Agreement and the Continuing Disclosure Agreement are qualified in their entirety by reference to such documents, copies of which may be viewed at the office of Crews & Associates, Inc., First Security Center, Suite 800, 521 President Clinton Avenue, Little Rock, Arkansas 72201, (800) 766-2000 (the "**Underwriter**"), or will be provided 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 Bonds are qualified in their entirety by the definitive terms.

RISK FACTORS

The following is a discussion of certain risks that could affect payment of the Bonds. Such discussion is not, and is not intended to be, exhaustive and should not be considered as a complete description of all risks that could affect such payment. Prospective purchasers of the Bonds should analyze carefully all the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein and in the Appendices hereto, copies of which are available as described herein.

General

The Bonds are special, limited obligations of the City payable by the City solely from Revenues on deposit in the Special Allocation Fund and certain other funds held by the Trustee under the Indenture.

Nature of the Obligations

The Bonds are limited obligation of the City payable from deposits of Revenues made by the City into the Special Allocation Fund and transferred to the Trustee for payment of the Bonds. No representation or assurance can be given that the City will realize Revenues in amount sufficient to make the deposits of Revenues into the Special Allocation Fund. The realization of such revenues is dependent upon, among other things, the capabilities of owners and managers of Lowe's Home Improvement Center (the sole retailer located in RPA1), future changes in economic and other conditions that are unpredictable and cannot be determined at this time. The Bonds and the interest thereon do not constitute a debt or liability of the City, the County or the State within the meaning of any constitutional or statutory limitation. The City has no duty or obligation to levy any taxes to pay the principal of, premium, if any, or interest on the Bonds within the meaning of statutory and constitutional debt limits. The City has expressed its intention to appropriate EAT's Revenues and City Revenues sufficient to make debt service payments on the Bonds in the event EAT's Revenues are insufficient for such purposes; however, the City is under no obligation to make such appropriation.

Prospective investors in the Bonds should be aware that only PILOTs Revenue is not subject to annual appropriation by the City. Prospective investors should also be aware that only PILOT's Revenue and EAT's Revenue generated from RPA1 will be available for the payments on the Bonds.

Risk of Non-Appropriation

The application of EAT's Revenue and the City Revenue to the payment of the principal of and interest on the Bonds is subject to annual appropriation by the City. Although the City has covenanted in the Ordinance that the appropriation of EAT's to the Special Allocation Fund and the City Revenues will be included in the budget submitted to the City Council for each fiscal year, there can be no assurance that such appropriations will be made by the City Council and the City Council is not legally obligated to make such appropriation.

City's Economy

The estimates of EAT's Revenue and City Revenue used in the City's internal projections and in the projection under the caption **"DEBT SERVICE COVERAGE OF THE REVENUES"** herein are made based upon the current status of the national and local business economy and assumes a future performance of the retail market similar to the historical performance of such market in the Monett area. However, changes in the market conditions for the City, as well as changes in general economic conditions, could adversely effect the amount of Revenues collected. The City is obligated to make payments on the Bonds only to the extent of available money received by the City from PILOTs Revenues and subject to annual appropriation, EATs Revenue and subject to annual appropriation, City Revenues annually appropriated to be applied to payment of debt service on the Bonds. The actual amount of funds to be received by the City from the PILOTs Revenue is projected using no increase in equalized value of the real property in the RPA1 from the 2013 value of real property in the Area. The amount of EATs Revenue and City Revenue to be received by the City is subject to the amount of additional tax revenues generated by economic activities within the Area. Accordingly, because of these sources of funding the actual amount of revenues to pay debt service will be affected by the future economic conditions within the RPA1.

Sales tax revenue historically have been sensitive to changes in local, regional and national economic conditions. Such sales tax revenues have historically declined during economic recessions, when higher unemployment exists with the resulting adverse affects on consumption. Thus, a decline in general economic conditions could reduce the number and value of taxable sales transactions and thus reduce the amount of EAT's Revenues and City Revenues available for repayment of the Bonds.

While historical precedents would suggest a decline in economic conditions in the future will occur, it is impossible to predict when or to what extent any such occurrence of change in economic conditions, demographic characteristics, population or commercial activity will occur, and what impact any such changes would have on the EAT's Revenues and the City Revenues.

Competition from Developments Outside RPA1

Retail establishments located outside RPA1 which are currently existing or which are developed after the date of this Official Statement will be competitive with retail businesses located in RPA1 and could have an adverse impact on the available amount of EAT's Revenues and City Revenues generated for repayment of the Bonds.

Changes in State and Local Tax Law

Any taxing district authorized to impose sales taxes or levy ad valorem taxes within RPA1 could lower their tax rate, which would have the effect of reducing Revenues that could be available to make payments on the Bonds.

No Lease, Mortgage of the 2005 Projects or any other Facilities of the City

Payment of principal and interest on the Bonds is not secured by any deed of trust, mortgage or other lien on the 2005 Projects or other facilities or property of the City. Except as provided herein relating to PILOTs Revenues, the Bonds are payable solely from annual appropriation of EATs Revenues and City Revenues by the City and other money held by the Trustee under the Indenture. PILOTs Revenue that is due and owning constitutes a lien against the real estate in RPA1 from which the PILOTs are created. Upon default in the payment of any PILOTs, the lien for unpaid PILOT's may be enforced by the County.

Failure to Maintain Assessed Valuation

There can be no assurance that assessed valuation of RPA1 will equal or exceed the historical valuations for the Center. If at any time during the term of the Bonds the actual assessed value is less than historically applicable, the amount of PILOTs Revenue will be less and the amount deposited in the Special Allocation Fund may not be sufficient to pay debt service on the Bonds.

Even if the County Assessor's determination of assessed valuation of the Center equals or exceeds the historical assessed value, landowners in RPA1 have the right to appeal such determination. If any such appeal is not resolved prior to the time when real estate taxes and PILOTs are due, the taxpayer may pay the taxes and PILOTs under protest. In such event, that portion of the taxes and the PILOTs being protested will not be available for deposit in the Special Allocation Fund until the appeal is concluded. If the appeal is resolved in favor of the taxpayer, the assessed value will be reduced, in which event the PILOTs Revenue will be less than the historical forecast. See the Caption **"TAX INCREMENT FINANCING IN MISSOURI"- Assessment and Collection of Ad Valorem Taxes"** in this Official Statement.

No Additional Interest on Mandatory Redemption upon Taxability

The Ordinance does not provide for payment of additional interest or penalty on the Bonds if the interest becomes taxable as gross income for Missouri income tax purposes.

For information with respect to events occurring subsequent to issuance of the Bonds that may require that interest on the Bonds be included in gross income for purposes of federal income taxation, see **"TAX MATTERS"** in this Official Statement.

Risk of Audit

The Internal Revenue Service (the "**Service**") has established an ongoing program to audit tax-exempt obligations to determine whether the interest on such obligations should be included in gross income for federal income tax purposes. Bond Counsel cannot predict whether the Service will commence an audit of the Bonds. Owners of the Bonds are advised that, if the Service does audit the Bonds, under current Service procedures, at least during the early stages of the audit, the Service will treat the City as the taxpayer, and the owners of the Bonds may have limited rights to participate in the audit. Public awareness of the audit could adversely affect market value of and liquidity of the Bonds during the pendency of the audit, regardless of the ultimate outcome thereof.

Reliance on Lowes Home Improvement Center

Lowes Home Improvement Center (the "**Center**") is under no obligation to own or continue operating the Center for the term of the Bonds. Although the development tract upon which the Center was developed was platted with two outlots, neither of the outlots has been developed and although Center and the outlots could be sold, the debt service on the Bonds will be dependent (regardless of ownership or occupancy) on the subsequent owners continuing to operate a retail business which will generate sales tax which will create Revenues with for deposit in the Special Allocation Fund with which to pay principal and interest on the Bonds.

Suitability of Investment

An investment in the Bonds involves a certain degree of risk. The interest rate borne by the Bonds (as compared to prevailing interest rates on more secure tax-exempt bonds, such as those which constitute general obligations of fiscally sound municipalities or states) is intended to compensate the investor for assuming this element of risk. Furthermore, the tax-exempt nature of the interest on the Bonds is obviously more valuable to high tax bracket investors than to investors who are in lower tax brackets, and thus the value of the interest compensation to any particular investor will vary with the individual investor's respective tax bracket. Prospective investors should carefully examine this Official Statement, including the Appendices hereto, and their own financial conditions in order to judge their abilities to bear the economic risks of such investments, and whether or not the Bonds are appropriate investments for them.

Certain Bankruptcy Risks

The remedies available to the owners of the Bonds upon an Event of Default under the Ordinance or the Indenture may be dependent upon judicial actions which are often subject to discretion or delay. Under existing constitutional and statutory law, the remedies provided in the Indenture may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Taxation of Interest on the Bonds

An opinion of Bond Counsel has been obtained to the effect that under the conditions stated therein (and subject to the matters discussed below under the caption "**TAX EXEMPTION**") interest on the Bonds is not includable in gross income for purposes of federal income taxation under existing statutes and other sources of law deemed relevant by Bond Counsel and is also exempt from all present State income taxation; however, application for a ruling from the Internal Revenue Service regarding the tax-exempt status of the Bonds has not been made and an opinion of counsel is not binding upon the Internal Revenue Service or the taxing authorities of the State. The laws, regulations, court decisions and administrative interpretations upon which the conclusions stated in the opinion of Bond Counsel are based are subject to change by the United States Congress, the U.S. Treasury Department and later administrative or judicial decisions. Moreover, such opinions are predicated on certain representations concerning the City and the manner of application of the proceeds of the Bonds; if the City fails to comply with such representations or if the representations regarding application of Bond proceeds are incorrect, the opinion may become inapplicable. There can be no assurance that interest on the Bonds will not become subject to federal income taxation or to income taxation in the State as a result of future changes. Furthermore, other than in the State, interest on the Bonds may be taxable under applicable state and local law, and Bond purchasers are urged to consult with their own tax advisors concerning such matters. See the caption "**TAX EXEMPTION**" herein.

Lack of Registration

The Bonds are not registered under the Securities Act of 1933, as amended, or the Trust Indenture Act of 1939, as amended, and are not listed on a stock or any other securities exchange. Neither the Securities and Exchange Commission nor any other federal or state regulatory authority has passed upon the accuracy or adequacy of this Official Statement.

THE FOREGOING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING OF THE BONDS SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN A DECISION TO PURCHASE THE BONDS.

Forward-Looking Statements

Certain statements included in or incorporated by reference in this Official Statement that are not purely historical are forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended, and reflect the City's current expectations, hopes, intentions or strategies regarding the future. Such statements may be identifiable by the terminology used such as plan, expect, estimate, budget, intend or other similar words. Such forward-looking statements include, among others, certain statements under this section captioned **BONDOWNERS RISKS.**

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS, INCLUDED IN SUCH RISKS AND UNCERTAINTIES ARE (i) THOSE RELATING TO THE POSSIBLE INVALIDITY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (ii) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL ECONOMIC, BUSINESS, INDUSTRY, MARKET, LEGAL AND REGULATORY CIRCUMSTANCES, AND (iii) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING CUSTOMERS, SUPPLIERS, BUSINESS PARTNERS AND COMPETITORS, AND LEGISLATIVE, JUDICIAL AND OTHER GOVERNMENTAL AUTHORITIES AND OFFICIALS. ASSUMPTIONS RELATED TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE, AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY. FOR THESE REASONS, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT WILL PROVE TO BE ACCURATE. UNDUE RELIANCE SHOULD NOT BE PLACED ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT ARE BASED ON INFORMATION AVAILABLE TO THE CITY ON THE DATE HEREOF, AND THE CITY ASSUMES NO OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR, OTHER THAN AS INDICATED UNDER THE CAPTION CONTINUING DISCLOSURE.

Reserve Fund. A Debt Service Reserve Fund will be funded initially from proceeds of the Bonds in the amount of $116,287.50 (the "**Reserve Requirement**").

No Mortgage or General Obligation. The Bonds are not secured by a mortgage on any property in the RPA 1 Area. However, under the Act, PILOTs that are due and owing constitute a lien against the real estate in the RPA 1 Area. Upon a default in the payment of any PILOTs on real property in the RPA 1 Area, the lien for such unpaid PILOTs may be enforced by the City as provided in the Act.

Prospective investors are advised that none of the property comprising the Center, the Outlots, or the Series 2005 Projects is pledged as security for the Bonds and neither the Developer nor any partner, officer, director, agent or representative of any of such entities, has pledged its credit or assets or has provided any guaranty, surety or undertaking of any kind, moral or otherwise, to pay the principal of, premium, if any, and interest on the Bonds.

The Act Limitation on Life of Revenue Collection

Because the Act provides that twenty-three (23) years is the maximum amount of time between the adoption of an ordinance approving a redevelopment project within a redevelopment area and the retirement of obligations incurred to finance such redevelopment project costs, the obligations of the City with respect to the Bonds shall terminate on March 2, 2028, whether or not the principal amount of the Bonds or the interest thereon has been paid in full.

This limitation may be extended by ten (10) years by the staging of the redevelopment projects by the City. See discussion under caption "**TAX INCREMENT FINANCING IN MISSOURI - The Act**" herein.

INFORMATION REGARDING THE CITY

The information contained herein relates to and has been obtained from the City. The delivery of this Official Statement shall not create any implication that there has been no change in the affairs of the City since the date hereof or that the information contained or incorporated herein by reference is correct as of any time subsequent to its date.

Location, Size and Population

The City is located at the county line of Barry and Lawrence Counties, 42 miles southwest of Springfield, 39 miles southeast of Joplin, 180 miles south of Kansas City and 265 miles southwest of St. Louis. Its location is easily accessible to Table Rock Lake. U.S. Highway 60 and State Highway37 intersect at Monett. Two interchanges on Interstate 44 arc within 15 miles of the City. Population for the City was 8,922 according to the 2012 census estimate.

Government and Organization of the City

The City was incorporated as a town in 1888, and as a city March 3, 1914, under the provisions of the State of Missouri. The City is a third class city operating under a commission form of government. The Mayor and each commissioner are quasi-executives or managers of each city department. All executive, legislative, and budgetary authority is vested within the three-person commission. The commission is elected every four years and the terms are not staggered.

Commission Members	Terms Expire
James Orr, Mayor	April 2016
Jerry Dierker, Commissioner	April 2016
Mike Brownsberger, Commissioner	April 2016

As the legislative body of the City, the commission is responsible for enacting all ordinances, resolutions and regulations governing the City and appointing the members of the various departments, pursuant to statutory or ordinance authority.

Municipal Services and Utilities

The City provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services. Other services include electric, water and sewer utilities and airport operations.

Transportation and Communication Facilities

Monett Municipal Airport serves the City and Barry County and is owned by the City. The paved runway extends for 5,000 feet. The facility is at an elevation of 1,315 feet at a distance of about 5 miles from the City. The City has two radio stations and a daily newspaper.

Educational Institutions and Facilities

The Monett R-I School District encompasses an area of 85 square miles, including the City and surrounding area in Barry and Lawrence Counties. It is located in one of the fastest growing areas in the State of Missouri, with both the City and the two counties in which the School District is located realizing population increases of 20% in the City of Monett, 5% in Barry County and 10% in Lawrence County from the 2000 to 2010 census. Extracurricular activities include volleyball, tennis, basketball and track for girls and football, wrestling, golf, baseball, tennis basketball and track for boys. During the school year, the School District had 2,300 students enrolled in pre-kindergarten through 12th grade. 53% of the eligible high school students were enrolled in vocational courses.

Southwest Area Career Center provides vocational program opportunities for approximately 360 students from 14 schools and parts of two additional counties. Programs include: Auto Collision Repair, Automotive Technology, Welding Technology, Graphic Communications, Business Technology, Drafting Design Technology, Culinary Arts, Machine Tool Technology, Construction Technology, Computer Maintenance &Networking, Child Care Careers, Health Occupations and Business Computer Programming.

Medical and Health Facilities

Cox-Monett Hospital is a 47 bed, 24-hour emergency care facility. It offers cardiac rehab, home health care, outpatient services, surgical services, physical and occupational therapy.

Recreational Opportunities

The City's park system offers an olympic-sized swimming pool, 18-hole grass-green golf course, skate park, walking/biking trail, tennis courts, soccer, softball and baseball fields, playgrounds, band shell, symphony orchestra, a beautiful senior citizens center and a regional library. The Monett Area YMCA constructed a new 60,000 square foot facility that opened in March, 2013.

Monett is also the home of the Monett Speedway which has entertained race fans since 1970. The red clay surface track offers a seating capacity of approximately 3,500 and a parking capacity of 1,000. Races are held every Sunday night during the racing season and showcases a variety of classes including Pro 4, Bomber, Factory Stocks, Modified and late models.

ECONOMIC INFORMATION CONCERNING THE CITY

Commerce, Industry and Employment

The City has developed into a diversified industrial, educational and service center, with over 6,000 employed in its industries. Durable goods manufacturers produce custom design windows and window walls, playground equipment, concrete products, conveyor equipment, cages, feeders and pet supplies, tool and die and machining. Nondurable goods manufacturers produce footwear, process poultry and other food products. The City is home for operations of international scope, including plants for Tyson Foods, EFCO Corporation, Jack Henry Associates, Inc., Mid-America Dairymen, Schreiber Foods, Miracle Recreation Equipment, and many others.

In 2014, the unemployment rate for Barry County was 6.0% and the state average was 6.7% (source: Missouri Department of Economic Development.). Local growth is expected to continue, both in the skilled labor (engineers, draftsmen, etc.) and unskilled (poultry industry) labor areas.

Population

The following table compares the City's population growth since 1960 with that of the State:

Year	City of Monett	Percentage Change	State of Missouri	Percentage Change
1960	5,359		4,320,000	
1970	5,800	10.8%	4,677,000	8.3%
1980	5,937	10.2	4,917,000	5.1
1990	6,529	10.9	5,141,000	4.6
2000	7,396	11.3	5,595,211	8.8
2010	8,873	19.9	5,988,927	7.0

Source: U.S. Department of Commerce, Bureau of the Census and the University of Missouri.

Employment

Within the State of Missouri only 10 counties have a labor force which depends on manufacturing for more than 30% of its employment. Barry County is one of those counties. Within Barry County, 52% of all employees work in the manufacturing field while 64% of the City's jobs are manufacturing based. The City continues to increase the number of jobs available and is likely to continue due to the diversity of the industries in the City.

Listed below are the 10 major employers located in the City and the number employed by each:

Major Employers	Product/Service	Number of Employees
Jack Henry & Associates	Banking Software	1,200
EDCO Corporation	Manufacturing	1,516
Tyson Foods, Inc.	Manufacturing	640
Miracle Recreations Equipment	Manufacturing	350
Cox Monett Hospital	Health Services	334
Schreiber Foods, Inc.	Manufacturing	160
International Dehydrated Foods, Inc.	Manufacturing	215
Wintech, Inc.	Manufacturing	100
Architectural Systems, Inc.	Manufacturing	90
Monett Steel Castings	Manufacturing	50

Source: Monett Chamber of Commerce

DEBT STRUCTURE OF THE CITY

Current Indebtedness of the City

The general financial condition of the City is good. The debt of the City is 56% of total assets. The City has been investing significantly in capital projects over the past five (5) years.

Tax Revenue

The City does not levy a property tax. In 2013, the City had sales tax revenue of $2,445,228. This is a decrease of 2.3% from 2012.

Enterprise Fund Changes

In 2013, the City had Enterprise Fund operating revenues of $24,752,695, an increase of 1.7% over 2012. Net cash flow from utility operations was $4,769,224.

Authority to Incur Debt

The following table sets forth the City's debt limit and debt margin:

Total Assessed Value as of March 31, 2013	$129,163,572
Debt limit (20%)	25,832,714
Amount of General Obligation Debt Outstanding	324,950
Legal Debt Margin	$ 25,507,764

Overlapping Debt

The City has no overlapping debt.

General Obligation Debt

The City currently has $324,950 in general obligation bonds.

Revenue Obligations

The City is authorized to issue revenue bonds to finance certain capital improvements, including improvements to its water system, sewage system, refuse disposal system, airport and golf facilities. These types of bonds require a simple majority approving vote of the qualified electorate voting on the specific proposition. All revenue bonds issued by the City are payable out of revenues derived from operation of the facility financed from the proceeds of such bonds. Revenue bonds do not carry the full faith and credit of the City in servicing the bonded-indebtedness and such bonds are not considered in determining the legal debt margin described above.

Capital Lease Obligations

The City has entered into tax-exempt municipal lease obligations to finance equipment purchases and facilities. These obligations are payable from the general revenues of the City and are subject to annual appropriation by the City.

Proprietary Fund Capital Lease and Revenue Bond Obligations

Issue	Balance April 1 2012	Additions	Subtractions	Balance March 31 2014
Sewerage Revenue Bonds, Series 1992A	$ 135,000		$ 65,000	$ 70,000
Sewerage Revenue Bonds, Series 2003	6,880,000		335,000	6,545 000
Water Tower 2005	236,240		76,078	160,162
Water Line Extensions 2010	2,790,000		80,000	2,710,000
TOTAL	$10,041,240		$ 556,078	$ 9,485,162

General Fund Long-Term Capital Lease Obligations

Issue	Balance March 31. 2013
Country Club Construction Obligation	$ 275,000
Golf Equipment Lease Obligation	63,074
TIF Revenue Bonds	7,460,000
Police Station/Equipment	1,463,188
Fire Truck	214,693
Community Building	1,500,000
TOTAL	$10,975,955

The accounts of the City are organized into funds and accounts groups, each of which is considered to be a separate accounting entity. The major fund categories and account groups are:

Governmental Fund Types

Governmental funds use the current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheet. Their operating statements present sources and uses of available resources during a given period.

Proprietary Fund Types

Proprietary funds use the economic resources measurement focus. The accounting objectives are determination of net income financial position, and cash flows. All assets and liabilities associated with a proprietary fund's actives are included on its balance sheet. Proprietary funds equity is segregated into contributed capital and retained earnings.

FINANCIAL INFORMATION CONCERNING THE CITY

Accounting, Budgeting and Auditing Procedures

The City complies with generally accepted accounting principals (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for established governmental accounting and financial reporting principles. Proprietary funds and similar component units apply Financial Accounting Standard Board (FASB) pronouncements and Accounting Principals Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

Basis of Accounting

The basis of accounting determines when transactions and economic events are reflected in financial statements, and measurement focus identifies which transactions and events should be recorded.

Modified Accrual Basis of Accounting

The City uses the modified accrual basis of accounting for governmental fund . The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon thereafter to pay current liabilities. The City considers revenues to be available if they are expected to be collected within 30 days of the end of year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due. Transfer between funds that are not expected to be repaid are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Accrual Basis of Accounting

The accrual basis of accounting is used in proprietary fund types. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Budgets and Budgetary Accounting

The department heads of the City submit annual budgets that are compiled by the City Clerk, to the commission in accordance with the City Charter and with Section 67.010, RSMo.

The budget is prepared on the cash basis of accounting, which is another comprehensive basis of accounting The cash basis of accounting recognizes revenues when collected and expenditures which paid. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.

Risk Management

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.

Retirement Plans

Plan Description. The City 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 Section 401(a) of the Code 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 in writing to LAGERS, P.O. Box 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

Funding Status. The City's full-time employees contribute 4% of their gross pay to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 14.0% (general), 11.6% (police), 14.5% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Missouri Local Government Employees Retirement System (LAGERS) Plan Description

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

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

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

Funding Status

Full-time employees of the City of Monett contribute 4% of their gross pay to the pension plan. The June 30th statutorily required contribute rates at 14.0% (General), 11.6% (Police) and 14.5% (Fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by statute.

Annual Pension Cost (APC) and Net Pension Obligation (NPO)

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

Annual required contribution	$609,235
Interest on net pension obligation	4,942
Adjustment to annual required contribution	(5,054)
Annual pension cost	609,123
Actual contributions	604,970
Increase (decrease) in NPO	4,153
NPO beginning of year	68,172
NPO end of year	$ 72,325

The annual required contribution (ARC) was determined as part of the February 28, 2010 and February 28, 2011 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2010 was 30 years for the General division, 30 years for the Police division and 30 years for the Fire division. The amortization period as of February 28, 2011 was 19 years for the General division, 15 years for the Police division and 30 years for the Fire division.

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	508,336	96.7	16,775
2011	567,449	90.9	68,172
2012	609,123	99.3	72,325

Contribution Information

All Monett City full-time employees participate in LAGERS. The payroll for employees covered by LAGERS for the year ended March 31, 2013, was $4,645,382; the City's total payroll was $4,894,382. All City full-time employees are eligible to participate in the LAGERS Program. Employees who retire at or after age 60 (55 for police and fire employees) with 5 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 1.60 percent of their final-average salary for each year of credited service. Final-average salary is the employees' 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 of 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.

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.

Schedule of Funding Process - Retirement
Year Ended March 31, 2013

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
02/28/2010	9,384,712	10,625,773	1,241,061	88	4,453,440	28
02/28/2011	9,908,020	11,019,500	1,111,480	90	4,443,165	25
02/29/2012	10,818,828	11,451,979	633,151	94	4,443,828	14
02/29/2012#	10,818,828	12,985,570	2,166,742	83	4,443,828	49

After benefit changes.

NOTE: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actual assumptions were changed in conjunction with the February 28, 2011, annual actuarial valuations. For a completion description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization, issuance, validity and tax exemption of the Bonds are subject to the unqualified approving opinion of Yates, Mauck, Bohrer, Elliff & Fels, P.C., Springfield, Missouri, Bond Counsel, which approving opinion will be available at the time of delivery of the Bonds. Certain legal matters will be passed upon for the City by its counsel, Amy Boxx, City Attorney, Monett, Missouri.

Bond Counsel has assisted in the preparation of this Official Statement, but the factual and financial information appearing herein has been supplied or reviewed by certain officials of the City, the Developer and the Underwriter, and Bond Counsel expresses no opinion as to the accuracy or sufficiency thereof except for the matters appearing in the sections of this Official Statement captioned "**INTRODUCTORY STATEMENT**," "**THE BONDS**," "**APPROVAL OF LEGAL PROCEEDINGS**,"**TAX EXEMPTION**," "**CONTINUING DISCLOSURE**," and in **APPENDIX A: DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF THE ORDINANCE AND THE INDENTURE**, and accordingly, Bond Counsel expresses no opinion as to the accuracy or sufficiency of any other statements, material or financial information contained herein or used in the sale or offering for sale of the Bonds.

LITIGATION

There is not now pending or, to the knowledge of the City, threatened, any litigation seeking to restrain or enjoin or in any way limit the approval or the issuance and delivery of this Official Statement or the Bonds or the proceedings or authority under which they are to be issued. There is no litigation pending or, to the knowledge of the City, threatened, which in any manner challenges or threatens the powers of the City to enter into or carry out the transactions contemplated by the Indenture or the Ordinance.

TAX EXEMPTION

In the opinion of Yates, Mauck, Bohrer, Elliff & Fels, P.C., Bond Counsel, under existing law, the interest on the Bonds (including any original issue discount properly allocable to the owner thereof) (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that with respect to corporations (as defmed for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed upon such corporations. The opinion referred to in clause (a) above is subject to the condition that the City and the Trustee comply with the requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. The City and the Trustee have covenanted to comply with all such requirements.

Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Bonds.

Prospective purchasers of the Bonds should be aware that (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution (within the meaning of Section 265(b)(5) of the Code), that portion of a Bondowner's interest expense allocable to the interest on the Bonds except with respect to certain financial institutions within the meaning of Section 265(b) of the Code; (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum certain items, including interest on the Bonds; (iii) interest on the Bonds earned by certain foreign corporations doing business in the United States of America could be subject to a branch profits tax imposed by Section 844 of the Code; (iv) passive investment income of Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; and (v) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of the interest on the Bonds.

Missouri Tax Exemption

The interest on the Bonds is exempt from income taxation by the State, provided that no opinion is expressed as to whether the interest on the Bonds is subject to the State franchise tax imposed on financial institutions.

Bond Counsel expresses no opinion as to whether the interest on the Bonds is subject to the tax imposed on financial institutions pursuant to Chapter 148 of the Revised Statutes of Missouri, as amended.

ORIGINAL ISSUE DISCOUNT

The initial offering price for the Series 2005B Bonds may be less than the stated redemption price at maturity (as defined in Section 1272 of the Code and Treasury Regulations thereunder). An amount equal to the difference between the initial offering price of such Series 2005B Bonds (the "Discount Bonds") (assuming that a substantial amount of the Series 2005B Bonds of that maturity are sold at such price) and the stated redemption price at maturity constitutes original issue discount, allocable to the holding period of an initial purchaser of such Discount Bonds, and will, upon the disposition of such Discount Bonds (including by reason of payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond. The allocation of such original issue discount will generally result in an amount treated as interest that is different than the amount of the payment denominated as interest actually received by an initial purchaser of a Discount Bond during a taxable year.

Such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States of America, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement Benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or can-y, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the sale or other taxable disposition of a Discount Bond prior to Stated Maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period during which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the characterization for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

UNDERWRITING

The Underwriter, pursuant to the Bond Purchase Agreement entered into between the Underwriter and the City, has agreed, subject to certain conditions, to purchase from the City and the City agrees to sell to the Underwriter the Bonds at a purchase price equal to $2,375,325 after Underwriter's discount of two and one quarter percent (2.25%) less a discount of $36,979 for a total purchase price of $2,338,345. The Underwriter may sell certain of the Bonds at a price greater than such purchase price, as shown on the inside front cover page hereof. The Underwriter is purchasing the Bonds from the City for resale in the normal course of the Underwriter's business activities. The Underwriter reserves the right to offer any of the Bonds 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 obligation of the Underwriter to purchase the Bonds is subject to certain terms and conditions set forth in the Bond Purchase Agreement. The Bonds may be offered and sold to certain dealers, banks and others at prices lower than the initial offering prices, and such initial offering prices may be changed, from time to time by the Underwriter.

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 factual and financial information appearing herein has been supplied or reviewed by certain officials of the City, as referred to herein. The Underwriter has not, however, independently verified the factual and financial information contained in this Official Statement, and accordingly, expresses no review as to the accuracy thereof.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Owners to provide certain financial information and operating data relating to the City by not later than 180 days after the end of each fiscal year beginning with the fiscal year ending December 31, 2014 (the "**Annual Information**"), and to provide notices of the occurrence of certain enumerated events, if deemed by the City to be material. The Annual Information will be filed by the Trustee on behalf of the City with the Municipal Securities Rulemaking Board ("**MSRB**"), and with any State Information Depository for the State if any is in existence. The notices of material events will be filed by the Trustee on behalf of the City with the MSRB. The specific nature of the information to be contained in the Annual Information or the notices of material events is contained in the Continuing Disclosure Agreement, a copy of which is attached hereto as **Appendix C**. These compliance covenants have been made in order to assist the Trustee in complying with SEC Rule 15c2-12(b)(5) under the Securities Exchange Act of 1934, as amended (17 CPR Part 240, Section 240.15c2-12) (the "**Rule**"). The City is currently up to date concerning its continuing disclosure obligations based on its previous undertakings with regard to the Rule.

Failure to comply with the terms of the Continuing Disclosure Agreement will not result in a default under the Ordinance. In its actions under the Continuing Disclosure Agreement, the Trustee is acting not as Trustee but as the City's agent. The Continuing Disclosure Agreement does not create, limit or affect the rights of Bondowners. The Trustee has no obligation to verify or investigate any information disclosed pursuant to the Continuing Disclosure Agreement, or to make disclosure about the Bonds, the City or any other matter except as expressly provided in the Continuing Disclosure Agreement.

During the past five (5) years, the City has had instances of late filings of information required to be filed under previous continuing disclosure agreements including filing parts of the annual report, such as portion of the required operating data, multiple years late. Additionally, the City has previously failed to provide the unaudited financials with its annual report when the audits were unavailable. The audits have subsequently been filed. The City is currently reviewing all of its written continuing disclosure agreement and will propose amendments to such outstanding agreements and/or new policies where necessary to reflect procedures that will aid in the City's on-going compliance with such agreements.

MISCELLANEOUS

References herein (and in the appendices attached hereto) to the Indenture, the Ordinance, CID Agreement, the Continuing Disclosure Agreement and the Plan 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 Crews & Associates, Inc., First Security Center, Suite 800, 521 President Clinton Avenue, Little Rock, Arkansas 72201 (800) 766-2000, or will be provided 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 Bonds are qualified in their entirety by the definitive terms thereof and the information with respect thereto included in the Ordinance and the Indenture.

Any statements made in this Official Statement involving matters of opinion or of estimates, 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 will be realized.

The information contained in this Official Statement has been taken from sources considered to be reliable, but is not guaranteed. To the best of the knowledge of the undersigned this Official Statement does not include any untrue statement of a material fact; nor does it omit the statement of any material fact required to be stated herein, or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

The execution and delivery of this Official Statement has been duly authorized by the City.

CITY OF MONETT, MISSOURI

By: M. Brownsberger
~~JamesXOrrXMayor~~
Mike Brownsberger, Mayor Pro-Tem

APPENDIX A

DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF THE ORDINANCE AND THE INDENTURE

DEFINITIONS OF WORDS AND TERMS

"**Account**" means any of the accounts established in Article VI hereof or in Section 3.01 of the Indenture.

"**Act**" means the "Real Property Tax Increment Allocation Redevelopment Act" or the "Act" contained in Sections 99.800 through 99.865 of Missouri Revised Statutes, 1994, as amended.

"**Ad Valorem Tax**" means a tax based upon the assessed value of real property.

"**Annual Financial and Operating Information**" means certain financial information which shall be based on financial statements prepared by the City in accordance with generally accepted accounting principals ("**GAAP**") for governmental units as prescribed by the Governmental Accounting Standards Board ("**GASB**"), and certain operating data with respect to the City and the RPA1, provided at least annually, which Annual Financial and Operating Information may, but is not required to, include Audited Financial Statements.

"**2005 Area**" means the economic development area defined in the 2005 Plan consisting of real estate included in the city limits of the City as of the date of the adoption of the 2005 Plan designated for redevelopment.

"**Audited Financial Statements**" means the City's annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State.

"**Authorized City Representative**" means the Mayor or Administrator of the City or such other person at the time designated by resolution of the City Council to act on behalf of the City as evidenced by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the City by its Mayor. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized City Representative.

"**Base Year**" means the calendar year 2004 for the 2005 Plan.

"**Beneficial Owner**" means any person for which a Participant acquires an interest in any Bond.

"**Blighted Area**" means an area which, by reason of the predominance of defective or inadequate street layout, insanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provisions of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals or welfare in its present condition and use.

"**911 Board**" means the Barry County 911 Board which is public board, created by the County which operates an emergency call or dispatch center for the County.

"**911 Board EATs Account**" means the account by that name created in the Special Allocation Fund into which shall be deposited the Captured 911 Board EATs collected from the 2005 Area based upon the 911 Board Sales Tax.

"**911 Board Sales Tax**" means the sales tax approved by the voters of the County and levied and collected for the 911 Board on retail sales within the 2005 Area.

"**Bond**" or "**Bonds**" means the City of Monett, Missouri, Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds, Series 2014 (East US Highway 60 and RPA1 Infrastructure Redevelopment Projects) issued pursuant to the Ordinance in the aggregate principal amount of $2,430,000 authenticated and delivered by the Trustee under and pursuant to the Indenture, the proceeds of which are to be used in part by the City to redeem and retire the Series 2005 Bonds.

"**Bond Counsel**" means Yates, Mauck, Bohrer, Elliff & Fels, P.C. or an attorney or firm of attorneys with experience in matters relating to the issuance and tax exemption of obligations by states and political subdivisions, selected and accepted by the City.

"**Bondowner**" or "**Owner**" or any similar term, when used with reference to a Bond or Bonds Outstanding, means any person who shall be the registered owner of any Bond or Bonds Outstanding.

"**Bond Payment Date**" means each date on which interest on, or both principal of and interest on, all or any of the Bonds shall be due and payable in accordance with their terms, whether at Stated Maturity or by acceleration or by call for redemption, so long as any of the Bonds shall be Outstanding.

"**Bond Register**" or "**Register**" means the books for the registration, transfer and exchange of Bonds kept in the office of the Bond Registrar.

"**Bond Registrar**" means the Trustee, and any successors, assigns or delegates designated pursuant to the Indenture.

"**Business Day**" means a day other than a Saturday, Sunday or holiday on which the Trustee shall be scheduled in the normal course of its operation to be open to the public for the conducting of business.

"**Captured EATs**" means 50% of the EATs resulting from incremental increase in economic activity in the 2005 Area which is captured resulting from adoption of the 2005 Plan derived from collections of EATs in RPA1of the 2005 Area (or defined part thereof) and specified as captured in the Act.

"**Cede & Co.**" means Cede & Co., as nominee of The Depository Trust Company, New York, New York.

"**City**" means the City of Monett, Missouri, a third class city and political subdivision of the State and its successors and assigns.

"**City Clerk**" means the person duly appointed by the City Council to act as the clerk and as the custodian of the official records of the City.

"**City Council**" means the duly elected City Commission as the legislative body of the City.

"**City EATs Account**" means the account by that name created in the Special Allocation Fund into which shall be deposited the Captured EATs collected from the 2005 Area based upon the City Sales Tax.

"**City Revenue**" means the amount annually appropriated by the City Council from non-captured City Sales Tax collections in RPA1 appropriated by the City for payment of shortfalls in Revenues on deposit with the Trustee in the Revenue Fund and available to pay debt service on the Bonds.

"**City Sales Tax**" means the sales tax levied and collected by the City on all retail sales within RPA1 of the City.

"**Code**" means the Internal Revenue Code of 1986, as amended. References to the Code, or Sections of the Code, shall include any applicable regulations and proposed regulations thereunder and any successor provisions to those Sections, regulations or proposed regulations.

"**Condemnation**" means the taking of title to, or use of the property under the exercise of eminent domain by any governmental entity or any other person acting under governmental authority.

"**Continuing Disclosure Agreement**" means the Continuing Disclosure Agreement, dated as of June 1, 2014, executed by the City and the Trustee, a copy of which is attached as Appendix C to the Official Statement.

"**Cost of Issuance Fund**" means the Issuance Expense Fund ordered to be created and established with the Trustee in Section 604 of this Ordinance and acknowledged in Section 3.01 of the Indenture.

"**Costs of Issuance**" means all items of expense directly or indirectly payable by or reimbursable to the City and related to the authorization, issuance and sale of the Bonds, including printing costs, costs of preparation and reproduction of documents, filing and recording fees and charges of the Trustee and the City, legal fees of parties to the transaction and other initial fees and disbursements contemplated by the Ordinance and the Indenture.

"**County**" means Barry County, Missouri, a body corporate and political subdivision of the State.

"**County Commission**" means the Barry County Commission as the governing body of the County.

"**County EATs Account**" means the account by that name created in the Special Allocation Fund into which the EATs Revenues collected from the County Sales Tax shall be deposited.

"**County PILOTs Account**" means the account by that name created in the Special Allocation Fund into which is deposited the County PILOTs.

"**County Sales Tax Account**" means the account by that name created in the Special Allocation Fund.

"**County Sales Tax**" means the sales tax levied by the County on all retail sales in the 2005 Area and RPA1 collected by the Missouri Department of Revenue for the County.

"**CPA Group a Professional Corporation**" means the firm of Certified Public Accountants that conducted the annual audit of the City for fiscal year end March 30, 2013.

"**Debt Service Fund**" means the fund by that name created pursuant to Section 602 of the Ordinance and an account by that name maintained with the Trustee in the Revenue Fund pursuant to the Indenture containing a Principal Account, an Interest Account and an Extraordinary Redemption Account.

"**Debt Service Reserve Fund**" means the fund by that name created pursuant to Section 603 of this Ordinance and an account by that name maintained with the Trustee in the Revenue Fund pursuant to the Indenture into which is deposited from the proceeds of the Bonds an amount equal to the Debt Service Reserve Requirement,

"**Default**" or "**Event of Default**" means any occurrence or event specified in Article VIII of the Indenture.

"**Defaulted Interest**" means interest on any Bond which is payable but not paid on any Interest Payment Date.

"**Dissemination Agent**" means, initially, the City, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation under the Continuing Disclosure Agreement.

"**EATs**" means the total additional revenues produced from imposition of taxes on economic activities within the 2005 Area (or applicable defined part thereof) by all taxing jurisdictions levying sales taxes on economic activities in the RPA1 of the 2005 Area (or applicable defined part thereof) (which on the date of the adoption of the 2005 Plan including the City Sales Tax, the County Sales Tax and the 911 Board Sales Tax over the amount of revenues from taxes generated on economic activity within the RPA1 of the 2005 Area (or applicable defined part thereof) in the applicable Base Year (excluding revenues produced by the imposition of taxes on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or special assessments and personal property taxes) other than PILOTs, which shall be allocated to and paid by the collecting officer to the City who shall deposit such moneys in the Special Allocation Fund in the account specified for deposit from that source.

"**Extraordinary Redemption Account**" means the Extraordinary Redemption Account in the Debt Service Fund established in Section 3.02 of the Indenture.

"**Fiscal Year**" means any period of 12 consecutive months adopted by the City as its fiscal year for financial accounting and reporting purposes, which, as of the execution of the Indenture, commenced on October 1 and ended on September 30.

"**GAAP**" means generally accepted accounting principles as in effect from time to time in the United States of America.

"**Indenture**" means the Trust Indenture by and between the City and UMB Bank, N.A., as Trustee, dated as of June 1, 2014, under which the Bonds are authenticated and delivered and under which a Trust Estate is created which secures the repayment of the principal of and interest on the Bonds, as from time to time amended and supplemented by supplemental Trust Indentures in accordance with the provisions of Article X of the Trust Indenture.

"**Interest Payment Date**" means the Stated Maturity of an installment of interest on any Bond.

"**Issue Date**" means June 26, 2014.

"**Material Event**" means any of the events listed in Section 2(c) of the Continuing Disclosure Agreement.

"**Material Event Notice**" means written or electronic notice of a Material Event.

"**MSRB**" means the Municipal Securities Rulemaking Board established in accordance with Section 15B(b)(1) of the Securities Exchange Act of 1934.

"**Net Proceeds**" means all moneys on deposit(including investment earnings thereon) in (i) the PILOTs Account of the Special Allocation Fund, (ii) subject to annual appropriation by the City, City EATs, County EATs and 911 Board EATs of the Special Allocation Fund, and (iii) subject to annual appropriation, any City Revenues on deposit in the Special Allocation Fund. Net Proceeds do not include (I) any amount paid under protest until the protect is withdrawn or resolved against the taxpayer, and (ii) any sum which is subject to a suit or other claim which suit or claim challenges the collection of such sum.

"**Obligations**" means bonds, loans, debentures, notes, special certificates, or other evidences of indebtedness issued by the City to carry out a redevelopment project or to refund outstanding obligations.

"**Official Statement**" means collectively, the Preliminary Official Statement dated May 30, 2014 and the the Official Statement dated June __, 2014 relating to the issuance of the Bonds and provided to furnish information in connection with the offering and sale of the Bonds.

"**Opinion of Counsel**" means a written opinion of an attorney or firm of attorneys addressed to the Trustee, for the benefit of the Trustee and the Owners of Bonds, who may be (except as otherwise expressly provided in the Indenture) counsel to the City, the Owners of the Bonds or the Trustee, and who is acceptable to the Trustee.

"**2005 Ordinance**" means Ordinance No. 7585 of the City pursuant to which the 2005 Area was defined , the 2005 Plan was adopted and the Series 2005 Bonds were issued.

"**Ordinance**" means this Ordinance and any other ordinance adopted by the City Council authorizing the issuance of the Bonds, the execution, delivery and performance of the documents necessary to carry out the issuance, security for and delivery of the Bonds.

"**Original Purchaser**" means Crews & Associates, Inc., Little Rock, Arkansas.

"**Other Taxing Districts**" means those taxing districts or jurisdictions which have taxing authority and which overlap the City, more specifically the County, the Monett R-1 School District, the Barry County Health Department, the Barry County Ambulance District, the Barry County Board for Developmentally Disabled, the Barry County 911 Board and the State of Missouri.

"**Outstanding**" or "**Bonds Outstanding**" or "**Outstanding Bonds**" means all Bonds which have been authenticated and delivered by the Trustee under this Ordinance and the Indenture, except:

(a) Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(b) Bonds for the payment or redemption of which money in the necessary amount has been theretofore deposited with the Trustee in trust for the Owners of such Bonds, provided that, if such Bonds are to be redeemed prior to the maturity thereof, irrevocable notice of such redemption shall have been duly given pursuant to the Ordinance and the Indenture, to the satisfaction of the Trustee, or waived;

(c) Bonds in exchange for or in lieu of which other Bonds have been registered and delivered pursuant to this Ordinance;

(d) Bonds alleged to have been mutilated, destroyed, lost, or stolen which have been paid as provided in Section 308 of the Ordinance; and

(e) Bonds for the payment of the principal (or redemption price) of and interest on which cash or Government Securities, or both, are held by the Trustee or other bank or trust company with the effect specified in Section 1201 of the Ordinance.

"**Owner**" means the same as Bondowner or Registered Owner.

"**Participant**" means any broker, dealer, bank or other financial institution from time to time for which the Securities Depository holds Bonds.

"**Paying Agent**" means the Trustee, or any successor authenticating agent or trustee pursuant to Section 9.12 of the Indenture.

"**Payments in Lieu of Taxes**" or "**PILOTs**" means the payments imposed pursuant to the Act, which are equal to the excess, if any, of (i) the current Ad Valorem Taxes and which could be levied in the absence of the 2005 Plan by applying the current Ad Valorem Tax levy to the current equalized assessed valuation of real property in the Area (or applicable defined part thereof) over (ii) the Ad Valorem Taxes which could be imposed by applying the current Ad Valorem Tax levy to the initial equalized assessed valuation of real property in the Area (or applicable defined part thereof) for the applicable Base Year, as certified by the county assessor. Such payments may be imposed until the redevelopment area designation is terminated pursuant to subsection 2 of Section 99.850 of the Act. On the Date of Issuance there is being collected a County PILOT and a School District PILOT.

"**Person**" means an individual, partnership (including limited partnerships), joint venture, association, society, corporation, joint-stock company, limited liability company, trust (public or private) or unincorporated organization, or a government agency or political subdivision thereof.

"**2005 Plan**" means the Tax Increment Financing Redevelopment Plan of the City adopted in the 2005 Ordinance as the comprehensive program of the City for redevelopment of blighted areas of the City by the payment of redevelopment costs to reduce or eliminate those conditions, the existence of which qualified the redevelopment project area as a blighted development area and to thereby enhance the tax bases of the taxing districts which extend into the 1992 Area and conforming to the requirements of Section 99.810 of the Act.

"**Pledged Revenues**" means all Net Proceeds and all moneys held by the Trustee in the Revenue Fund transferred by the City the from Special Allocation Fund for deposit to the Debt Service Fund, and the Debt Service Reserve Fund under the Indenture together with investment earnings thereon. Initially the proceeds of the issuance and sale of the Bonds, pending use for their intended purpose, shall be Pledged Revenues.

"**2005 Projects**" means the redevelopment projects described in the 2005 Plan and all streets, roads, proper layout, sewer, water and bridge improvements acquired and constructed pursuant to the 2005 Plan, and all of the activities or tasks of the City identified in the 2005 Plan, including all redevelopment projects developed in furtherance of the objectives of the 2005 Plan paid for, in whole or in part, from the proceeds of the sale of the Series Bonds or the proceeds of any payment by the City.

"**Project Costs**" means the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to the 2005 Plan and the 2005 Projects or any other redevelopment projects. Such costs include, but are not limited to, the following: (a) costs of studies, surveys, plans, and specifications; (b) professional service costs, including but not limited to, architectural, engineering, legal, marketing, financial, planning or special services; (c) property assembly costs, including but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land; (d) costs of rehabilitation, construction, or repair or remodeling of existing buildings and fixtures; (e) initial costs for a blighted area; (f) costs of construction of public works or improvements; (g) financing costs, including but not limited to, all necessary and incidental expenses related to the issuance of Obligations, and which may include payment of interest on any Obligations issued in accordance with the 2005 Plan accrued during the period of construction of any redevelopment project for which such Obligations are issued and for not more than 18 months thereafter, and including reasonable reserves related thereto; (h) all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or in furtherance of the objectives of the redevelopment plan and project, to the extent the City by written agreement accepted and approved such costs; and (i) relocation costs to the extent, if any, that the City determined that relocation costs would be paid or were required to be paid by federal or state law, all as more particularly described in Section 204 of the Ordinance.

"**Purchase Agreement**" means the Bond Purchase Agreement by and between the City and Crews & Associates, Inc., Little Rock, Arkansas, as the Original Purchaser of the Bonds.

"**Rebate Fund**" means the fund by that name created in the Indenture.

"**Redemption Date**" when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Ordinance.

"**Redemption Price**" when used with respect to any Bond to be redeemed means the price at which it is to be redeemed pursuant to the terms of the Ordinance, including the applicable redemption premium, if any, but excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

"**Refunding Fund**" means the current refunding fund by that name established with the Trustee, in accordance with the Indenture, into which the Trustee will deposit the proceeds from the issuance and sale of the Bonds after funding the Cost of Issuance Fund, the Reserve Fund and the Debt Service Fund.

"**Regular Record Date**" for the interest payable on any interest payment date means the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date.

"**Register**" means the registration books of the City kept by the Trustee to evidence the registration, transfer and exchange of Bonds.

"**Registrar**" means the Trustee when acting as such under the Indenture.

"**Repository**" means any nationally recognized municipal securities information repository within the meaning of Rule 15c2-12.

"**Reserve Requirement**" means, as of any computation date with respect to the Bonds, the sum of $117,787.50 funded from the proceeds of the Bonds, provided, however, that if the Trustee shall receive an opinion of Bond Counsel to the effect that the Reserve Requirement for the Bonds must be reduced in order for the amounts on deposit in the Reserve Fund to continue to be invested without yield restriction under the Code, the amounts held in the Reserve Fund shall be reduced in conformity with said opinion.

"**Revenues**" means all PILOTs, and when appropriated by the City, the Captured Portion of the EATs collected within the RPA1 and when appropriated by the City Revenue which was not captured as City EATs (or applicable defined part thereof) ("**City Revenues**"), and which are to be deposited to the Special Allocation Fund and the additional sums appropriated annually by the City for deposit in the Special Allocation Fund.

"**Rule 15c2-12**" means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"**School District**" means the Monett R-1 School District, a body corporate and political subdivision of the State.

"**School District PILOTs Account**" means the account by that name created in the Special Allocation Fund.

"**Securities Depository**" means The Depository Trust Company, New York, New York or any successor Securities Depository appointed pursuant to the Indenture.

"**Series 2005 Bonds**" means the $3,510,000 aggregate principal amount of Tax Increment Allocation Bonds, Series 2005 A and Series 2005 B (U.S. Highway 60 and RPA1 Infrastructure Improvement Projects).

"**Series A 2005 Bonds**" means the $975,000 aggregate principal amount of Tax Increment Allocation Bonds, Series A (East US Highway 60 Improvement Project) issued and secured pursuant to the 2005 Ordinance.

"**Series B 2005 Bonds**" means the $2,535,000 aggregate principal amount of Tax Increment Allocation Bonds, Series B (RPA1 Infrastructure Projects) issued and secured pursuant to the 2005 Ordinance.

"**Special Allocation Fund**" means the fund created in the treasury of the City, designated as "City of Monett, Missouri, Tax Increment Allocation - TIF #2 Special Allocation Fund," created pursuant to the provisions of the Act, which in accordance with this Ordinance is to be maintained and when transferred to the Trustee for deposit into the "Revenue Fund" under the Indenture. There is created in the Special Allocation Fund a City EATs Account, a City PILOTs Account, a County EATs Account, a County PILOTs Account, a 911 Board EATs Account and a School District PILOTs Account. All moneys and revenues received by the City as PILOTs and, when appropriated by the City, EATs, and which are to be used by the City for transfer to the Trustee (i) to make payments to the Debt Service Fund for the payment of the principal of and interest on the Bonds, (ii) to pay the fees and expenses of the Trustee and Paying Agent, (iii) to make the required deposits to the Reserve Fund, (iv) to call Bonds for extraordinary redemption pursuant to Section 404 of the Ordinance, and (v) from which surplus funds on deposit will be declared to be Surplus and repaid to the City and the Other Taxing Districts as may be determined from time to time by the City in such amount as the City and the Other Taxing Districts would have otherwise received from such collections were it not for the tax increment allocation financing adopted by the City, all in accordance with this Ordinance and the 2005Plan. Following payment in full of the Bonds, or provision for such payment having been made in accordance with the provisions of Section 1201 of the Ordinance, moneys in the Special Allocation Fund may be used by the City for any lawful purpose of the City.

"**Special Record Date**" for the payment of any Defaulted Interest, as defined in Section 305, means a date fixed by the Paying Agent pursuant to Section 305.

"**State**" means the State of Missouri.

"**State Information Repository**" means any appropriate state information repository for the State within the meaning of Rule 15c2-12. As of the date of the Continuing Disclosure Agreement, no State Repository has been designated in the State.

"**Stated Maturity**" when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

"**Surplus**" means the portion of the EATs Revenues, the PILOTs Revenues or City Revenues within the moneys on deposit with the City in the Special Allocation Fund or not yet collected, in excess of the moneys necessary to make the transfers required in Sections 702(a) through (f) of the Ordinance, which the City Treasurer shall, if collected, pay to the County Collector who shall immediately thereafter pay such

Surplus to the Other Taxing Districts in the same manner and proportion as the rates of collection of such Other Taxing Districts by the County Collector or the City but for the tax increment allocation financing adopted by the City and means the portion of the EATs within the moneys on deposit with the City in the Special Allocation Fund or not yet collected, in excess of the moneys necessary to make the transfers required in Sections 702(a) through (f) of this Ordinance, which the Director of Finance of the City shall, if collected, pay to the Other Taxing Districts in the same manner and proportion as the rates of collection of such Other Taxing Districts but for the tax increment allocation financing adopted by the City. In applying this definition, the City Council shall first declare as Surplus, the PILOTs Revenues and the EATs Revenues. The amounts declared to be Surplus shall be paid to the Taxing Districts annually twenty days after the Bond Payment Date.

"**Tax-exempt**" means that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

"**Tax Compliance Agreement**" means the Tax Compliance Agreement, dated as of even date herewith, between the City and the Trustee, as from time to time amended in accordance with the provisions hereof.

"**Taxing District**" means any political subdivision of the State having the power to collect and levy taxes.

"**TIF Commission**" means the Tax Increment Financing Commission of the City created in accordance with the Act.

"**2005 Trust Agreement**" means the Trust Agreement dated as of August 1, 2005, between the City and the Trustee, pursuant to which the repayment of the Bonds is secured, as from time to time amended and supplemented.

"**Trust Estate**" means the property rights, money, securities and other amounts pledged and assigned to the Trustee pursuant to the Granting Clauses of the Indenture.

"**Trustee**" means UMB Bank, N.A., Kansas City, Missouri, its successors and assigns, and any co-trustee at the time serving as such under the Indenture and any other corporation which, at the time, may be substituted in its place, pursuant to, and at the time serving as Trustee, under the Indenture.

SUMMARY OF THE ORDINANCE

The following is a summary of certain provisions of the Ordinance and is qualified in its entirety by reference to the Ordinance.

Establishment of Special Allocation Fund

There is created in the treasury of the City a separate fund known as the "City of Monett, Missouri, Annual Appropriation Supported-Tax Increment and Sales Tax Refunding Revenue Bonds, Series 2014 -

TIF #2 Special Allocation Fund (the "Special Allocation Fund"), in which is established a County PILOTs Account, a School District PILOTs Account, a City EATs Account, a County EATs Account, a 911 Board EATs Account and a City Revenue Account.

Disposition of Bond Proceeds

The net proceeds received from the sale of the Series 2014 Bonds, including any premium, discount or accrued interest thereon, shall be assigned simultaneously with the delivery of the Series 2014 Bonds, with the Trustee under the Indenture who shall deposit such transferred proceeds in the Cost of Issuance Fund under the Indenture. The Trustee shall also deposit in the Interest Account of the Debt Service Reserve Fund an amount which together with other moneys of the City held under the 2005 Indenture which shall be simultaneous with the issuance of the Bonds be transferred to the Trustee and the Trustee shall deposit such amounts into the Current Refunding Fund which amounts shall be used to defease the Series 2005 Bonds; for the purpose of accrued interest on the Series 2014 Bonds; in the Debt Service Reserve Fund the Reserve Requirement; into the Current Refunding Fund.

Special Allocation Fund

In the Ordinance, the City has covenanted that, on or prior to the date of issuance of the Bonds and continuing thereafter so long as the Bonds are Outstanding, all Revenues from the collection of EATs, PILOTs and City Revenues paid and credited to the appropriate account of the Special Allocation Fund within 10 business days of receipt. Said Revenues shall be segregated and kept separate and apart from all other collections, moneys, revenues, funds and accounts of the City and shall not be commingled with any other collections, moneys, revenues, funds and accounts of the City. The Special Allocation Fund shall be administered and applied solely for the purpose and in the manner provided in the Ordinance so long as any of the Bonds remain outstanding.

Debt Service Reserve Fund

There is established with the Trustee in the name of the City a separate fund designated as the Debt Service Reserve Fund. The Trustee shall deposit to the credit of the Debt Service Reserve Fund an aggregate amount equal to the Reserve Requirement with respect to the Bonds.

Application of Moneys in Funds and Accounts

The City covenants and agrees in the Ordinance that from and after delivery of the Bonds and continuing so long as any of the Bonds shall remain Outstanding, the City will administer and allocate all of the moneys in the Special Allocation Fund on the dates and in the amounts as follows:

(a) There shall first be paid and credited to the Trustee for credit to the Interest Account of the Debt Service Fund, to the extent necessary to pay the interest on the Bonds, when due at Stated Maturity, beginning August 1, 2014 and continuing on or before the first day of each month thereafter, to and including the January 1, 2015 monthly deposit, an equal pro rata portion of the amount of interest becoming due on the Bonds on January 1, 2015; and thereafter, beginning with the August 1, 2014 monthly deposit and continuing on or before the first day of each month thereafter as long as any of the Bonds shall remain Outstanding and unpaid, an amount not less than 1/6 of the amount of interest that will become due on the Bonds on the next succeeding Bond Payment Date; payments to the Interest Account with respect to the

Bonds shall be reduced by an amount equal to the money remaining in such Interest Accounts after the payment of the principal of and interest on the Bonds, on a Bond Payment Date, and amounts to be deposited to the Interest Account with respect to the Bond shall be reduced by the amount of moneys on hand in such Interest Accounts due to accrued interest deposited in such Interest Account by reason of accrued interest received from the sale of the Bonds.

(b) There shall next be paid to the Trustee and any Paying Agent on each Bond Payment Date an allocable portion of the Trustee and Paying Agent fees for the services of the Trustee and the Paying Agent for the next annual period.

(c) After all payments and credits at the time required to be paid under the provisions of paragraphs (a) and (b) above have been made, there shall next be paid and credited on or before the first day of each month in the event the Trustee has withdrawn moneys from the Debt Service Reserve Fund (other than investment earnings), beginning with the first day of each month after such withdrawal and continuing on the first day of each month thereafter, all remaining moneys in the City EATs Account, the 911 Board EATs Account and the County EATs Account of the Special Allocation Fund until the Debt Service Reserve Fund is equal to its Reserve Requirement.

(d) After all payments and credits at the rime required to be paid under the provisions of paragraphs (a) through (d) above have been made, there shall first be paid and credited on or before January 1 of each year to the Extraordinary Redemption Account of the Debt Service Fund with respect to the Bonds the remaining moneys in the City EATs Account, the County EATs Account, the County PILOTs Account, the School Board PILOTs Account or the City Revenue Account of the Special Allocation Fund for use in redeeming Bonds pursuant to the provisions of the Ordinance.

The City authorizes and directs the Trustee to withdraw sufficient moneys from the appropriate accounts in the Debt Service Fund to pay the principal of, premium, if any, and interest on the Bonds, the same become due and payable and to make said moneys so withdrawn available to the Paying Agent for the purpose of paying said principal of, premium, if any, and interest on the Bonds. The City may also first cause such excess moneys in the Extraordinary Redemption Account of the Debt Service Fund or such part thereof or other moneys of the City, as the City may direct, to be applied by the Trustee for the purchase of Bonds in the open market for the purpose of cancellation, at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of delivery for cancellation. After payment in full of the principal of, premium, if any, and interest on the Bonds (or provision being made for the payment thereof as specified in the Indenture), and the fees, charges and expenses of the Trustee and any Paying Agent and any other amounts required to be paid under the Indenture and the Ordinance, all amounts remaining in the Debt Service Fund shall be paid to the City.

Investment of Moneys in Accounts

Cash moneys in each of the funds and accounts created by and referred to in the Ordinance have been assigned to the Trustee to secure the City's obligations under the Ordinance and the City acknowledges moneys in the Debt Service Fund and the Debt Service Reserve Fund shall be invested by the Trustee, subject to the Tax Compliance Agreement, in Investment Securities in accordance with the Indenture. Moneys in the Special Allocation Fund shall be invested upon instructions from the Authorized City Representative in Investment Securities. Moneys held in each of the other funds and accounts created or ratified and confirmed by the Ordinance may be invested by the Trustee in direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America; provided, however, that no such investment shall be made for a period extending longer than the date when the moneys invested may be needed for the purpose for which such fund or account was created. All interest on any investments held in any fund or account shall accrue to and become a part of such fund or account, except that all interest on any investments held in the Debt Service Reserve Fund in excess of the Reserve Requirement shall accrue and become part of the Debt Service Fund. In determining the amount held in any fund or account under any of the provisions of the Ordinance, obligations of or guaranteed by the United States of America shall be valued at the purchase price or fair market value thereof, whichever is lower. Any expenses incident to the investment of moneys held in any fund or account shall be charged to and paid from the fund or account to which the income from such investment is payable. In determining the amount held in any fund or account under any of the provisions of the Ordinance, obligations in which moneys have been invested shall be valued at the purchase price or the fair market value thereof, whichever is lower.

Deficiency of Revenues

If at any time the moneys derived by the City from the collection of Revenues shall be insufficient to make any payment on the date or dates specified, the City may make good the amount of such deficiency by appropriating additional payments or credits out of the first available Revenues thereafter received by the City, such payments and credits being made and applied subject to the provisions of the Ordinance and in the order specified in the Ordinance and the Indenture.

If at any time the moneys in the Principal Account and the Interest Account of the Debt Service Fund are not sufficient to pay the principal of and interest on the Bonds as and when the same become due, then moneys in the Debt Service Reserve Fund may and shall be used by the Trustee to prevent any default in the payment of the principal of and interest on the Bonds.

Arbitrage and Tax Covenant

The City covenants and agrees that it will use the proceeds of the Bonds as soon as practicable and with all reasonable dispatch for the purpose for which the Bonds are issued, and that no part of the proceeds of the Bonds shall be invested in any securities or obligations except for the temporary period pending such use nor used, at any time, directly or indirectly, in a manner which, if such use had been reasonably anticipated on the date of issuance of the Bonds, would have caused any of the Bonds to be or become "Arbitrage Bonds" within the meaning of Section 148(a) of the Code, and the regulations of the Treasury Department thereunder proposed or in effect at the time of such use and applicable to obligations issued on the date of issuance of the Bonds.

The City will comply with all provisions of the Code relating to the exemption from federal gross income taxation of the interest on the Bonds. The City will, in addition, adopt such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the interest on the Bonds will remain excludable from federal gross income, to the extent any such actions can be taken by the City Council of the City.

The City covenants and agrees that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103 of the Code and the regulations of the Treasury Department thereunder proposed or in effect at the time of such use and applicable to obligations issued on the date of issuance of the Bonds. In the event that at any time the City is of the opinion that for purposes of this Section it is necessary to restrict or limit the yield on the investment of any moneys held by the City under the Ordinance, the City ,shall take such action as may be necessary.

The City covenants that it has elected to have the provisions of 265(b)(3) applied to the Bonds and that it does not reasonably expect to issue more than $10,000,000 in tax-exempt obligations during calendar year 2014.

Without limiting the generality of the foregoing, the City agrees that there shall be paid from the general fund of the City from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Bonds from time to time. This covenant shall survive payment in full or defeasance of the Bonds. The City specifically covenants to pay or cause to be paid from the general fund of the City to the United States arbitrage earnings required to be rebated in accordance with the covenants and agreements in the Tax Compliance Agreement out of its general fund.

Particular Covenants of the City

The City covenants and agrees with each of the purchasers and owners of any of the Bonds, that so long as any of the Bonds remain Outstanding and unpaid:

(a) *Annual Budget.* Prior to the commencement of each Fiscal Year, the Finance Director of the City or other representative of the City designated by the City Council of the City will cause to be prepared and filed with the City Clerk a budget setting forth the estimated receipts and expenditures of the Revenues for the next succeeding Fiscal Year.

(b) *Annual Audit.* Unless the Special Allocation Fund is maintained at a banking institution other than the Trustee, the City will annually, promptly after the end of the Fiscal Year, cause an audit to be made of the Special Allocation Fund for the preceding fiscal year by a certified public accountant or firm of certified public accountants to be employed for that purpose and paid from the Revenues in the Special Allocation Fund. Said annual audit shall cover in reasonable detail the allocations, collections and disbursements made from the Special Allocation Fund.

Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the City Clerk and a duplicate copy shall be mailed to the Original Purchaser of the Bonds. Such audits shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any Bondowner of any of the Bonds, or by anyone acting for or on behalf of such taxpayer, user or Bondowner.

(c) *Performance of Duties.* The City will faithfully and punctually use its best efforts to perform or otherwise make arrangements to assure the performance of all duties and obligations with respect to the development of the Projects and operation and maintenance of the Projects throughout the term of the Bonds in accordance with the Act and the Ordinance so as to continue to develop Revenues sufficient to pay the principal of and interest on the Bonds as and when the same become due.

(d) *Books and Records*. The City will install and maintain proper books, records and accounts (entirely separate from all other records and accounts of the City) in which complete and correct entries will be made of all dealings and transactions of or in relation to the RPA1. Such accounts shall show the amount of Revenues received from the PILOTs and EATs, the application of such Revenues, and all financial transactions in connection therewith. Said books shall be kept by the City according to generally accepted accounting practices as applicable to the completion of the 2005 Plan.

(e) *Bondowners' Right to Review*. The Bondowner or Bondowners of any of the Bonds shall have the right at all reasonable times to inspect the Plan, Projects and all records, accounts and data relating thereto, and any such Bondowner shall be furnished all such information concerning said 2005 Plan or 2005 Projects which he may reasonably request but copies of the 2005 Plan need only be made available to Bondowners who are willing to pay to the City the costs of copying the 2005 Plan.

(f) *Compliance with Law*. The City will faithfully and punctually perfonn all duties and obligations with respect to the development of its Plan now or hereafter imposed upon the City by the constitution and laws of the State and by the provisions of the Ordinance. The City will comply with provisions of the Act relating to the excludability of the interest on the Bonds from gross income for federal income tax purposes. The City will adopt such other ordinances and take such other actions as may be necessary to comply with the Act and with all other applicable future laws, regulations, published rulings and judicial decisions in order to preserve the tax exempt status of the interest on the Bonds, to the extent any such action can be taken by the City Council of the City.

Acceleration of Maturity in Event of Default

The City covenants and agrees that if it shall default in the payment of the principal of or interest on any of the Bonds as the same shall become due, or if the City or its City Council or any of the officers, agents or employees thereof shall fail or refuse to comply with any of the provisions of the constitution or statutes of the State, or of the Ordinance or the Indenture, which failure shall have continued for a period of 60 days after written notice thereof, by registered or certified mail, then, at any time thereafter and while such default shall continue, the Bondowners of not less than 25% in aggregate principal amount of the Bonds then Outstanding may, by written notice to the City filed in the office of the City Clerk or delivered in person to said City Clerk, declare the principal of all Bonds then Outstanding to be due and payable immediately, and upon any such declaration given as aforesaid, all of said Bonds shall become and be immediately due and payable, anything in the Ordinance or in the Bonds contained to the contrary notwithstanding. This provision, however, is subject to the condition that if at any time after the principal of said Outstanding Bonds shall have been so declared to be due and payable, all arrears of interest upon all of said Bonds, except interest accrued but not yet due on such Bonds, and all arrears of principal upon all of said Bonds shall have been paid in full, and all other defaults, if any, by the City under the provisions of the Ordinance and under the provisions of the statutes of the State shall have been cured, then and in every such case the Bondowners of a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the City, may rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any rights consequent thereon.

Remedies

The provisions of the Ordinance shall constitute a contract between the City and the Bondowners of the Bonds, and the Bondowner or Bondowners of not less than 10% in principal amount of the Bonds at the time Outstanding shall have the right, for the equal benefit and protection of all Bondowners of Bonds similarly situated:

(a) By mandamus or other suit, action or proceedings at law or in equity to enforce his or their rights against the City and its officers, agents and employees, and to require and compel the City and its officers, agents and employees to perform all duties and obligations required by the provisions of the Ordinance or by the Constitution and laws of the State;

(b) By suit, action or other proceedings in equity or at law to require the City, its officers, agents and employees to account as if they were the trustees of an express trust; and

(c) By suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondowner of the Bonds.

Nothing contained in the Ordinance, however, shall be construed as imposing on the City any duty or obligation to levy any taxes either to meet any obligation incurred in the Ordinance or to pay the principal of or interest on the Bonds.

No one or more Bondowners shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for in the Ordinance, or to enforce any right under the Ordinance, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Bondowners of such Outstanding Bonds. No remedy upon the Bondowners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred in the Ordinance. No waiver of any default or breach of duty or contract by the Bondowner of any Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies thereon. No delay or omission of any Bondowner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Bondowners of the Bonds by the Ordinance may be enforced and exercised from time to time and as often as may be deemed expedient. In case any suit, action or proceedings taken by any Bondowner on account of any default or to enforce any right or exercise any remedy shall have been discontinued or abandoned for any reason, or shall have been determined adversely to such Bondowner, then, and in every such case, the City and the Bondowners of the Bonds shall be restored to their former positions and rights under the Ordinance, respectively, and all rights, remedies, powers and duties of the Bondowners shall continue as if no such suit, action or other proceedings had been brought or taken.

Amendments

The rights and duties of the City and the Bondowners, and the terms and provisions of the Bonds or of the Ordinance, may be amended or modified at any time in any respect by ordinance of the City with the written consent of the Bondowners of not less than 66 and 2/3% in aggregate principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such

Bondowners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the City Clerk, but no such modification or alteration shall:

(a) extend the maturity of any payment of principal or interest due upon any Bond;

(b) effect a reduction in the amount which the City is required to pay by way of principal or of interest on any Bond;

(c) permit the creation of a lien on the revenues of the City's Special Allocation Fund prior or equal to the lien of the Bonds;

(d) permit preference or priority of any Bonds over any other Bonds; or

(e) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of the Ordinance.

Any provision of the Bonds or of the Ordinance may, however, be amended or modified at any time in any respect with the written consent of the Bondowners of all of the Bonds at the time Outstanding.

SUMMARY OF THE INDENTURE

The following is a summary of certain provisions of the Indenture and is qualified in its entirety by reference to the Indenture.

Liability Under Bonds

Each Bond, and the interest thereon, shall be special limited obligations of the City secured solely by the Revenues established under the Ordinance and held by the Trustee under the Indenture. The Bonds do not constitute or create an indebtedness, liability or moral obligation of the City. Neither the faith or credit nor taxing power of the City, the County, the 911 Board, the School District or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds nor is the City, the County, the 911 Board, the School District or any political subdivision liable on the Bonds. No covenant, stipulation, obligation or agreement contained in the Indenture or in the Bonds shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future official, commissioner, employee or agent of the City in his or her individual capacity.

Custody of Funds and Accounts

Each fund, account and subaccount created by the Indenture shall be held by the Trustee solely for the benefit of the Bondowners. All such funds, accounts and subaccounts to the extent not used for the repayment of the Bonds shall be held by the Trustee for the benefit of the City. Each fund, account and subaccount created from time to time under the Indenture shall have such further designations as the Trustee shall deem appropriate in order to properly account for all moneys subject to the Indenture or as shall be set forth in a bank officer's certificate.

Disposition of Bond Proceeds

The net proceeds received from the sale of the Bonds (including any premium) which, by the execution of the Indenture are assigned to the Trustee simultaneously with the delivery of the Bonds, (i) shall be deposited in the Interest Account of the Debt Service Fund, (ii) an amount equal to the Reserve Requirement shall be deposited in the Debt Service Reserve Fund, (iii) an amount equal to the Costs of Issuance shall be deposited in the Cost of Issuance Fund, (iv) an amount equal to the portion of the proceeds required to redeem and defease the Series 2005 Bonds shall be deposited in the current Refunding Fund established with the Trustee under the Indenture, and the Trustee, pursuant to rise Indenture, shall invest and expend the proceeds of the issuance of the Bonds in accordance with the Indenture.

Moneys in the Cost of Issuance Account Fund shall be used by the Trustee for the payment of the Costs of Issuance and confirmed in the Closing Certificate of the City provided to the Trustee.

Assignment and Application of Moneys in the Project Funds

(a) The City assigns the proceeds of the Bonds to the Trustee to be held in trust. The proceeds shall be deposited by the Trustee in accordance with the Disposition of Bond Proceeds summary.

Special Allocation Fund

From and after the delivery of the Bonds, and continuing as long as any of the Bonds remain Outstanding under the Indenture, all of the collections derived by the City from the collection of PILOTs, EATs and City Revenues shall be paid over by the City and deposited with the Trustee within 10 business days of receipt.

Debt Service Fund

There shall be deposited into the Debt Service Fund (i) all accrued interest on the Bonds and the premium, if any, paid by the Original Purchaser of the Bonds; (ii) all amounts transferred by the Trustee from the Revenues on deposit in the Special Allocation Fund in the amounts specified in the Indenture; (iii) all interest and other income derived from investments of moneys in the Debt Service Fund; (iv) all remaining amounts in the EATs Account after making the deposits required by the Indenture for use in redeeming the Bonds prior to maturity; and (v) all other moneys received by the Trustee under and pursuant to any of the provisions of the Ordinance when accompanied by the directions from the person depositing such money that such moneys are to be paid into the Debt Service Fund.

Use of Moneys in the Reserve Fund

All amounts deposited in the Reserve Fund from the proceeds of the Bonds and any amounts deposited in the Reserve Fund from any other sources (including moneys deposited in the Reserve Fund pursuant to transfers made by the City under the Ordinance) shall be used solely to prevent any Default in the payment of the principal of, or interest or redemption premium, if any, on the Bonds, if moneys in the Principal Account and Interest Account of the Debt Service Fund are insufficient to pay the same when due. The Trustee shall make a valuation of the value of the cash and Investment Securities in the Reserve Fund, on an annual basis, no later than 90 days after the last day of each Fiscal Year of the City and at such other rimes as the City or the Trustee deems appropriate (the "**Valuation Date**"). If, on such Valuation Date, the amount on deposit in the Reserve Fund is less than the Reserve Requirement, the City is required to make monthly deposits to the Trustee for payment from the Special Allocation Fund into the Reserve Fund in the manner provided in the Indenture until the amount of such deficiency is restored to equal the Reserve Requirement.

Moneys in the Reserve Fund shall, at all times, be maintained in an amount not less than the Reserve Requirement. Whenever the moneys in the Reserve Fund, on any Valuation Date, are in excess of the Reserve Requirement for all Outstanding Bonds, such excess shall be deposited into the principal account of the Debt Service Fund. On the date that the last of the Bonds come due, all money in the Reserve Fund shall be transferred to the principal account of the Debt Service Fund to provide funds for payment of the principal and interest on the Bonds.

Investments of Moneys in Various Funds

Except as otherwise provided in the Indenture, moneys held in the Debt Service Reserve Fund, the Debt Service Fund and the Special Allocation Fund, and each of the accounts under such Funds, shall, pursuant to written direction of the City, signed by an Authorized City Representative, be separately invested and reinvested by the Trustee therefor in Investment Securities which mature or are subject to redemption prior to the date when such moneys will be needed; provided, however, that such moneys shall not be invested in such manner as will violate the provisions of the Indenture. Any such Investment Securities shall be held by or under the control of the Trustee for the fund or account of which such investment is a part and shall be deemed at all times a part of the fund or account 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 or account, and any loss resulting from such Investment Securities, shall be charged to such fund or account.

The Trustee may make any and all investments permitted by the provision of this Section through its own bond department or short-term investment department, provided the Trustee, in doing so, complies with the investment instructions provided by the City.

Payment of Principal, Premium, if any, and Interest

The City covenants and agrees that it will, but solely from the Revenues and other revenues and receipts derived under the Ordinance, promptly pay or cause to be paid the principal of, redemption premium, if any, and interest on, every Bond issued under the Ordinance, and which are secured by the lien created under the Indenture, at the place, on the dates and in the manner provided in the Indenture and in the Bonds, provided that the principal of, premium, if any, and interest shall be payable bythe City solely and only from the Trust Estate, and nothing in the Bonds or the Indenture shall be considered as assigning or pledging any other funds or assets of the City other than the Trust Estate, and to this end the City covenants and agrees that it will use its best efforts to cause the Projects to be continuously and sufficiently maintained and operated so that, should there be a Default under the Bonds, the City shall fully cooperate with the Trustee and with the Bondowners to the end of fully protecting the rights and security of the Bondowners.

Defaults; Events of Default

If any of the following events occur, it is defined as and declared to be and to constitute an "Event of Default" under the Indenture:

(a) the City shall fail to make due and punctual payment of any interest on any Bond;

(b) the City shall fail to make due and punctual payment of the principal of, or premium on, any Bond, whether at the stated maturity thereof, accelerated maturity, or when the same is scheduled to be called for redemption;

(c) the City shall fail to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in the Indenture, the Ordinance or in the Bonds (other than as specified in the Indenture), which failure shall have continued for a period of 60 days after written notice, by registered or certified mail, to the City specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Bondowners of not-less than 25% in aggregate principal amount of Bonds then Outstanding or, unless the Trustee, or the Trustee and Bondowners of an aggregate principal amount of Bonds not less than the aggregate principal amount of Bonds the Bondowners of which requested such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the Trustee, or the Trustee and the Bondowners of such principal amount of Bonds, as the case maybe, shall be deemed to have agreed to an extension of such period if corrective action is initiated by the City, or the Trustee on behalf of the City, within such period and is being diligently pursued;

(d) the City shall file a voluntary petition in bankruptcy, or the City shall fail to promptly lift any execution, garnishment or attachment of such consequence as would impair the ability of the City to carry on its operation, or City shall be adjudicated as a bankrupt, or the City shall make assignment for the benefit of creditors, or the City shall enter into an agreement of composition with creditors, or a court of competent jurisdiction shall approve a petition applicable to the City in any proceedings instituted under the provisions of the federal bankruptcy law, or under any similar acts which may be enacted.

Acceleration

(a) Upon the occurrence of an Event of Default, the Trustee may and shall upon direction of 25% of the Bondowners by written notice to the City, declare the principal of all Bonds then Outstanding to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in the Indenture or the Bonds to the contrary notwithstanding.

(b) Unless otherwise provided in the Indenture, any such declaration shall be by notice in writing to the City and, upon said declaration, principal of and interest on all Bonds shall become and be immediately due and payable. The Trustee immediately upon such declaration shall give notice thereof in the same manner and within the same time period as provided in the Indenture with respect to the redemption of the Bonds. Such notice shall specify the date on which payment of principal and interest shall be tendered to the Bondowners of the Bonds. Upon any declaration of acceleration under the Indenture, the Trustee shall immediately exercise such rights as it may have under the Indenture to declare all payments thereunder to be immediately due and payable.

(c) If, at the time of such declaration, but before the Bonds shall have matured by their terms, all overdue installments of principal of and interest on the Bonds, together with the reasonable and proper expenses of the Trustee and all other sums then payable by the City under the Indenture shall either be paid or provision satisfactory to the Trustee shall be made for such payment, then and in every such case the Trustee shall, but only with the approval of the Bondowners of not less than a majority in aggregate principal amount of the Bonds Outstanding, rescind such declaration of acceleration.

(d) The provisions of the preceding paragraph are subject, however, to the condition that if, at any time after declaration of acceleration and prior to the entry of a judgment in a court for enforcement under the Indenture (after an opportunity for hearing by the City):

(i) all sums payable under the Indenture (except the principal of and interest on Bonds which have not reached their stated maturity dates but which are due and payable solely by reason of that declaration of acceleration), plus interest to the extent permitted by law on any overdue installments of interest at the rate bone by the Bonds in respect of which the Default shall have occurred, shall have been duly paid or provision shall have been duly made therefor by deposit with the Trustee or the Paying Agent, and

(ii) all existing Events of Default shall have been cured, then, and in every case, the Trustee shall waive the Event of Default and its consequences and shall rescind and annul that declaration. No waiver or rescission and annulment shall extend to or affect any subsequent Event of Default or shall impair any rights consequent thereon.

(e) In case of any rescission, then and in every such case the City, the Trustee and the Bondowners shall be restored to their former position and rights under the Indenture respectively, but no such rescission shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

(f) Notwithstanding any provision in the Indenture to the contrary, as long as the Bonds are Outstanding, the Trustee shall not, without the consent of the Bondowners of a majority in aggregate principal amount of the Bonds, declare a default with respect to the Bonds or otherwise enforce the provisions of the Indenture securing the Bonds.

Exercise of Remedies by the Trustee

(a) If an Event of Default shall have occurred and be continuing, at the direction of the Bondowners of not less than 25% in aggregate principal amount of the Bonds then Outstanding and after being indemnified as provided in the Indenture, the Trustee shall pursue and exercise any available remedy, including without limitation actions at law or in equity by suit, action, mandamus or other proceedings or exercise of one or more of the rights and remedies conferred by the Indenture as the Trustee, being advised by counsel, shall deem most expedient in the interest of the Bondowners, to enforce the payment of Bond payments or the observance and performance of any other covenant, agreement or obligation under the Indenture, the Ordinance or any other instrument providing security, directly or indirectly, for the Bonds, to enforce the payment of principal of, premium, if any, and interest on the Bonds then Outstanding, and to enforce and compel the performance of the duties and obligations of the City as set forth in the Indenture.

(b) All rights of action (including the right to file proofs of claim) under the Indenture or under the Ordinance maybe enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding related thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as the Trustee without the necessity of joining as plaintiffs or defendants any Bondowner of the Bonds, and any recovery of judgment shall be for the equal and ratable benefit of the Bondowners of the Outstanding Bonds subject to the provisions of the Indenture.

No remedy conferred upon or reserved to the Trustee (or to the Bondowners) by the Indenture is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or otherwise to the Trustee or to the Bondowners, or now or existing.

No delay in exercising or omission to exercise any remedy, right or power accruing upon any Default or Event of Default shall impair that remedy, right or power or shall be construed to be a waiver of any Default or Event of Default or acquiescence therein. Every remedy, right and power may be exercised from time to time and as often as may be deemed to be expedient.

No waiver of any Default or Event of Default under the Indenture, whether by the Trustee or by the Bondowners, shall extend to or shall affect any subsequent Default or Event of Default or shall impair any remedy, right or power consequent thereon.

As the assignee of all right, title and interest of the City in and to the Revenues under the Ordinance (except for the unassigned rights of the City), the Trustee is empowered to enforce each remedy, right and power granted to the City under the Ordinance. In exercising any remedy, right or power thereunder or under the Indenture, the Trustee shall take any action which would best serve the interests of the Bondowners the judgment of the Trustee, applying the standards described in the Indenture.

Limitation on Rights and Remedies of Bondowners of Bonds

No Bondowner of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust under the Indenture or for the appointment of a receiver or any other remedy under, unless (a) a Default has occurred of which the Trustee has been notified as provided in the Indenture or which, by such subsection, it is deemed to have notice, (b) such Default shall have become an Event of Default, (c) the Bondowners of not less than 25% in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the remedies, rights and powers granted in the Indenture or to institute such action, suit or proceeding in its own name, and shall have offered to indemnify the Trustee as provided in the Indenture, and (d) the Trustee shall thereafter fail or refuse to exercise the remedies, rights and powers granted in the Indenture, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are conditions precedent in every case to the institution of and suit, action or proceeding described above; it being understood and intended that no one or more Bondowners shall have any right in any manner whatsoever to affect, disturb or prejudice the Indenture by its, his or their action or to enforce any right under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of the owners of all Bonds Outstanding. Nothing in the Indenture contained shall, however, affect or impair the right of any Bondowner to payment of the principal of and interest on any Bond at and after the maturity thereof or the obligation of the City to pay principal of, premium, if any, and interest on each of the Bonds issued under the Indenture to the respective Bondowners thereof at the time, place, from the source and in the manner in the Indenture and in the Bonds expressed.

Remedies Cumulative

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or to the Bondowners 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 Bondowners under the Indenture or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right, power or remedy accruing upon any Event of Default shall impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every such right, power or remedy may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default under the Indenture, whether by the Trustee or by the Bondowners, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

In case the Trustee shall have proceeded to enforce any right, remedy or power under the Indenture in any suit, action or proceedings by the appointment of a receiver or otherwise, and such suit, action or proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the City, the Trustee and the Bondowners of the Bonds shall be restored to their former position and rights under the Indenture, respectively, with regard to the property subject to the Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Waivers of Events of Default

Except as provided in the Indenture, the Trustee may at anytime, in its discretion, waive any Event of Default under the Indenture and its consequences and rescind any declaration of maturity of principal of the Bonds. The Trustee shall do so upon the written request of the Bondowners of at least a majority in aggregate principal amount of all the Bonds then Outstanding. In the case of the waiver or rescission and annulment, or in case any suit, action or proceedings taken by the Trustee on account of any Event of Default shall have been discontinued, abandoned or determined adversely to it, the City, the Trustee and the Bondowners shall be restored to their former positions and rights under the Indenture, respectively. No waiver or annulment and rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been undertaken.

Notice of Defaults Under Section 801(c); Opportunity of the City and the Trustee to Cure Such Defaults

No Default under the Indenture shall constitute an Event of Default until actual notice of such Default by first class mail (postage prepaid) shall be given to the City by the Trustee or by the Bondowners of not less than 25% in aggregate principal amount of all Bonds Outstanding and the City shall have had 60 days after receipt of such notice to correct such Default or cause such Default to be corrected, and shall not have corrected such Default or caused such Default to be corrected within the applicable period; provided, however, if the Default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the City or the Trustee within the applicable period and diligently pursued until the Default is corrected.

With regard to any alleged Default concerning which notice is given to the City and the Trustee under the provisions of this Section, the City grants the Trustee full authority for the account of the City to perform any covenant or obligation alleged in such notice to constitute an Event of Default, in the name and stead of the City with full power to do any and all things and acts to the same extent that the City could do and perform any such things and acts and with power of substitution.

Supplemental Trust Agreements Not Requiring Consent of Bondowners

The City and the Trustee may from time to time, without the consent of or notice to any of the Bondowners, enter into such Supplemental Indenture or Supplemental Indentures as shall not be inconsistent with the tents and provisions of the Indenture and as shall not adversely affect the interests of the Bondowners, for any one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission in the Indenture or to correct or supplement any provision in the Indenture which may be inconsistent with any other provision in the Indenture;

(b) To grant to or confer upon the Trustee for the benefit of the Bondowners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondowners or the Trustee or either of them;

(c) To subject to the pledge and lien of the Indenture additional revenues, properties or collateral;

(d) To more precisely identify the Projects in accordance with the Ordinance or to substitute or add additional property thereto;

(e) To modify, amend or supplement the Indenture, or any indenture supplemental to the Indenture, in such manner as to permit the qualification of the Indenture and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America, and, if they so determine, to add to the Indenture or any supplemental indenture such other terms, conditions and provisions as may be permitted by the Trust Indenture Act of 1939 or similar federal statute;

(f) To evidence the appointment of a separate Trustee, co-trustee or Bond Registrar or the succession of a new Fiduciary under the Indenture;

(g) To make any other change not prejudicial to the Bondowners; and

(h) To evidence the appointment of a separate trustee or a co-trustee or the succession of a new trustee.

Supplemental Indentures Requiring Consent of Bondowners

Exclusive of Supplemental Indentures covered by the Indenture and subject to the terms and provisions contained in this Section, and not otherwise, the Bondowners of not less than two-thirds in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the City and the Trustee of such other Indenture or Indentures Supplemental thereto as shall be deemed necessary and desirable by the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that nothing contained in this Section shall permit, or be construed as permitting, without the consent of the Bondowners of all Outstanding Bonds: (a) an extension of the maturity date of the principal of or the interest on any Bond issued under the Indenture, or (b) a reduction in the principal amount of any Bond or the rate of interest thereon, or (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture, or (e) the creation of any lien other than alien ratably securing all of the Bonds at any time Outstanding under the Indenture, or (f) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee.

If at any time the City shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be mailed by registered or certified mail to each Bondowner of a Bond. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the principal office of the Trustee for inspection by all Bondowners of the Bonds. If, within 60 days or such longer period as shall be prescribed by the City following the mailing of such notice, the Bondowners of not less than two-thirds in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof, no Bondowner of any Bond shall have any right to object to any of the terms and provisions contained in the Indenture, or the operation thereof, or in any manner to question the propriety of the execution thereof or to enjoin or restrain the Trustee or the City from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as in this Section permitted and provided, the Indenture shall be deemed to be modified and amended in accordance therewith.

City's Consent to Supplemental Indenture

A Supplemental Indenture which affects any rights of the City shall not become effective unless and until the City shall have consented in writing to the execution and delivery of such Supplemental Indenture, provided that receipt by the Trustee of a Supplemental Ordinance adopted by the City in connection with the issuance of additional bonds shall be deemed to be the consent of the City to the execution of a Supplemental Indenture pursuant to the Indenture.

Satisfaction and Discharge of the Indenture

When the principal of, redemption premium, if any, and interest on all the Bonds shall have been paid in accordance with their terms or provisions have been made for such payment as provided in the Indenture, and provisions shall also be made for paying all other sums payable under the Indenture, including the fees and expenses of the Trustee to the date of retirement of the Bonds, then the right, title and interest of the Trustee in respect of the Indenture shall thereupon cease, determine and be void, and thereupon the Trustee shall cancel, discharge and release the lien of the Indenture and shall execute, acknowledge and deliver to the City such instruments of satisfaction and discharge or release as shall be requisite to evidence such release and the satisfaction and discharge of the lien of the Indenture, and shall assign and deliver to the City any property and revenues at the time subject to the Indenture which may then be in its possession, except amounts in the Series 2005A Debt Service Fund or the Series 2005B Debt Service Fund required to be paid to the City under the Indenture and except funds or securities in which such funds are invested, held by the Trustee for the payment of the principal of, redemption premium, if any, and interest on the Bonds.

The Trustee is authorized to accept a certificate by the City that the whole amount of the principal, redemption premium, if any, and interest so due and payable upon all of the Bonds then Outstanding has been paid or such payment provided for in accordance with the Indenture as evidence of satisfaction of the Indenture.

Bonds Deemed to be Paid

Bonds shall be deemed to be paid within the meaning of the Ordinance when payment of the principal of and the applicable redemption premium, if any, on such Bond, plus interest thereon to the due Redemption Date as provided in the Indenture, or otherwise, either (a) shall have been made or caused to be made in accordance with the terms thereof, or (b) shall have been provided for by depositing with the Trustee, in trust irrevocably set aside, exclusively for such payment, Government Obligations in such amount and at such times as will insure the availability of sufficient moneys to make such payment. At such time as any Bond shall be deemed to be paid under the Indenture, as aforesaid, it shall no longer be secured by or entitled to the benefit of the Indenture, except for the purpose of any such payment from such moneys or Government Obligations.

Notwithstanding the foregoing, in the case of Bonds which by their terms may be redeemed prior to the stated maturities thereof, no deposit under clause (b) of the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until, as to all such Bonds which are to be redeemed prior to their respective stated maturities, proper notice of such redemption shall have been mailed in accordance with the Ordinance or irrevocable instructions shall have been given to the Trustee to give such notice.

Notwithstanding any provision of any other Section of the Indenture which may be contrary to the provisions of this Section, all moneys or Government Obligations set aside and held in trust pursuant to the provisions of this Section for the payment of Bonds (including redemption premium thereon, if any) shall be applied to and used solely for the payment of the particular Bonds (including redemption premium thereon, if any) with respect to which such moneys and Government Obligations have been so set aside in trust.

APPENDIX B

ANNUAL FINANCIAL REPORTS
WITH INDEPENDENT AUDITOR'S REPORT
FOR FISCAL YEAR ENDED MARCH 31, 2013

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City of Monett, Missouri
Annual Financial Reports with Independent Auditor's Report
For the Fiscal Year Ended March 31, 2013

City of Monett, Missouri

Annual Financial Reports

For The Year Ended March 31, 2013

CITY OF MONETT, MISSOURI

Table of Contents

INTRODUCTION SECTION

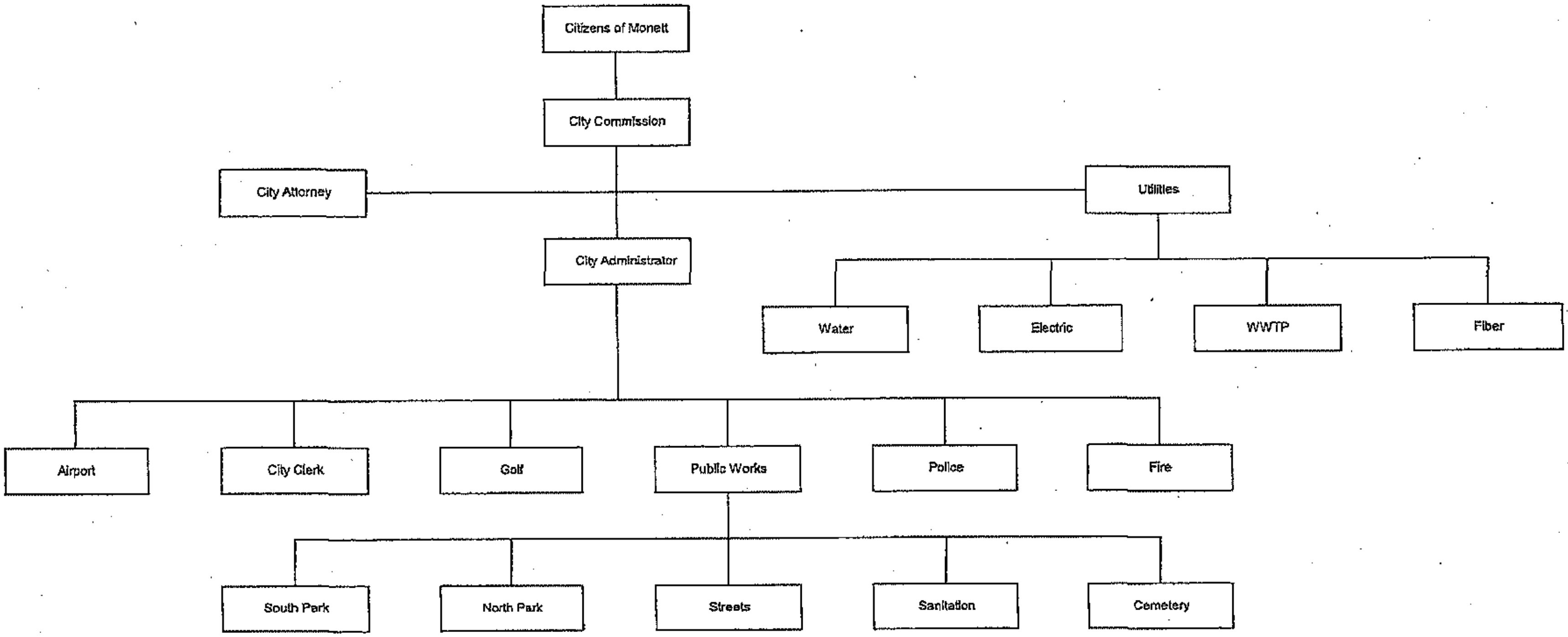
City of Monett, Missouri
List of Elected and Appointed Officials
March 31, 2013

Elected Officials

Mayor	James Orr
Commissioner	Jerry Dierker
Commissioner	Michael Brownsberger

Appointed Officials

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


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

INDEPENDENT AUDITORS' REPORT

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Home Office
217 Fourth Street
P.O. Box 68
Monett, Missouri 65708
Phone: (417) 235-3650
Fax: (417) 235-0334

Branch Office
83 South Main Street
Cassville, Missouri 65625
Phone: (417) 671-9550
Fax: (800) 242-7634

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and Schedule of Funding Process – Retirement System on pages 5-12, 46-50 and 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The introductory sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standard*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2013, on our consideration of the City of Monett, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Monett, Missouri's internal control over financial reporting and compliance.

The CPA Group, PC

THE CPA GROUP, P.C.

Monett, MO
November 1, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Monett, Missouri

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

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

Management's Discussion and Analysis

As management of the City of Monett, Missouri, we offer readers this narrative overview and analysis of the financial activities of the City of Monett, Missouri (the City) for the fiscal year ended March 31, 2013. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's financial statements, including footnotes, which follow this section.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $37,223,915 *(net position)*. Of this amount, $6,922,753 *(unrestricted net position)* may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position decreased $129,594. Of this amount, ($467,175) was from the City's "governmental activities" and a gain of $337,581 from the "business-type activities".
- The City's total debt increased by $94,733 during the current fiscal year. The City's fiscal year started with existing debt of $20,956,545, additional debt was issues for $1,777,709, and principal payments of $1,682,976 were made during the year, which created ending fiscal year debt balance of $21,051,278.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

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

NET POSITION

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

City of Monett Net Position

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

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

The largest portion of the City's net position, $23,685,131 (64%), reflects its net investment in capital assets (e.g. land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. An additional portion of the City's net position, $6,616,031 (18%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net position, $6,922,753 (18%), represents unrestricted net position that may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF MONETT, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2013

Change in Net Position

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

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

Governmental Activities

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

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

Net Cost of City of Monett Governmental Activities

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

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

Business-type Activities

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

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

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

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

Financial Analysis of the City's Funds

As of the end of the fiscal year, the City's governmental funds report a total fund balance of $4,003,631.

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

The fund balance in the E-911 Fund decreased by $42,354 in the fiscal year due to operating expenditures in excess of restricted revenues for 911 purposes.

The fund balance in the TIF – District 1 Fund decreased by $283,738 in the fiscal year due to debt service payments.

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

Capital Assets and Debt Administration Capital Assets

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

City of Monett Capital Assets
(net of accumulated depreciation)

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

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

Debt Administration

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

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

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

Original Budget to Actual Comparison

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

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

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

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
RECONCILIATION OF THE CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2013

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

Net change in fund balance - total governmental funds	$ 513,275
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives.	1,792,900
In the Statement of Activities cost of capital outlay assets is allocated over their estimated useful lives and reported as depreciation expense.	(1,665,204)
In the Statement of Activities cost of accrued compensated absences are expenses as salary costs.	(21,153)
Governmental funds report proceeds from sale of assets as revenues. However, in the statement of activities the proceeds of the sales are not reported on the Statement of Activities	(395,669)
Governmental funds report unamoritzed bond preimum as expenditures. However, in the s statement of activities the cost of those premiums are allocated over their debt repayment live	(32,168)
In the Statement of Activities cost of accrued interest expenses of tax increment financing district are expensed as interest costs.	6,637
Governmental funds report proceeds from financing as revenue. However, in the statement of activities the proceeds of those loans are balance sheet items and not reported on the Statement of Activities.	(1,777,709)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	1,111,916
Change in net position of governmental activities	$ (467,175)

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

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

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

NONCASH CAPITAL FINANCING ACTIVITES

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Reporting Entity

The City of Monett, Missouri, was incorporated as a town in 1888 and, as a city on March 3, 1913, under the provisions of the State of Missouri. The City operates under a Mayor-Board of Commission form of government as a Third Class City. The Mayor and the two Commissioners serve four-year terms that expire in April 2016. The City provides a variety of general governmental services to residents including general administrative services, public safety, public works, parks and recreation, and airport operations. Other services include water, electric, sewer, fiber optic, and sanitation operations.

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

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

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

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

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

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

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

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

(B) Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

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

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

a. Deposits and Investments

City monies are deposited in FDIC-insured banks. Deposits in excess of FDIC insurable limits are secured with collateral pledged by the banks. Permissible investments include obligations of the U.S. Government, State of Missouri, bonds, bills or notes guaranteed by the U.S., state or city governments, certificates of deposit, repurchase agreements, bankers acceptances, and commercial paper. The City purchases investments from SEC-registered broker-dealers and banks. Investments are carried at fair value. Investment in securities at March 31, 2013 consists mainly of certificate of deposits, obligations of government backed securities, obligations of government sponsored enterprises, U.S. Treasury securities, state and local governmental obligations, and governmental invested mutual funds. The City classifies its investments as available-for-sale securities. Available-for-sale securities are recorded at fair value. The fair values of governmental invested mutual funds are based on quoted market prices for those or similar investments at the reporting date.

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

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

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

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

b. **Receivables and Payables**

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

c. **Inventories and Prepaid Items**

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

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

d. **Restricted Assets**

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

e. **Capital Assets**

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

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

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

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

	Years
Primary government:	
Buildings	5 to 40
Improvements	5 to 40
Machinery and equipment	3 to 40
Infrastructure	20 to 40

f. Compensated Absences

All vested or accumulated vacation, scheduled holiday leave and vested accumulated sick leave is accrued when incurred in the government-wide and proprietary financial statements. Compensated absences for the years ended March 31, 2013 and 2012 are $683,492 and $635,284 respectively.

g. Long-Term Obligations

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

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

h. Fund Balances

In the fund financial statements are classified as follows:

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

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

Committed – amounts that can be used only for specific purposes determined by a formal action of the board. The board is the highest level of decision-making authority for the City. Commitments maybe established, modified, or rescinded only through ordinances or resolutions approved by the board. At the end of March 2013, $1,090,087 was committed for the South Park Casino building project.

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

Unassigned – all other spendable amounts.

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

i. Capitalization of Interest

Net interest costs related to acquisition or construction is capitalized as part of the cost of the related asset for the business type and proprietary activities of the City. Total interest costs incurred by the City were $541,067, of which none was capitalized.

j. Interfund and Related Party Transactions

Transactions between the City's various funds are accounted for as revenues and expenditures or expenses in the funds involved if they are similar to transactions with organizations external to City government. Certain transactions between City Utilities and the City are also treated in this manner. The operations of City Utilities for the year ended March 31, 2013 reflect payments in lieu of taxes (PILOTS) to the City of $2,386,409.

In addition, City Utilities also provides services such as energy for street lighting and other electric, water and sewer services without charge to the City. The cost of providing such services was $650,812 in the current fiscal year.

k. Net Position

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

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

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

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

l. Use of Estimates

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

(2) DETAILED NOTES ON ALL FUNDS

(A) Deposits

The City pools idle cash from all funds for the purpose of increasing income through investment activities. The cash and investment pool is available for use by all funds and is comprised of deposits and other investments. At March 31, 2013, the bank balance of the City's deposits was $8,704,500, which was covered by federal depository insurance or by collateral held by the City's agent in the City's name. At March 31, 2013, the carrying amount of the City's deposit was $8,529,308 with the difference between bank and book balances of $175,192 due to outstanding checks in transit and other reconciling items.

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

(B) Investments

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

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

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

c. In revenue bonds of the City, or;

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

The City also maintains an investment pool that is available for use by all funds and separate investments accounts which are restricted for specific purposes. At March 31, 2013, the City held the following investments, all of which have maturities of more than 24 months:

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

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

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

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

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

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

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

The fair values of all of the available-for-sale securities as of March 31, 2013 are based on unadjusted, quoted prices in active markets as of the measurement date (often referred to as Level 1 inputs). The City regularly monitors and evaluates the difference between the cost and estimated fair value of investments. For investments with a fair value below cost, the process includes evaluating: (1) the length of time and the extent to which the estimated fair value has been less than amortized cost for fixed maturity securities, or cost for equity securities, (2) the financial condition, near-term and long term prospects for the issuer, including relevant industry conditions and trends, and implications of rating agency actions, (3) the City's intent to sell or the likelihood of a required sale prior to recovery, (4) the recoverability of principal and interest for fixed maturity securities, or cost for equity securities, and (5) other factors, as applicable. This process is not exact and requires consideration of risks such as credit and interest rate risks. Consequently, if an investment's cost exceeds its estimated fair value solely due to changes in interest rates, other-than-temporary impairment may not be appropriate. Due to the subjective nature of the City's analysis, along with the judgment that must be applied in the analysis, it is possible that the City could reach a different conclusion whether or not to impair a security if it had access to additional information about the investee. Additionally, it is possible that the investee's ability to meet future contractual obligations may be different than determined by the City during its analysis, which may lead to a different impairment conclusion in future periods. If after monitoring and analyzing impaired securities, the City determines that a decline in the estimated fair value of any available-for-sale security below cost is other-than-temporary, the carrying amount of the security is reduced to its fair value by the credit component of the other-than-temporary impairment. The new cost basis of an impaired security is not adjusted for subsequent increases in estimated fair value. In periods subsequent to the recognition of an other-than-temporary impairment, the impaired security is accounted for as if it had been purchased on the measurement date of the impairment. For debt securities, the discount (or reduced premium) based on the new cost basis may be accreted into net investment income in future periods based on prospective changes in cash flow estimates, to reflect adjustments to the effective yield.

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

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

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

Custodial Credit Risk

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

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that the City will not recover its investments due to the ability of the issuer to fulfill their obligations. The City minimizes credit risk by diversifying the portfolio so that potential losses on individual fixed income securities will be minimized. As of March 31, 2013, the City's investments were rated by Moody's Investment Service or Standard & Poor's as follows:

Investment Type	Rating
U.S. Agency Securities	AAA

(C) Capital Assets

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

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

Depreciation expense was charged functions as follows:

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

Business Type Activities:

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

Electric Fund:	Balance March 31, 2012	Additions	Deductions	Transfers	Balance March 31, 2013
Non-Depreciable Capital Assets					
Land	$ 58,400	$ -	$ -	$ -	$ 58,400
Total Non-Depreciable Capital Assets	58,400	-	-	-	58,400
Depreciable Capital Assets					
Buildings and Building Imp.	769,756	-	-	-	769,756
Machinery and Equipment	984,957	184,485	(5,631)	(75,000)	1,088,811
Infrastructure	5,346,629	35,121	-	-	5,381,750
Total Depreciable Capital Assets	7,101,342	219,606	(5,631)	(75,000)	7,240,317
Less Accumulated Depreciation					
Buildings and Building Imp.	(622,701)	(24,101)		-	(646,802)
Machinery and Equipment	(486,353)	(61,455)	5,631	60,000	(482,177)
Infrastructure	(4,357,198)	(88,381)	-	-	(4,445,579)
Total Accumulated Depreciable	(5,466,252)	(173,937)	5,631	60,000	(5,574,558)
Total Depreciable Capital Assets, Net	1,635,090	45,669	-	(15,000)	1,665,759
Total Electric Fund Business - Type Capital Assets	$ 1,693,490	$ 45,669	$ -	$ (15,000)	$ 1,724,159

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

Sanitation Fund:	Balance March 31, 2012	Additions	Deductions	Transfers	Balance March 31, 2013
Non-Depreciable Capital Assets					
Land	$ 12,101	$ -	$ -	$ -	$ 12,101
Total Non-Depreciable Capital Assets	12,101	-	-	-	12,101
Depreciable Capital Assets					
Buildings and Building Imp.	84,877	-	-	-	84,877
Machinery and Equipment	937,442	-	-	-	937,442
Infrastructure	61,189	-	-	-	61,189
Total Depreciable Capital Assets	1,083,508	-	-	-	1,083,508
Less Accumulated Depreciation					
Buildings and Building Imp.	(30,307)	(2,829)	-	-	(33,136)
Machinery and Equipment	(492,810)	(59,275)	-	-	(552,085)
Infrastructure	(16,787)	(2,039)	-	-	(18,826)
Total Accumulated Depreciable	(539,904)	(64,143)	-	-	(604,047)
Total Depreciable Capital Assets, Net	543,605	(64,143)	-	-	479,461
Total Sanitation Fund Business - Type Capital Assets	$ 555,706	$ (64,143)	$ -	$ -	$ 491,562

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

Depreciation expense was charged to the functions as follows:

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

(D) Long-Term Obligations

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

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

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

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

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

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

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

Fiscal Year Ended March 31	Business Type Activities					
	General Oblication Bonds - Sewer		Revenues Bonds - Sewer		Capital Lease Obligation - Water	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ 15,000	$ 13,063	$ 415,000	$ 319,856	$ 158,784	$ 165,898
2015	20,000	12,300	435,000	304,626	161,396	160,676
2016	20,000	11,400	460,000	281,789	80,000	155,698
2017	20,000	10,470	480,000	258,789	85,000	152,413
2018	20,000	9,520	505,000	234,789	85,000	148,715
2019-2023	120,000	30,865	2,930,000	762,919	460,000	676,816
2024-2028	60,000	3,060	1,390,000	98,700	535,000	533,980
2029-2033	-	-	-	-	640,000	344,338
thereafter	-	-	-	-	665,000	86,275
	$ 275,000	$ 90,678	$ 6,615,000	$ 2,261,468	$ 2,870,180	$ 2,424,809

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

General Obligation Bonds payable at March 31, 2013 are comprised of the following individual issues:

4.15% General Obligation Bonds, Neighborhood Improvement District Bonds Series 2005, due through September 6, 2015. This bond had an original issuance of $148,000 dated September of 2005.	$ 49,950
2.00% to 5.10% General Obligation Bonds, Neighborhood Improvement District Bonds Series 2004 due through September 1, 2024, callable on or after September 1, 2012, at premiums beginning at 102% of the principal amount decreasing to 100% on September 1, 2014. Monies from this bond were utilized for gravity sewer projects in the city. This had an original issuance of $394,230 dated September of 2004.	275,000
Total General Obligation Bonds	$ 324,950

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

Tax Increment Financing fund:

3.80% to 3.85% Tax Increment Allocation Bonds, Subordinate Series 2007 (Hwy 60 Amended Redevelopment Project TIF #1) interest due semi-annually October 1 and April 1; bonds mature October 1, 2012 through 2014, optional redemption beginning October 1, 2013 at 100% of the principal. Original issuance of $6,100,000 in December of 2007 had a partial defeasance of $590,000 with the issuance of the Series 2007 bonds. Monies generated from these bonds were used in combination with monies received from Missouri Department of Transportation for projects such as added lanes on Highway 60 and also combined with monies from the Burlington Northern Santa Fe Railroad to build an overpass on Eisenhower Street.	$ 1,075,000
4.00% to 4.5% Subordinate Tax Increment Allocation Bonds, Junior Series 2008 (Hwy 60 Amended Redevelopment Project TIF #1) interest due semi-annually April 1 and October 1 with bonds maturing October 1, 2014 through 2018, optional redemption begins October 1, 2013 at 100% of the principal. Funding from this issuance was to further expand and improve the infrastructure of and adjacent to Highway 60. The bond had an original issuance of $3,000,000 beginning in February of 2008.	2,720,000
5.00% Tax Increment Allocation Bonds Series 2005A (East Hwy 60 Infrastructure Project TIF #2) interest due semiannually January 1, and July 1, with principal and bonds maturing January 1, 2028 Optional redemption beginning January 1, 2012, at 100% of the principal. These monies were specifically generated to make improvements on and around Chapel Drive. The bond had an original issuance of $1,630,000 beginning in August of 2005.	1,130,000
5.25% Tax Increment Allocation Bonds Series 2005B (RPA #1 Infrastructure Improvements Project TIF #2) interest due semiannually January 1, and July 1, maturing January 1, 2028 optional redemption beginning January 1, 2012, at 100% of the principal. Specific use of this funding was to redevelop 385 acres in the southeast portion of the city adjacent to Highway 60. The bond had an original issuance of $2,535,000 beginning in August of 2005.	2,535,000

Sewer system fund:

2.00% to 4.70% Combined Waterworks and Sewerage System Revenue Bonds, (State Revolving Funds Program) Series 2003, due through January 1, 2025, callable on or after December 1, 2013 at 100% principal. Monies generated from this debt issuance were combined with monies from the State Environment Improvement and Energy Resources Authority to construct wastewater treatment and clean water facilities for the city (Drinking Water Loan). The bond had an original issuance of $8,950,000 beginning in April 2003.	6,545,000
5.20% to 6.55% Sewerage Revenues Refunding Bonds, (State Revolving Funds Program) Series 1992A, due through June 1, 2014. Monies generated from this debt issuance were combined with monies from the State Environment Improvement and Energy Resources Authority to construct wastewater treatment and clean water facilities for the city (Clean Water Loan). The bond had an original issuance of $815,000 beginning in June of 1992.	70,000
Total revenue bonds payable	$ 14,075,000

Developer agreements at March 31, 2013 consisted of the following obligation:

Tax Increment Financing fund:

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

Certificates of Participation

In 2004, the City accepted the Commerce National Bank, N.A. bid to acquire leasehold certificates of participation, and subsequently entered into a Lease Purchase Agreement in 2005, for the purpose of constructing a water tower. Currently the agreement has a present value of lease payments of $160,162, with interest at 3.52%, and is payable in semiannual installments through December 2014.

In 2010, the City accepted the United Missouri Bank bid to acquire leasehold certificates of participation, and subsequently entered into a Lease Purchase Agreement for the purpose of constructing a water line project. Currently the agreement has a present value of lease payments of $2,710,000, with interest at 3.49%, and is payable in annual installments through July 2035. Monies are being held in the amount of $220,000 in the event the City could not meet its debt payment.

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

Capital Leases

Governmental Activities:

Wells Fargo Brokerage Services, LLC, Governmental Lease-Purchase Agreement: Amount of the original lease was $759,000 dated February 25, 2009. The present value of lease payments are $413,188, with interest at 3.85%, and is payable in annual payments through January 15, 2018. Funds generated from this lease were used for the interior security system and communication tower and equipment at the newly constructed Monett Justice Center.

Yamaha Motor Corporation Commercial Customer Finance Lease Agreement: Amount of original the original lease was $86,300 dated July of 2009 to purchase 24 golf carts. The present value of lease payments is $50,451 at year end, with interest at 4.88% and is payable in monthly payments through November 2014.

Wells Fargo Brokerage Services, LLC: In January of 2008, the City entered into a $3,000,000 lease for which the funds were used to expand the police station and municipal court facilities by building the new Monett Justice Center. The present value of lease payments at March 31, 2013 is $1,050,000, with interest at 4.10%, and is payable in annual installments through January 2016.

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

PNC Equipment Finance, LLC: In 2012, the City entered into a $12,983 lease for which the funds were used to purchase irrigation equipment for the golf course. The present value of lease payments at March 31, 2013 is $12,623, with interest at 0%, and is payable in annual installments through February 2016.

Legal Debt margin – General Obligation Bonds

Article VI, Section 26 (b), (c), (d) and (e), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a political subdivision to twenty-percent of the assessed valuation of the political subdivision (excluding state-assessed railroad and utilities). The legal debt margin, computed excluding state-assessed railroad and utilities, of the City at March 31, 2013 was:

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

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

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

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

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

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

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

(F) Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of March 31, 2013 is as follows:

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

Interfund Transfers

General fund	Electric Fund	Fiber	Total
$ 750,000	$ (665,000)	$ (85,000)	$ -0-

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

(3) OTHER INFORMATION

(A) Employee Retirement Systems and Plans

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

Missouri Local Government Employees Retirement System (LAGERS) Plan Description

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

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

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

Funding Status

Full-time employees of the City of Monett contribute 4% of their gross pay to the pension plan. The June 30th statutorily required contribution rates are 14.0% (General), 11.6% (Police), and 14.5% (Fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost (APC) and Net Pension Obligation (NPO)

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

Annual required contribution	$609,235
Interest on net pension obligation	4,942
Adjustment to annual required contribution	(5,054)
Annual pension cost	609,123
Actual contributions	604,970
Increase (decrease) in NPO	4,153
NPO beginning of year	68,172
NPO end of year	$72,325

The annual required contribution (ARC) was determined as part of the February 28, 2010 and February 28, 2011 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2010 was 30 years for the General division, 30 years for the Police division and 30 years for the Fire division. The amortization period as of February 28, 2011 was 19 years for the General division, 15 years for the Police division and 30 years for the Fire division

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	508,336	96.7	16,775
2011	567,449	90.9	68,172
2012	609,123	99.3	72,325

Contribution Information

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

(B) Litigation and Contingent Liabilities

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

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

(C) Risk Management

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

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

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

(D) Subsequent Events

On August 2, 2011, voters approved the issuance of $12 million in water revenue bonds to finance the construction of a new water treatment plant. On August 20, 2013 a bill was presented authorizing the issuance of combined waterworks and sewerage system revenue bonds Series 2013, not to exceed $11,012,000. On September 9, 2013 these bonds were funded. Management has evaluated any other subsequent events through November 1, 2013, and there are no other issues which would impact the information included here.

REQUIRED SUPPLEMENTARY INFORMATION

Budgets and Budgetary Accounting

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

1. All departments of the City of Monett, Missouri, are required to submit requests for appropriation to the City Administrator in January each year. The City Administrator uses these requests as the starting point for developing a proposed budget.

2. The City Administrator presents a proposed budget to the City Council for review prior to March 10th.

3. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than March 31, the close of the City of Monett, Missouri's fiscal year.

4. Prior to April 1, ordinances are passed by City Council which provide for legally adopted budgets in the City's General and Special Revenue Funds. Plans approved for Capital Projects, Debt Service and Proprietary Fund types provide operating guidance subject to actual activity during the fiscal year.

5. The City operates on a program performance budget system, with legally adopted budgets prepared by fund, program, and department. The legal level of budgetary control is at the department level. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of City Council.

6. Formal budgetary integration is employed as a management control device in the General and Special Revenue Funds.

7. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP.

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

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

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

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

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

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

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

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

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

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
02/28/2010	9,384,712	10,625,773	1,241,061	88	4,453,440	28
02/28/2011	9,908,020	11,019,500	1,111,480	90	4,443,165	25
02/29/2012	10,818,828	11,451,979	633,151	94	4,443,828	14
02/29/2012#	10,818,828	12,985,570	2,166,742	83	4,443,828	49

#After benefit changes.

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

FEDERAL COMPLIANCE SECTION

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

Home Office
217 Fourth Street
P.O. Box 68
Monett, Missouri 65708
Phone: (417) 235-3650
Fax: (417) 235-0334

Branch Office
83 South Main Street
Cassville, Missouri 65625

Phone: (417) 847-9400
Fax: (800) 242-7634

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

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

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Monett, as of and for the year ended March 31, 2013, which collectively comprise City of Monett's basic financial statements and have issued our report thereon dated November 1, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

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

THE CPA GROUP, P.C.

Monett, Missouri
November 1, 2013

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

Home Office
217 Fourth Street
P.O. Box 68
Monett, Missouri 65708
Phone: (417) 235-3650
Fax: (417) 235-0334

Branch Office
83 South Main Street
Cassville, Missouri 65625
Phone: (417) 671-9550
Fax: (800) 242-7634

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

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

Report on Compliance for Each Major Federal Program

We have audited City of Monett, Missouri's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Monett, Missouri's major federal programs for the year ended March 31, 2013. City of Monett, Missouri major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Monett, Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Monett, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, City of Monett, Missouri, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2013.

Report on Internal Control over Compliance

Management of City of Monett, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Monett, Missouri's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Monett, Missouri's internal control over compliance.

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

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

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

THE CPA GROUP, P.C.

Monett, Missouri
November 1, 2013

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

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

The accompanying notes are an integral part of this schedule

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

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the City's federal award programs presented in conformity with accounting principles generally accepted in the United State of America (GAAP).

NOTE B – NON CASH EXPENDITURES

Non-cash expenditures were determined using current loan values.

The accompanying notes are an integral part of this schedule

CITY OF MONETT, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COST
MARCH 31, 2013

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major program:

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

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

Section II - Financial Findings

No matters were noted.

Section III - Federal Award Findings and Questioned Costs

No matters were noted.

APPENDIX C

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "**Disclosure Agreement**"), by and among the City of Monett, Missouri as Issuer (the "**Issuer**"), UMB Bank, N.A., in Kansas City, Missouri, as Trustee (the "**Trustee**"), is entered into in connection with the issuance of $2,430,000 Annual Appropriation Supported-Tax Increment and Sales Tax Refunding Revenue Bonds Series 2014 dated June 26, 2014 (the "**Bonds**"). The Bonds are being issued pursuant to an Ordinance (the "**Ordinance**:) adopted by the City Council of the City on May 30, 2014 and are secured and authenticated by a Trust Indenture dated as of June 1, 2014 (the "**Indenture**") by and between the City and the Trustee. The proceeds of the Bonds are being used by the Issuer to (1) currently refund the Series 2005 Bonds as described in the Ordinance, (2) establish a Debt Service Reserve Fund for the Bonds, and (3) pay costs of issuance relating to the Bonds. The Bonds are being issued under and are secured by the Ordinance adopted by the Issuer on May 30, 2014. This Disclosure Agreement constitutes the written undertaking by the Issuer for the benefit of the Owners required by Section (b)(5)(i) of the Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, Section 240.15c2-12) (the "**Rule**"). Capitalized terms not defined herein shall have the meanings as set forth in the Trust Indenture. The parties hereto covenant and agree as follows:

Section 1. Definitions.

"**Annual Information**" shall mean the information specified in Section 3 hereof.

"**GAAP**' shall mean generally accepted accounting principles as in effect from time to time in the United States of America.

"**Owner**" shall mean any registered owner of Securities and any beneficial owner of Securities within the meaning of Rule 13-d under the Securities Exchange Act of 1934.

"**MSRB**" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

"**Repository**" shall mean any nationally recognized municipal securities information repository within the meaning of the Rule.

"**Rule**" shall mean Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended through the date of this Disclosure Agreement.

"**Security**" or "**Securities**" shall mean the $2,430,000 City of Monett, Missouri, Annual Appropriation Supported-Tax Increment and Sales Tax Refunding Revenue Bonds (East U.S. Highway and RPA1 Infrastructure Projects) Series 2014, dated June 26, 2014.

"**State Information Depository**" shall mean any appropriate state information depository for the State of Missouri within the meaning of the Rule.

Section 2. Obligation to Provide Continuing Disclosure.

1. This Disclosure Agreement is being executed by the Issuer and the Trustee for the benefit of Owners of the Securities and to assist the Underwriters in complying with, and constitutes the written undertaking for the benefit of the owners of the Bonds required by Section 265(b)(5)(i) of the Securities and Exchange Commission Rule 15c2-12 under the Securities and Exchange Act of 1934 so amended (17 C.F.R. Sec. 240.15c2-12) (the "**Rule**") , to provide or cause to be provided the following information as defined in this Disclosure Agreement either directly or through the Trustee:

(a) the Annual Information relating to such fiscal year to be filed with the Municipal Securities Rule Making Board-Electronic Municipal Market Access (the "**MSRB-EMMA**"), no later than 180 days after the end of each fiscal year, commencing with the fiscal year ended December 31, 2014;

(b) if not submitted as part of the Annual Information, to MSRB-EMMA, audited financial statements of the Issuer for such fiscal year when and if they become available;

(c) notice to MSRB-EMMA, within ten days of the occurrence, notice of any of the following events with respect to the Securities:

(1) Principal and interest payment delinquencies;

(2) Tender offers;

(3) Bankruptcy, insolvency, receivership, or a similar proceedings by the City;

(4) Unscheduled draws on credit enhancements on the Securities reflecting financial difficulties;

(5) Unscheduled draws on debt service reserves reflecting financial difficulties;

(6) Substitution of credit or liquidity providers, or their failure to perform;

(7) Adverse tax opinions or events affecting the tax-exempt status of the Securities. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issuer (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(8) Defeasances;

(9) Rating changes.

(d) Notice to MSRB-EMMA and to any State Information Depository, within ten days of the occurrence of any of the following events with respect to the Securities, if material:

(1) Non-payment related defaults;

(2) Modifications to the rights of Security Owners;

(3) Release, substitution, or sale of property securing repayment of the Securities;

(4) Consummation of a merger, consolidation, acquisition involving a borrower, other than in the ordinary course of business, or the sale of all or substantially all of the assets of the Issuer or borrower, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms.

(5) Appointment of a successor or additional trustee, or the change in the name of the trustee.

(6) Securities calls;

2. To MSRB-EMMA, in a timely manner, notice of a failure to provide any Annual Information required by clause 1(a) of Section 3.

3. The obligations of the Issuer pursuant to subsection 1 above may be terminated if such Issuer is no longer an "Issuer" as defined herein. Upon any such termination, the Issuer shall provide notice of such termination to MSRB-EMMA.

4. Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

Section 3. Annual Information.

1. The required Annual Information shall consist of the following:

(a) Information for the fiscal year then ended as required by the Annual Report.

(b) The audited financial statements of the Issuer as of and for each fiscal year and its independent accountants' report with respect thereto. If audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Information shall contain unaudited financial statements in a format similar to the financial statements contained in this Official Statement, and the audited financial statements will be filed in the same manner as the Annual Information promptly after they become available.

2. All or any portion of the Annual Information may be incorporated in the Annual Information by cross reference to any other documents which have been filed with (i) MSRB-EMMA, or (ii) the Securities and Exchange Commission.

3. Annual Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7(e) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Information shall present a comparison between the financial statements or information prepared

on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Financial Statements. The Issuer's annual financial statements for each fiscal year shall be prepared in accordance with GAAP as in effect from time to time for governmental units.

Section 5. Remedies. If the Issuer shall fail to comply with any provision of this Disclosure Agreement, then the Trustee or any Owner of Securities may enforce, for the equal benefit and protection of all Owners similarly situated, by suit or proceeding at law or in equity, this Disclosure Agreement against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Disclosure Agreement; provided that the sole and exclusive remedy for breach of this Disclosure Agreement shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and, provided further, that any challenges to the adequacy of any information provided pursuant to Section 2 shall be brought only by the Trustee or the Owners of 25% in aggregate principal amount of the Securities at the time outstanding which are affected thereby.

Section 6. Parties in Interest. This Disclosure Agreement is executed and delivered solely for the benefit of the Owners. No other person (other than the Trustee) shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. Amendments. Without the consent of any Owner of Securities, the Issuer, the Issuer and the Trustee at any time and from time to time may enter into any amendments or changes to this Disclosure Agreement for any of the following purposes:

(a) to comply with or conform to the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission or its staff (whether required or optional);

(b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(c) to evidence the succession of another person to the Issuer and the assumption by any such successor of the covenants of the Issuer hereunder;

(d) to add to the covenants of the Issuer for the benefit of the Owners, or to surrender any right or power herein conferred upon the Issuer;

(e) to modify the contents, presentation and format of the Annual Information from time to time as a result of a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer or the Issuer, or type of business conducted; provided that (1) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (2) the amendment or change does not materially impair the interest of Owners, as determined either by a party unaffiliated with the Issuer (such as the Trustee or bond counsel), or by the vote or consent of Owners of a majority in outstanding principal amount of the Securities affected thereby at or prior to the time of such amendment or change.

Section 8. Termination. This Disclosure Agreement shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased pursuant to the Declaration of Trust. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to MSRB-EMMA. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 9. The Trustee.

1. This Disclosure Agreement shall not create any obligation or duty on the part of the Trustee and the Trustee shall not be subject to any liability hereunder for acting or failing to act as the case may be.

2. The Issuer shall indemnify and hold harmless the Trustee in connection with this Disclosure Agreement, to the same extent provided in the Declaration of Trust for matters arising thereunder.

Section 10. Governing Law. THIS DISCLOSURE AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF MISSOURI DETERMINED WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAW.

Section 11. Limitations and Amendments.

The City has agreed to update information and to provide notices of material events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest or sell Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of this Disclosure Agreement or from any statement made pursuant to its agreement, although Owners of Bonds may seek a writ of mandamus to compel the City to comply with its agreement.

IN WITNESS WHEREOF, the undersigned have duly authorized, executed and delivered this Disclosure Agreement as of June 26, 2014.

CITY OF MONETT, MISSOURI
(ISSUER)

By:________________________________
Name:______________________________
Title:_______________________________

UMB BANK, N.A.
(TRUSTEE)

By:______________________________
Name:___________________________
Title:____________________________

Exhibit A
to Continuing Disclosure Agreement

City of Monett, Missouri
Monett, Missouri

ANNUAL REPORT

As of the date of this Report, the City has outstanding the following obligations for which this Annual Report provides Annual Information:

Outstanding Obligations

1. General Obligation Bonds

2. Revenue Bonds

3. Lease Purchase Obligations

Legal debt margin - General Obligation Bonds

A. Assessed Valuation as of January 1, __________,

Real Estate . . . .$______________________________

Personal Property . . . .$______________________________

Total . . . . $______________________________

B. Debt Margin at March 31, 20___

General Obligation . . . . . .$______________________________

Bonds Outstanding . . . . . $______________________________

For further information, contact:
Dennis Pyle
City Administrator
City of Monett, Missouri
217 5th Street
Monett, Missouri 65708
Phone (417)

Fax (417)
Dated: __________, ______

Part I

1. Statistical Data
A. Population:
(i) Population for the most recent calendar was as follows:

B. Annual Budget
On __________, _____ the City Council adopted its Fiscal Year Budget which included an appropriation of EATs Revenues in the Amount of $______________ and City Revenues in the Amount of $________________. Additionally, the City Council appropriated from the General Fund to payment of Lease Rental Payments $____________________.

C. City Revenues:

(i) PILOT Revenues, EATs Revenues and City Revenues collected from RPA1 in the most recent five years were as follows:

Fiscal	TIF	Net

(ii) Fiscal Year _____ - TIF Debt Service Coverage
Revenues Available for Debt Service $___________
Maximum Annual Housing Debt Service $___________
Debt Service Coverage ____ %

Projected maximum annual debt service for all outstanding Lease Obligations and Bonds is $___________.

Net of operating expenses less those expenses paid for by general funds and sources. Does not include depreciation.

APPENDIX D

BOND OPINION LETTER

June 26, 2014

City of Monett, Missouri
Monett, Missouri

Crews & Associates Inc.
Little Rock, Arkansas 72201

UMB Bank, N.A.
Kansas City, Missouri

RE: $2,430,000 City of Monett, Missouri, Annual Appropriation Supported Tax Increment and Sales Tax Refunding Revenue Bonds, Series 2014 (East US Highway 60 Improvement and RPA1 Infrastructure Redevelopment Projects)

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Monett, Missouri (the "**City**") in connection with the issuance by the City of the above-referenced bonds (the "**Bonds**") by the City. The Bonds are being issued pursuant to an Ordinance (the "**Ordinance**") adopted by the City Commission of the City on May 30, 2014, and are secured by the trust estate created under a Trust Indenture (the "Indenture") dated as of June 1, 2014 between the City and UMB Bank, N.A., as trustee (the "**Trustee**").The Bonds are authorized by the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 through 99.865 of the Revised Statutes of the State of Missouri (the "**State**"), as amended (the "**Act**") and the Ordinance and are secured by the Indenture. The Bonds are being issued for the purpose of providing funds to refund the Series 2005 Bonds of the City (as defined in the Ordinance).

The Bonds are issued pursuant to the Act and Ordinance. The City, in the Ordinance pledges all PILOTs Revenues and the Captured Portion of the EATs collected (the "**EATs Revenues**") with respect to incremental increase in activity within the 2005 Area (or applicable defined part thereof), and which are to be deposited to the Special Allocation Fund and the additional sums appropriated annually by the City for deposit in the Special Allocation Fund from the non-captured City sales tax (the "**City Revenues**") for the payment of principal of, premium, if any, and interest on the Bonds when due.

As to questions of fact material to our opinion, we have relied upon the representations of the City contained in the Ordinance and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation. Capitalized terms used herein shall have the same meaning as set forth in the Ordinance and the Indenture.

We have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion, which certified proceedings includes among other documents and proceedings, the following (the "**Documents**"):

(i) the Ordinance;

(ii) the Indenture; and

(iii) the Tax Compliance Agreement.

We have also examined the Constitution and statutes of the State, insofar as the same relate to the authorization and issuance of the Bonds and the authorization of the Ordinance and the authorization, execution and delivery of the Indenture.

Based upon our examination, we are of the opinion, as of the date hereof and under existing law, as follows:

1 The Bonds have been duly authorized, executed and delivered by the City and are valid and binding special, limited obligations of the City payable solely from the Revenues and other funds provided therefor in the Ordinance and the Indenture. The Bonds do not constitute general obligations of the City nor do they constitute an indebtedness of the City within the meaning of any constitutional or statutory provision, limitation or restriction, and the taxing power of the City is not pledged to the repayment of the Bonds.

2. The Ordinance authorizes the issuance of the Bonds and the execution and delivery of the Documents in connection therewith has been duly adopted by the City and the Documents constitute valid and legally binding obligations of the City enforceable against the City.

3. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is (i) excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinion set forth in the preceding sentence is subject to the condition that the City and the Trustee comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City and the Trustee have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive

to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

4. The interest on the Bonds is exempt from income taxation by the State of Missouri. We express no opinion as to whether such interest is exempt from the tax imposed on financial institutions pursuant to Chapter 148 RSMo. as amended.

The rights of the Owners of the Bonds and the enforceability of the Bonds, the Indenture, the Ordinance and the Tax Compliance Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' right heretofore or hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

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

Sincerely,

YATES, MAUCK, BOHRER,
ELLIFF & FELS, P.C.

Carl E. Yates