TRANSCRIPT OF PROCEEDINGS

AUTHORIZING THE ISSUANCE

OF

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

DATED: JUNE 30, 2010

Evidencing Proportionate Interests of the Owners thereof in Basic Rent Payments to be made by the City of Monett, Missouri, as Lessee, pursuant to a Lease Purchase Agreement with UMB Bank, N.A., as Lessor

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Legal Opinion:

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

CLOSING MEMORANDUM

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

Evidencing Proportionate Interests of the Owners thereof in Basic Rent Payments to be made by the City of Monett, Missouri, as Lessee, pursuant to a Lease Purchase Agreement with UMB Bank, N.A., as Lessor

Closing: June 30, 2010

This Memorandum sets forth the actions to be taken in connection with the authorization and delivery of Taxable Certificates of Participation (Recovery Zone Economic Development Bonds), Series 2010, in the principal amount of $2,859,000 (the "Certificates"). The documents and actions described herein and in the Closing List attached hereto are to be delivered and taken as a condition precedent to the delivery of the Certificates. Such delivery of documents and actions shall be deemed to have taken place simultaneously at the closing, and no delivery of documents, payments of moneys or other actions with respect to the foregoing transaction will be considered to have been completed until all such deliveries, payments or other actions have been made or taken.

The closing is scheduled for 9:00 a.m. on June 30, 2010, at the offices of Gilmore & Bell, P.C., 2405 Grand Boulevard, Kansas City, Missouri 64108. The items set forth on the Closing List will be examined, assembled and incorporated in the transcripts evidencing the authorization and delivery of the Certificates. Copies of the transcript will be prepared and distributed to the following parties:

1. City of Monett, Missouri ("City").
2. UMB Bank, N.A. ("Trustee").
3. UMB Bank, N.A. ("Underwriter").
4. Piper Jaffray & Co. ("Financial Advisor").
5. Gilmore & Bell, P.C. ("Special Counsel").

* * * * *

CITY OF MONETT, MISSOURI

$2,859,000
TAXABLE CERTIFICATES OF PARTICIPATION
(RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)
SERIES 2010

Closing: June 30, 2010

CLOSING LIST

Document No.

BASIC DOCUMENTS

1. Lease Purchase Agreement.

2. Declaration of Trust.

3. Certificate Purchase Agreement.

4. Tax Compliance Agreement.
   - Exhibit A: Debt Service Schedule and Proof of Certificate Yield.
   - Exhibit B: IRS Form 8038-B.
   - Exhibit C: Description of Property Comprising the Financed Facility.
   - Exhibit D-1: Ordinance of the City Designating a Recovery Zone; Minutes of Meeting.
   - Exhibit D-2: Resolution of Barry County Assigning Recovery Zone Economic Development Bond Limitation to the City.
   - Exhibit D-3: Resolution of Lawrence County Assigning Recovery Zone Economic Development Bond Limitation to the City.
   - Exhibit E: Proof of Limit on Certificate Premium.

5. Continuing Disclosure Undertaking.

6. Preliminary Official Statement.

7. Official Statement.

8. Specimen Certificate.

Document No.

DOCUMENTS TO BE DELIVERED BY THE CITY

9. City's Closing Certificate with the following exhibits attached:
   - Exhibit A: Excerpt of Minutes of June 21, 2010 Meeting of the City Council showing adoption of an ordinance authorizing the Lease Purchase Agreement and related documents; Certificate Regarding Notice of Meeting and Notice of Meeting.
   - Exhibit B: Ordinance designating a Recovery Zone.
   - Exhibit C: Ordinance authorizing the Lease Purchase Agreement and related documents.

10. Designation of Authorized City Representative

11. DTC Blanket Issuer Letter of Representations.

DOCUMENTS TO BE DELIVERED BY THE TRUSTEE

12. Trustee's Closing Certificate and Receipt for Purchase Price.

DOCUMENTS TO BE DELIVERED BY THE UNDERWRITER

13. Underwriter's Receipt and Representation.

14. Closing Memorandum; Final Debt Service Schedule and Pricing Information.

MISCELLANEOUS DOCUMENTS

15. Acquisition Fund Requisition

16. Uniform Commercial Code Financing Statement.

17. Rating Letter

18. A. Report of Recovery Zone Bond Issuance- Barry County
    B. Notice of Intent to Issue Bonds- Barry County
    C. Report of Recovery Zone Bond Issuance- Lawrence County
    D. Notice of Intent to Issue Bonds- Lawrence County

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19. Opinions of Special Counsel

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LEASE PURCHASE AGREEMENT

between

UMB BANK, N.A.,
as Lessor

and

CITY OF MONETT, MISSOURI,
as Lessee

Dated as of June 1, 2010

LEASE PURCHASE AGREEMENT

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Exhibit A – Schedule of Basic Rent Payments

LEASE PURCHASE AGREEMENT

THIS LEASE PURCHASE AGREEMENT (the "Lease"), dated as of June 1, 2010, is entered into between **UMB BANK, N.A.**, a national banking association duly organized and existing under the laws of the United States of America, as Lessor (the "Trustee"), and the **CITY OF MONETT**, a third-class city and political subdivision duly organized and existing under the laws of the State of Missouri, as Lessee (the "City").

WITNESSETH:

WHEREAS, the City Council of the City (the "City Council") has previously determined that it is in the best interests of the City to improve the water portion of the City's combined waterworks and sewerage system, including, primarily, the installation of water lines (the "Project"), as further described on **Schedule 1**; and

WHEREAS, in order to finance a portion of the cost of acquiring and installing the Project, the City desires to enter into this Lease pursuant to which the Trustee will lease that portion of the Project that is specifically described in **Schedule 2** (the "Leased Property") to the City subject to the terms and conditions and for the purposes set forth in this Lease; and

WHEREAS, the Leased Property consists solely of certain personal property, and does not include any interest in the underlying real property of the City; and

WHEREAS, the Trustee concurrently herewith has executed a Declaration of Trust dated as of June 1, 2010 (the "Declaration of Trust"), pursuant to which the Trustee will (1) execute and deliver Taxable Certificates of Participation (Recovery Zone Economic Development Bonds), Series 2010, in the principal amount of $2,859,000 (the "Certificates"), evidencing undivided, proportionate interests of the owners thereof in Basic Rent Payments to be paid by the City and other payments, revenues and receipts to be derived pursuant to this Lease; and (2) grant, assign and hold in trust all of its right, title and interest in and to this Lease (including its right to receive Basic Rent Payments and certain other payments as provided herein) for the benefit and security of the owners of the Certificates as therein provided; and

WHEREAS, the City is authorized under the Constitution and laws of the State of Missouri to enter into this Lease for the purposes set forth herein.

NOW, THEREFORE, for and in consideration of the premises hereinafter contained, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise specifically requires or indicates to the contrary, the following terms as used in this Lease shall have the following meanings:

"Acceptance Certificate" means the certificate of the City given in accordance with **Section 5.03**.

"Acquisition Fund" means the Acquisition Fund so designated and established pursuant to the Declaration of Trust.

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

"Basic Rent" means the Basic Rent Payments comprised of a Principal Portion and an Interest Portion as set forth on **Exhibit A**.

"Basic Rent Payment" means a payment of Basic Rent.

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

"Certificates" means the City's Taxable Certificates of Participation (Recovery Zone Economic Development Bonds), Series 2010, in the principal amount of $2,859,000, as described in the Declaration of Trust.

"City" means the City of Monett, a third-class city and political subdivision duly organized and existing under the laws of the State of Missouri.

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

"Completion Date" means the date of completion of the acquisition and installation of the Project as that date shall be certified as provided in **Section 5.03**.

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

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the City and related to the authorization, execution, sale and delivery of the Certificates, including advertising and printing costs, costs of preparation and reproduction of documents, filing fees, initial fees and charges of the Trustee, legal fees of parties to the transaction and all other initial fees and disbursements contemplated by this Lease and the Declaration of Trust.

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

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

"**Debt Service Reserve Requirement**" has the meaning set forth in the Declaration of Trust.

"Declaration of Trust" means the Declaration of Trust dated as of June 1, 2010, of the Trustee, as the same may from time to time be amended or supplemented in accordance with its terms.

"Event of Default" means an Event of Default as described in **Section 12.01**.

"Event of Nonappropriation" means an Event of Nonappropriation as described in **Section 3.04**.

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

"Funds" means the Funds as defined in the Declaration of Trust.

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

"Interest Portion" means the portion of each Basic Rent Payment that represents the payment of interest as set forth on **Exhibit A**.

"**Interest Subsidy Payments**" has the meaning set forth in the Declaration of Trust.

"Lease" means this Lease Purchase Agreement dated as of June 1, 2010, between the Trustee, as lessor, and the City, as lessee, as amended and supplemented from time to time in accordance with its terms.

"Leased Property" means the personal property that has been leased from the Trustee to the City pursuant to this Lease, as described in **Schedule 2**.

"Lease Revenue Fund" means the Lease Revenue Fund so designated and established pursuant to the Declaration of Trust.

"Lease Term" means the Original Term and all Renewal Terms.

"Moody's" means Moody's Investors Service, Inc., and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, "Moody's" shall be deemed to refer to any other nationally recognized securities rating service designated by the City, with notice to the Trustee.

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

"Ordinance" means the ordinance of the City Council adopted on June 21, 2010, approving the delivery of the Certificates.

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

"Outstanding" means Outstanding as defined in the Declaration of Trust.

"Principal Portion" means the principal portion of the Basic Rent Payments as set forth in **Exhibit A**.

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

"Purchase Price" means the amount designated as such in **Section 10.01** that the City shall pay to the Trustee to purchase the Trustee's interest in the Leased Property.

"Renewal Term" means each renewal term of this Lease, each having a duration of one year and a term coextensive with the then current Fiscal Year as provided in **Section 3.02**, except that the last possible Renewal Term shall end on July 1, 2035.

"Rent" means, collectively, Basic Rent and Supplemental Rent.

"Rent Payment" means a payment of Rent.

"S&P" means Standard & Poor's Ratings Services, its successors and their assigns, and if such entity shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee.

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

"State" means the State of Missouri.

"Supplemental Declaration of Trust" means any amendment or supplement to the Declaration of Trust entered pursuant to **Article VIII** of the Declaration of Trust.

"Supplemental Lease" means any amendment or supplement to the Lease entered pursuant to **Section 13.05** and **Article VIII** of the Declaration of Trust.

"Supplemental Rent" means all amounts due hereunder other than Basic Rent.

"Supplemental Rent Payment" means a payment of Supplemental Rent.

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

"Trustee" means the party acting as Trustee under the Declaration of Trust.

Section 1.02. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words importing the singular number shall include the plural and vice versa, and

words importing person shall include firms, associations and corporations, including public bodies, as well as natural persons.

The words "herein," "hereby," "hereunder," "hereof," "hereto," "hereinbefore," "hereinafter" and other equivalent words refer to this Lease and not solely to the particular article, section, paragraph or subparagraph hereof in which such word is used.

Reference herein to a particular article, section, exhibit, schedule or appendix shall be construed to be a reference to the specified article or section hereof or exhibit, schedule or appendix hereto unless the context or use clearly indicates another or different meaning or intent.

Whenever an item or items are listed after the words "including," such listing is not intended to be a listing that excludes items not listed.

The section and article headings herein are for convenience only and in no way define, limit or describe the scope or intent of any of the provisions hereof.

Section 1.03. Execution of Counterparts. This Lease may be executed simultaneously in two or more counterparts, each of which shall be deemed to be an original, and all of which together shall constitute but one and the same instrument.

Section 1.04. Severability. If any provision of this Lease shall be held or deemed to be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or sections in this Lease contained shall not affect the remaining portions of this Lease, or any part thereof.

Section 1.05. Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State.

ARTICLE II

REPRESENTATIONS

Section 2.01. Representations of the City. The City represents and warrants, as of the date of delivery hereof, as follows:

(a) The City is a third-class city and political subdivision duly organized and existing under the laws of the State with full power and authority to enter into this Lease and the transaction contemplated hereby and to perform all of its obligations thereunder and hereunder.

(b) The City has full power and authority to enter into the transactions contemplated by this Lease and has been duly authorized to execute and deliver this Lease by proper action by its governing body. This Lease is a valid, legal and binding obligation of the City enforceable in accordance with its terms except as enforceability may be limited by bankruptcy, insolvency,

reorganization, moratorium or similar laws and equitable principles affecting creditor's rights generally.

(c) The lease of the Leased Property by the Trustee to the City, as provided in this Lease, is necessary, desirable, in the public interest and consistent with the permissible scope of the City's authority. The City hereby declares its current need for the Project and its current expectation that it will continue to need and use the Leased Property for the maximum Lease Term.

(d) The City's financial statements used in connection with any offering of the Certificates present fairly, in accordance with (i) a comprehensive method of accounting other than in accordance with generally accepted accounting principles and (ii) applicable regulations consistently applied throughout the periods involved, the financial position of the City as at their respective dates and the revenues and expenses and changes in fund balances for the periods covered thereby.

(e) Neither the execution and delivery of this Lease, nor the fulfillment of or compliance with the terms and conditions thereof or hereof, nor the consummation of the transactions contemplated thereby or hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the City is a party or by which the City is bound.

(f) There is no proceeding pending or threatened in any court or before any governmental authority or arbitration board or tribunal challenging the validity of the proceedings of the governing body of the City authorizing this Lease or the power or authority of the City to enter into this Lease or the validity or enforceability of this Lease or which, if adversely determined, would adversely affect the transactions contemplated by this Lease or the interest of the Trustee under this Lease.

(g) The City has not made, done, executed or suffered, and warrants that it will not make, do, execute or suffer, any act or thing whereby the City's interests in any property now or hereafter included in the Leased Property shall be or may be impaired, changed or encumbered in any manner whatsoever, except as contemplated by this Lease.

(h) No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default exists.

(i) Upon installation, the Project will be installed in compliance with all applicable building and design codes and the City's requirements.

(j) The City has complied or will comply with any public bidding requirements that may be applicable to this Lease and the acquisition and installation of the Project.

ARTICLE III

DEMISING OF THE LEASED PROPERTY; LEASE TERM

Section 3.01. Lease of Leased Property. The Trustee hereby demises, leases, subleases and lets to the City, and the City rents, leases, subleases and hires from the Trustee, the Leased Property in accordance with this Lease for the Lease Term.

Section 3.02. Lease Term. The Original Term of this Lease shall terminate the last day of the current Fiscal Year. The Lease Term may be continued, solely at the option of the City, at the end of the Original Term or any Renewal Term for an additional one year, provided that the final Renewal Term shall not extend beyond July 1, 2035. At the end of the Original Term and at the end of each Renewal Term, unless the City has terminated this Lease pursuant to **Sections 3.04** or **10.01** and for no other reason, the City shall be deemed to have exercised its option to continue this Lease for the next Renewal Term. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term, except for any difference in the Rent as provided on **Exhibit A**.

Section 3.03. Continuation of Lease Term by the City. The City reasonably believes that legally available funds in an amount sufficient to make all payments of Rent during the Original Term and each of the Renewal Terms can be obtained. The City further covenants that its responsible financial officer shall do all things lawfully within such officer's power to obtain and maintain funds from which the Rent may be paid, including making provision for such payments to the extent necessary in each proposed budget or appropriation request submitted for adoption in accordance with applicable provisions of law and to exhaust all available reviews and appeals in the event such portion of the budget or appropriation request is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds or to extend this Lease for any Renewal Term is to be made in accordance with the City's normal procedures for such decisions by then current governing body of the City.

Section 3.04. Nonappropriation. The City is obligated only to pay periodic payments under this Lease as may lawfully be made from Available Revenues. If an Event of Nonappropriation occurs, this Lease shall be deemed terminated at the end of the then current Original Term or Renewal Term. An Event of Nonappropriation shall be deemed to have occurred if the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent and any reasonably anticipated Supplemental Rent to come due during the immediately following Renewal Term. The City agrees to deliver notice to the Trustee of such termination at least 90 days prior to the end of the then current Original Term or Renewal Term, but failure to give such notice shall not extend the term beyond such Original Term or Renewal Term. If this Lease is terminated in accordance with this Section, the City agrees peaceably to transfer and surrender possession of the Leased Property to the Trustee.

Section 3.05. Enjoyment of Leased Property. The Trustee shall provide the City during the Lease Term with quiet use and enjoyment of the Leased Property, and the City shall during the Lease Term peaceably and quietly have, hold and enjoy the Leased Property, without suit, trouble or hindrance from the Trustee, except as expressly set forth in this Lease. The City shall have the right to use the Leased Property for any essential governmental or proprietary purpose of the City, subject to the limitations contained in this Lease.

Notwithstanding any other provision in this Lease, the Trustee shall have no responsibility to cause the Project to be acquired or installed or to maintain or repair the Leased Property. The City shall comply with all statutes, laws, ordinances, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities, now or hereafter applicable to the Leased Property, as to the manner and use or the condition of the Leased Property. The City shall also comply with the mandatory requirements, rules and regulations of all insurers under the policies required to be carried by the provisions of **Article VII**. The City shall pay all costs, expenses, claims, fines, penalties and damages that may in any manner arise out of, or be imposed as a result of, the failure of the City to comply with the provisions of this Section. Notwithstanding any provision contained in this Section, however, the City shall have the right, at its own cost and expense, to contest or review by legal or other appropriate procedures the validity or legality of any such governmental statute, law, ordinance, order, judgment, decree, regulation, direction or requirement, or any such requirement, rule or regulation of an insurer and during such contest or review, the City may refrain

from complying therewith, if the City furnishes, on request, to the Trustee, at the City's expense, indemnity satisfactory to the Trustee.

Section 3.06. Inspection. The Trustee shall have the right at all reasonable times and with reasonable notice during business hours to inspect the Leased Property.

ARTICLE IV

RENT

Section 4.01. Basic Rent. The City shall promptly pay all Basic Rent, subject to **Sections 3.04** and **4.03**, in lawful money of the United States of America to the Trustee on each Basic Rent Payment Date in such amounts as are described on **Exhibit A**. A portion of each Basic Rent Payment is paid as, and represents payment of, interest as set forth on **Exhibit A** (said interest to be attributable to the various principal components in accordance with the per annum rates set forth on **Exhibit A**).

To provide for the timely payment of Basic Rent, the City shall pay to the Trustee for deposit in the Lease Revenue Fund on the 15th day of the month next preceding each Basic Rent Payment Date, the amount due on such Basic Rent Payment Date.

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

Section 4.02. Supplemental Rent. The City shall pay, subject to **Sections 3.04** and **4.03**, as Supplemental Rent (a) all Impositions (as defined in **Article VI**); (b) all amounts required under **Sections 4.04** or **4.06** and all other payments of whatever nature which the City has agreed to pay or assume under this Lease; (c) all expenses, including without limitation, attorneys' fees to the extent permitted by law, incurred in connection with the enforcement of any rights under this Lease by the Trustee; (d) all fees, expenses and charges of the Trustee as further provided in **Section 4.07**; (e) in the event that the amount in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement as a result of the withdrawal of moneys therein in order to make Basic Rent Payments, the amount of such deficiency to the Trustee for deposit in the Debt Service Reserve Fund on or before the first anniversary of the date of such withdrawal; (f) in the event the amount in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement as a result of a decrease in value as shown by the valuation required by the Declaration of Trust, the amount of such deficiency to the Trustee for deposit in the Debt Service Reserve Fund within 90 days of such valuation; and (g) any payments required to be made pursuant to the Tax Compliance Agreement. Amounts required to be paid under this Section shall be paid directly to the person or entity owed.

Section 4.03. Rent Payments to Constitute a Current Expense and Limited Obligation of the City. NOTWITHSTANDING ANY OTHER PROVISION HEREOF, THE TRUSTEE AND THE CITY UNDERSTAND AND INTEND THAT THE OBLIGATION OF THE CITY TO PAY RENT HEREUNDER BE LIMITED TO PAYMENT FROM AVAILABLE REVENUES AND SHALL CONSTITUTE A CURRENT EXPENSE OF THE CITY AND SHALL NOT IN ANY WAY BE CONSTRUED TO BE A DEBT OF THE CITY IN CONTRAVENTION OF ANY APPLICABLE CONSTITUTIONAL OR STATUTORY LIMITATION OR REQUIREMENT CONCERNING THE CREATION OF INDEBTEDNESS BY THE CITY, NOR SHALL ANYTHING CONTAINED HEREIN CONSTITUTE A PLEDGE OF THE GENERAL TAX REVENUES, FUNDS OR MONEYS OF THE

CITY, AND ALL PROVISIONS OF THIS LEASE SHALL BE CONSTRUED SO AS TO GIVE EFFECT TO SUCH INTENT.

Section 4.04. Advances. In the event the City shall fail to keep the Leased Property in good repair, the Trustee may, but shall be under no obligation to, maintain and repair the Leased Property and pay the cost thereof. All amounts so advanced by the Trustee shall constitute Supplement Rent for then current Original Term or Renewal Term, and the City covenants and agrees to pay such amounts so advanced by the Trustee with interest thereon from the due date until paid at the rate of the prime rate of the Trustee plus 2% per annum or the maximum amount permitted by law, whichever is less.

Section 4.05. Credit against Basic Rent Payment Obligation. The City shall receive credit against its obligation to pay the Interest Portion or Principal Portion of Basic Rent to the extent moneys are on deposit in the Lease Revenue Fund and are available to pay the Interest Portion or the Principal Portion of Basic Rent represented by the Certificates.

Section 4.06. Net Lease; Rent Payments to be Unconditional. THIS LEASE IS INTENDED TO BE A "NET LEASE," SUBJECT TO **SECTIONS 3.04, 4.03** AND **4.05**, AND THE OBLIGATIONS OF THE CITY TO MAKE PAYMENT OF THE RENT PAYMENTS AND TO PERFORM AND OBSERVE THE OTHER COVENANTS AND AGREEMENTS CONTAINED HEREIN SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SETOFF OR DEFENSE, FOR ANY REASON, INCLUDING ANY FAILURE OF THE PROJECT TO BE ACQUIRED OR INSTALLED, ANY DEFECTS, MALFUNCTIONS, BREAKDOWNS OR INFIRMITIES IN THE LEASED PROPERTY OR ANY ACCIDENT, CONDEMNATION OR UNFORESEEN CIRCUMSTANCES.

Nothing in this Lease shall be construed as a waiver by the City of any rights or claims the City may have against the Trustee under this Lease or otherwise, but any recovery upon such rights and claims shall be from the Trustee separately, it being the intent of this Lease that the City shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under this Lease, including its obligation to pay Basic Rent and Supplemental Rent. The City may, however, at its own cost and expense and in its own name or in the name of the Trustee, prosecute or defend any action or proceeding or take any other action involving third persons which the City deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder, and in such event the Trustee hereby agrees, subject to receipt by the Trustee of satisfactory indemnity in accordance with **Section 11.03** of the Declaration of Trust, to cooperate fully with the City and to take all action necessary to effect the substitution of the City for the Trustee in any such action or proceeding if the City shall so request.

Section 4.07. Compensation of the Trustee. The City shall, from time to time, upon the written request of the Trustee, (a) pay to the Trustee reasonable compensation for its services as agreed to at the inception hereof or from time to time and (b) reimburse the Trustee for all reasonable advances and expenditures, including but not limited to, advances to and reasonable fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys or other experts employed by it in the exercise and performance of its powers and duties hereunder. Compensation under this Section (except that the initial fee is to be included in Costs of Issuance) is to be paid as Supplemental Rent as set forth in **Section 4.02**.

Section 4.08. Filing of Internal Revenue Service Return Required for Interest Subsidy Payments.

(a) As a condition to eligibility for receipt of any Interest Subsidy Payments for any series of Certificates issued hereunder, the City understands that current law requires it to complete, sign and file

Form 8038-CP with the U.S. Internal Revenue Service no earlier than 90 days or later than 45 days prior to each Basic Rent Payment Date. Failure to comply with applicable filing procedures may result in late payment of one or more U.S. Treasury Interest Subsidy payments. The City further understands that, under Code Sections 6401 and 6402, U.S. Treasury Interest Subsidy payments are treated as "overpayments" of tax, and the U.S. Internal Revenue Service may offset all or a portion of one or more Interest Subsidy Payments against any outstanding tax liability of the City, including unpaid federal payroll taxes, debts owed to other federal agencies, and other federal taxes due. Failure to receive Interest Subsidy Payments shall not result in any abatement, diminution, deduction, setoff or defense to the City's obligations to pay Basic Rent and to perform and observe the other covenants and agreements herein, subject to **Sections 3.04, 4.03** and **4.05**.

(b) Not earlier than 100 days or later than 90 days prior to each Basic Rent Payment Date, the Trustee shall send a notice to the City containing the following information:

(1) The filing period during which the next Form 8038-CP must be filed (*i.e.*, 45 to 90 days prior to the next Basic Rent Payment Date);
(2) The dollar amount of the Interest Portion of Basic Rent coming due on the next subsequent Basic Rent Payment Date (without deduction of any Interest Subsidy Payments, and assuming no further unanticipated prepayments of Basic Rent);
(3) The dollar amount of the Interest Subsidy Payments due; and
(4) A blank Form 8038-CP, together with the instructions issued by the United States Treasury.

(c) Form 8038-CP shall be completed, signed and filed with the IRS by the City not earlier than 90 days or later than 45 days prior to each Basic Rent Payment Date, with a copy of such filing sent to the Trustee. If the Trustee has not received a copy of the filed Form 8038-CP by 75 days prior to the Basic Rent Payment Date, the Trustee shall re-send the filing reminder notice previously sent to the City. The Trustee shall not be responsible for the actual filing of Form 8038-CP with the U.S. Internal Revenue Service, or any payment from the United States Treasury in accordance with §§ 54AA and 6431 of the Code.

(d) Nothing contained in this Section shall limit the City from engaging UMB Bank, N.A. or any other individual or firm to complete Form 8038CP as a paid tax return preparer under a separate agreement. In such event, the City may notify the Trustee of such engagement and thereafter the information described in paragraphs (b) and (c) above may, if requested by the City, be provided only to the tax return preparer identified by the City.

ARTICLE V

ACQUISITION AND INSTALLATION OF THE PROJECT

Section 5.01. Acquisition and Installation. The City represents, warrants, covenants and agrees as follows:

(a) It will cause the acquisition and installation of the Project to be completed with all reasonable dispatch in accordance with the applicable provisions of this Lease;

(b) All contracts entered into or to be entered into by the City relating to such work shall be in accordance with all applicable requirements of the laws of the State and shall have any performance bonds required by the laws of the State;

(c) It has obtained or shall obtain all necessary or required permits, licenses, consents and approvals that are material for the acquisition, installation, operation and maintenance of the Leased Property and shall comply with all lawful requirements of any governmental body regarding the use or condition of the Leased Property, whether existing or later enacted or foreseen or unforeseen or whether involving any change in governmental policy or requiring structural or other change to the Leased Property and irrespective of the cost of so complying;

(d) It will pay all fees, costs and expenses incurred in completing the acquisition and installation of the Project or, to the extent there are moneys in the Acquisition Fund available therefor, will request the Trustee to make such payments from the Acquisition Fund in the manner hereinafter and in the Declaration of Trust provided;

(e) It will ask, demand, sue for and use its best efforts to recover and receive such sums of money, debts or other demand to which it may be entitled under any contract, order, receipt, guaranty, warranty, writing or instruction in connection with the acquisition and installation of the Project, and

(f) It will use its best efforts, to the extent economically reasonable, to enforce the provisions of any contract, agreement, obligation, bond or other security in connection therewith, and any such amounts received in connection with the foregoing, after deduction of expenses incurred in recovering such amounts, shall be paid to the Trustee for deposit in the Acquisition Fund if the Completion Date has not occurred or for deposit in the Lease Revenue Fund if the Completion Date has occurred.

If the acquisition and installation of the Project or any portion thereof is delayed or fails to occur for any reason, there shall be no diminution in or postponement of the payments to be made by the City hereunder.

The Trustee is not the agent or representative of the City, and the City is not the agent of the Trustee, and this Lease shall not be construed to make the Trustee liable to materialmen, contractors, subcontractors, craftsmen, laborers or others for goods or services delivered by them in connection with the Project or for debts or claims accruing to the aforesaid parties against the City. This Lease shall not create any contractual relation either expressed or implied between the Trustee and any materialmen, contractors, subcontractors, craftsmen, laborers or any other person supplying any work, labor or materials in connection with the Project.

Section 5.02. Payment for Acquisition and Installation of the Project. Costs and expenses of every nature incurred in the acquisition and installation of the Project that qualify as Costs of the Project shall be paid by the Trustee from the Acquisition Fund upon receipt by the Trustee of a completed request of the City signed by the Authorized Representative of the City (as defined in the Declaration of Trust) and containing the statements, representations and certifications set forth in the form of such request attached to the Declaration of Trust as **Exhibit B**.

In making disbursements for Costs of the Project, the Trustee shall be entitled to conclusively rely upon each written requisition certificate executed by the Authorized Representative of the City without inquiry or investigation. It is understood that the Trustee shall *not* make any inspections of the Leased Property nor any improvements thereon, make any provision to obtain completion bonds, mechanic's or materialmen's lien releases or otherwise supervise any phase of the acquisition or installation of the Project. The approval of each requisition certificate by the Authorized Representative of the City shall constitute unto the Trustee an irrevocable determination that all conditions precedent to the payment of the specified amounts from the Acquisition Fund have been completed.

Section 5.03. Completion Date; Excess Funds. The Completion Date shall be evidenced to Trustee upon receipt by the Trustee of a certificate signed by the Authorized Representative of the City (the "Acceptance Certificate") stating (a) the date on which acquisition and installation of the Project was substantially completed, (b) the Project has been acquired and installed in accordance with the plans and specifications and in conformance with all applicable zoning, planning, building, environmental and other similar governmental regulations, (c) that, except for Costs of the Project described in accordance with clause (d), all Costs of the Project have been paid and (d) the amounts, if any, to be retained in the Acquisition Fund for the payment of Costs of the Project, if any, not yet due or Costs of the Project whose liability the City is contesting, and amounts that otherwise should be retained and the reasons they should be retained. The Acceptance Certificate may state that it is given without prejudice to any rights of the City that then exist or may subsequently come into being against third parties. Any amounts remaining in the Acquisition Fund that are not needed to pay any remaining Costs of the Project shall without further authorization be transferred to the Lease Revenue Fund provided that upon such a transfer such funds may only be used for the purpose set forth in **Section 5.02(d)** of the Declaration.

Section 5.04. Warranties. The Trustee hereby assigns to the City for and during the Lease Term, all of its interest in all warranties, guarantees or other contract rights against any architect, contractor, subcontractor or supplier, expressed or implied, issued on or applicable to the Project, and the Trustee hereby authorizes the City to obtain the customary services furnished in connection with such warranties, guarantees or other contract rights at the City's expense. The City's sole remedy for the breach of such warranties, guarantees or other contract rights shall be against any architect, contractor, subcontractor or supplier, and not against the Trustee, nor shall such matter have any effect whatsoever on the rights of the Trustee with respect to this Lease, including the right to receive full and timely Basic Rent Payments and Supplemental Rent Payments. The City expressly acknowledges that the Trustee does not make nor has it made any representation or warranty whatsoever as to the existence or availability of such warranties, guarantees or other contract rights of the manufacturer or supplier of any portion of the Project.

Section 5.05. Disclaimer of Warranties. THE TRUSTEE MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESSED OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED PROPERTY OR ANY PART THEREOF, OR WARRANTY WITH RESPECT THERETO. IN NO EVENT SHALL THE TRUSTEE BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE IN CONNECTION WITH OR ARISING OUT OF THIS LEASE OR THE EXISTENCE, FURNISHING, FUNCTIONING OR THE CITY'S USE OF THE LEASED PROPERTY OR ANY PART THEREOF.

Section 5.06. Deficiency of Acquisition Fund. If the Acquisition Fund shall be insufficient to pay fully all Costs of the Project and to complete fully the acquisition and installation of the Project lien free, the City shall pay, in cash, the full amount of any such deficiency by making payments directly to the contractors and to the suppliers of materials and services as the same shall become due. The Trustee is not obligated to pay and shall not be responsible for any such deficiency, and the City shall save the Trustee whole and harmless from any obligation to pay such deficiency.

ARTICLE VI

IMPOSITIONS

Section 6.01. Impositions. The City shall hold harmless and indemnify the Trustee against and bear, pay and discharge, before the delinquency thereof, as Supplemental Rent, all taxes and

assessments, general and special, if any, that may be lawfully taxed, charged, levied, assessed or imposed upon or against or be payable for or in respect of the Leased Property, including any taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied or assessed in lieu of or in addition to taxes or assessments now customarily levied against real or personal property, and further including all water and sewer charges, assessments and other general governmental charges and impositions whatsoever, foreseen or unforeseen, which if not paid when due would impair the security of the Trustee or encumber the Leased Property (all of the foregoing being herein referred to as "Impositions"). The indemnities arising under this Section shall survive the termination of this Lease.

Section 6.02. Contest of Impositions. The City shall have the right, in its own name or in the Trustee's name, to contest the validity or amount of any Imposition which the City is required to bear, pay and discharge pursuant to the terms of this Article by appropriate legal proceedings instituted at least ten days before the Imposition complained of becomes delinquent and may permit the Imposition so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee shall notify the City that, in the opinion of counsel, by nonpayment of any such items the interest of the Trustee in the Leased Property will be endangered or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments or charges or provide the Trustee with full security against any loss which may result from nonpayment in form satisfactory to the Trustee. The Trustee agrees to cooperate with the City in connection with any and all administrative or judicial proceedings related to Impositions. The City shall hold the Trustee whole and harmless from any costs and expenses the Trustee may incur with respect to any Imposition.

ARTICLE VII

INSURANCE; INDEMNITY

Section 7.01. Insurance Required.

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

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

(ii) Comprehensive general accident and public liability insurance (including coverage for all losses whatsoever arising from the ownership, maintenance, operation or use of any automobile, truck or other motor vehicle), under which the City and the Trustee are named as insureds, in amounts equal to the City's customary insurance practice for bodily injury (including death) but in no event less than the limitation on awards for liability in effect from time to time under Section 537.610, R.S.Mo., and for property

damage arising out of or in any way relating to the condition or the operation of the Leased Property (subject to reasonable loss deductible clauses not to exceed $25,000)..

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

Not less than 15 days prior to the expiration dates of the expiring policies, originals or copies of the policies required by this Section or certificates evidencing such insurance shall be delivered by the City to the Trustee. All policies of such insurance, and all renewals thereof, shall contain a provision that such insurance may not be canceled by the issuer thereof without at least 30 days' written notice to the City and the Trustee.

Nothing in this Lease shall be construed as preventing the City from satisfying the insurance requirements herein set forth by using blanket policies of insurance provided each and all of the requirements and specifications of this Lease respecting insurance are complied with.

The City may elect to be self-insured for all or any part of the foregoing requirements of this **Section 7.01** if (i) the City annually obtains a written evaluation with respect to such self-insurance program from an individual or firm selected by the City and acceptable to the Trustee qualified to survey risks and to recommend insurance coverage for entities engaged in operations similar to those of the City and having a favorable reputation for skill and experience in making such surveys and recommendations (an **"Insurance Consultant"**), (ii) the evaluation is to the effect that the self-insurance program is sound, (iii) unless the evaluation states that such reserves are not necessary, the City maintains adequate reserves for the self-insurance program, and (iv) in the case of workers' compensation, adequate reserves created by the City for such self-insurance program are maintained in such amount and manner as are acceptable to the State. The City will pay any fees and expenses of such Insurance Consultant in connection therewith.

(b) The insurance required pursuant to this Section shall be maintained at the City's sole cost and expense, and shall be maintained with a generally recognized responsible insurance company or companies authorized to do business in the State as may be selected by or on behalf of the City. Copies of the insurance policies required under this Section, or originals or certificates thereof each bearing notations evidencing payment of the premiums or other evidence of such payment, shall be delivered by or on behalf of the City to the Trustee promptly upon purchase or renewal, and in any event within 30 days thereof.

(c) Unless the City provides evidence of the insurance coverage required under this Section, the Trustee may purchase insurance at the City's expense to protect its interest in the Leased Property. This insurance may, but need not, protect the City's interests. The coverage that the Trustee purchases may not pay any claim that the City makes or any claim that is made against the City in connection with the Leased Property. The City may later cancel any insurance purchased by the Trustee, but only after providing evidence to the Trustee that the City has obtained insurance as required in this Section. If the Trustee purchases insurance for the Leased Property, the City shall promptly reimburse the Trustee for the costs of that insurance as Supplemental Rent as provided in **Section 4.02** together with interest equal to the prime or base rate of the Trustee plus 2% per annum. The costs of the insurance that the Trustee obtains may be more that the cost of insurance the City may be able to obtain on its own.

Section 7.02. Enforcement of Contracts. In the event of material default of any contractor or subcontractor under any contract made in connection with the acquisition and installation of the Project, or in the event of a material breach of warranty with respect to any materials, workmanship or performance, the City will promptly proceed, either separately or in conjunction with others, to pursue diligently the remedies of the City against the contractor or subcontractor in default. Any amounts

recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery and after reimbursement to the City of any amounts theretofore paid by the City not previously reimbursed to the City for correction or remedying of the default which gave rise to the proceedings against the contractor or subcontractor, shall be paid to the Trustee for deposit in the Acquisition Fund if received before the Completion Date and, if such funds are received after the Completion Date, for deposit in the Lease Revenue Fund to be used solely for the purpose of paying Basic Rent under this Lease.

Section 7.03. Release and Indemnification. To the extent permitted by law, the City shall indemnify, protect, hold harmless, save and keep the Trustee harmless from and against any and all liability, obligation, loss, claim, tax (other than income taxes or other taxes on or attributable to Rent Payments, if any, which are received by the Trustee in its individual capacity) and damage whatsoever and all expenses in connection therewith (including, without limitation, attorneys' fees and expenses) that are not caused by the negligence or willful misconduct of the Trustee, its agents or employees arising out of or as the result of (a) the entering into of this Lease, (b) the acquisition and installation of the Project, (c) injury, actual or claimed, of whatsoever kind or character, to property or persons, occurring or allegedly occurring in, on or about the Leased Property during the Lease Term, and/or (d) the breach of any covenant by the City herein or any material misrepresentation by the City contained herein; provided that the City shall have the right to conduct the Trustee's defense through counsel designated by the City and approved by the Trustee, which approval shall not be unreasonably withheld. The indemnification arising under this Section shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of this Lease for any reason.

ARTICLE VIII

COVENANTS OF THE CITY

Section 8.01. Maintenance and Modification of Leased Property by the City. The City will at its own expense (a) keep the Leased Property in a safe condition, (b) with respect to the Leased Property, comply with all applicable health and safety standards and all other industrial requirements or restrictions enacted or promulgated by the State, or any political subdivision or agency thereof, or by the government of the United States of America or any agency thereof, and (c) keep the Leased Property in good repair and in good operating condition and make from time to time all necessary repairs thereto and renewals and replacements thereof; provided, however, that the City will have no obligation to operate, maintain, preserve, repair, replace or renew any element or unit of the Leased Property, the maintenance, repair, replacement or renewal of which becomes uneconomical to the City because of damage, destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulations. The City shall not permit or suffer others to commit a nuisance in or about the Leased Property or itself commit a nuisance in connection with its use of the Leased Property. The City will pay all costs and expenses of operation of the Leased Property.

The City may, also at its own expense, make from time to time any additions, modifications or improvements to the Leased Property that it may deem desirable for its business purposes and that do not materially impair the structural strength or effective use, or materially decrease the value, of the Leased Property. All additions, modifications or improvements made by the City pursuant to the authority of this Section shall (a) be made in a workmanlike manner and in strict compliance with all laws and ordinances applicable thereto, (b) when commenced, be pursued to completion with due diligence and (c) when completed, be deemed a part of the Leased Property.

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

Section 8.02. Tax Covenants.

(a) The City covenants for the benefit of the purchasers and Owners of the Certificates from time to time Outstanding that so long as any of the Certificates remain Outstanding, it will not take any action or permit any action to be taken or omit to take any action or permit the omission of any action reasonably within its control which action or omission will cause any Certificates to be "arbitrage bonds" within the meaning of Section 148 of the Code, which will cause any Certificates to be subject to treatment under Section 141 of the Code as "private activity bonds," or which will adversely affect qualification of the Certificates as "recovery zone economic development bonds" under Section 1400U-2 of the Code.

(b) The City covenants and agrees that it will pay or provide for the payment from time to time of all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any Treasury Regulations applicable to the Certificates from time to time. The City specifically covenants to pay or cause to be paid to the United States the required rebate amounts at the times and in the amounts as determined by the Treasury Regulations and the Tax Compliance Agreement. Notwithstanding anything to the contrary contained herein, the Tax Compliance Agreement may be amended or replaced if, in the written opinion of Special Counsel, such amendments will not adversely affect the federal tax status of any Certificates Outstanding or the receipt of Interest Subsidy Payments, if any, by the City with respect thereto.

(c) The foregoing covenants shall remain in full force and effect notwithstanding the defeasance of the Certificates pursuant to **Article X** of the Declaration of Trust or any other provision of the Declaration of Trust, until the final maturity date of all Certificates Outstanding.

Section 8.03. City's Continuing Existence. The City will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a third-class city and political subdivision of the State.

Section 8.04. Financial Statements. The City will annually provide the Trustee with current financial statements within 180 days after the end of each Fiscal Year, the City's budget within 30 days of adoption of such budget, proofs of appropriation for the ensuing Fiscal Year and such other financial information relating to the ability of the City to continue this Lease as may be requested by the Trustee.

The Trustee shall have no duty to review or analyze such financial statements and shall hold such financial statements solely as a repository for the benefit of the Owners of the Certificates The Trustee shall not be deemed to have notice of any information contained therein or an event of default which may be disclosed therein in any manner.

Section 8.05. Continuing Disclosure. The City hereby covenants and agrees that it will comply and carry out all of the provisions of the Continuing Disclosure Undertaking. Notwithstanding any other provision of this Lease, failure of the City to comply with the Continuing Disclosure Undertaking shall not be considered a default or an Event of Default under this Lease; provided, however, that the Trustee, pursuant to the Declaration of Trust may (and, at the request of the Owners of Certificates of a majority of the aggregate principal amount in Outstanding Certificates and the provision of satisfactory indemnity, shall) or any Owners of Certificates may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Undertaking.

ARTICLE IX

CASUALTY AND CONDEMNATION

Section 9.01. Damage, Destruction and Condemnation. The City shall bear the risk of loss with respect to the Leased Property during the Lease Term. If (a) the Leased Property or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Leased Property or any part thereof shall be nonexistent or deficient or taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, the City and the Trustee will cause the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Leased Property, unless the City shall have exercised its option to purchase the Trustee's interest in the Leased Property by making payment of the Purchase Price as provided herein. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the City and shall be held and appropriated by the City for the exclusive purpose of paying Rent under this Lease.

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

Section 9.02. Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in **Section 9.01** and the City has not elected to purchase the Trustee's interest in the Leased Property pursuant to **Section 10.01(b)**, the City shall complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds and, if the City shall make any payments pursuant to this Section, the City shall not be entitled to any reimbursement therefor from the Trustee nor shall the City be entitled to any diminution of Rent.

ARTICLE X

OPTION TO PURCHASE; PARTIAL PREPAYMENT

Section 10.01. Purchase Option. The City shall have the option to purchase the Trustee's interest in the Leased Property, upon giving written notice to the Trustee at least 60 days before the date of purchase, at the following times and on the following terms:

(a) At any time upon deposit of funds or Government Obligations or both with the Trustee in accordance with **Article X** of the Declaration of Trust at a Purchase Price equal to the amount necessary to provide for the Basic Rent Payments and Supplemental Rent on each Basic Rent Payment Date through and including the earlier of the permitted Prepayment Date for the Certificates or July 1, 2035;

(b) In the event of substantial damage to or destruction or condemnation (other than condemnation by the City or any entity controlled by or otherwise affiliated with the City), of or loss of title to, substantially all of the Leased Property, or if, as a

result of changes in the Constitution of Missouri or legislative or administrative action by the State or the United States, the Lease becomes unenforceable, on the Basic Rent Payment Date the City specifies as the purchase date in the City's notice to the Trustee of its exercise of the purchase option, upon payment in full of the Rent Payments then due hereunder plus then remaining Principal Portions of Basic Rent for the maximum Lease Term; or

Section 10.02. Partial Prepayment. The City will have the option to prepay the Basic Rent Payments in part, upon giving written notice to the Trustee at least 30 days before the date of such prepayment, on any Basic Rent Payment Date occurring on or after July 1, 2020 or on any date after the occurrence of an Event of Subsidy Loss, at the Prepayment Price equal to the Principal Portion of Basic Rent being so prepaid plus the Interest Portion of Basic Rent accrued thereon to such Basic Rent Payment Date.

The Principal Portion of Basic Rent prepaid pursuant to the provisions of this **Section 10.02** will be in integral multiples of $5,000 and will be credited to the Principal Portion of Basic Rent Payment due on the Basic Rent Payment Dates, as designated by the City. Upon any partial prepayment, the amount of each Interest Portion of Basic Rent coming due thereafter will be reduced by the amount of such Interest Portion attributable to such prepaid Principal Portion determined by applying the annual interest rate corresponding to such prepaid Principal Portion as shown on **Exhibit A**.

Section 10.03. Determination of Fair Rent and Purchase Price. The City hereby agrees and determines that the Rent hereunder during the Original Term and any Renewal Term represents the fair value of the use of the Leased Property and that the Purchase Price required to exercise the City's option to purchase the Trustee's interest in the Leased Property pursuant to **Section 10.01** represents the fair Purchase Price of the Leased Property. The City hereby determines that the Rent does not exceed a reasonable amount so as to place the City under an economic practical compulsion to renew this Lease or to exercise its option to purchase the Trustee's interest in the Leased Property hereunder. In making such determinations, the City has given consideration to the Costs of the Project, the uses and purposes for which the Leased Property will be employed by the City, the benefit to the City by reason of the acquisition and installation of the Project and the use of the Leased Property pursuant to the terms and provisions of this Lease and the City's option to purchase the Trustee's interest in the Leased Property. The City hereby determines and declares that the acquisition and installation of the Project and the leasing of the Leased Property pursuant to this Lease will result in a Project of comparable quality and meeting the same requirements and standards as would be necessary if the acquisition and installation of the Project were performed by the City other than pursuant to this Lease. The City hereby determines and declares that the maximum Lease Term does not exceed the reasonably expected useful life of the Leased Property.

ARTICLE XI

ASSIGNMENT

Section 11.01. Assignment and Subleasing by the City. Except as hereinafter expressly provided, none of the City's right, title and interest in, to and under this Lease and in the Leased Property may be assigned or encumbered by the City for any reason; except that the City may sublease any one or more parts of the Leased Property if the City obtains and causes to be delivered to the Trustee an opinion of Special Counsel that such subleasing will not adversely affect the tax status of the Interest Portion of the Basic Rent Payments. Any such sublease of all or part of the Leased Property shall be subject to this Lease and the rights of the Trustee in, to and under this Lease and the Leased Property.

ARTICLE XII

EVENTS OF DEFAULT

Section 12.01. Events of Default Defined. Any of the following shall constitute an "Event of Default" under this Lease:

(a) Failure by the City to make any deposits required by **Section 4.01** to pay Basic Rent in the Lease Revenue Fund at the time specified herein and the continuance of such failure for ten business days (payment of such deposit of Basic Rent shall not be a failure of the City to make such deposit for purposes of this subparagraph (a));

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

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

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

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

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

Section 12.02. Remedies on Default. Whenever any Event of Default exists, the Trustee shall have the right, without any further demand or notice, to take one or any combination of the following remedial steps:

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

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

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

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

Section 12.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease now or hereafter existing at law or in equity. No delay or omission 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 thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice, other than such notice as may be required in this Article.

ARTICLE XIII

MISCELLANEOUS

Section 13.01. Notices. All notices, certificates or other communications to be given or to be served upon any party in connection with this Lease shall be given in accordance with **Section 12.03** of the Declaration of Trust.

Section 13.02. Title to Leased Property. The parties agree that the Leased Property is and shall remain personal property, notwithstanding that it may be in any way affixed to real property. Title to the Leased Property shall vest in the City subject to Trustee's rights under this Lease; provided that title thereto shall thereafter immediately and without any action by the City vest in Trustee and the City shall immediately surrender possession thereof to Trustee upon (i) any termination of this Lease without the City exercising its option to purchase pursuant to **Section 10.01** or (ii) the occurrence of an Event of Default. Upon the written acceptance of transfer by the Trustee, the provision of which shall be subject to the rights and immunities of the Trustee as provided in **Article XI** of the Declaration of Trust, it is the intent of the parties hereto that any transfer of title to Trustee pursuant to this Section shall occur automatically without the necessity of any deed, bill of sale, certificate of title or other instrument of conveyance. Nevertheless, the City shall execute and deliver any such instruments as the Trustee may request to evidence such transfer.

Section 13.03. Security Interest. To secure the payment of all of the City's obligations under this Lease, to the extent permitted by law, the City hereby grants, and the Trustee hereby retains a security

interest in the Leased Property and in all additions, attachments, accessions thereto, substitutions therefor and on any proceeds therefrom. The City shall execute all additional documents, including financing statements, affidavits, notices and similar instruments that are necessary or appropriate to establish and maintain such security interest. The City hereby authorizes the filing of financing statements under the Uniform Commercial Code in connection with the security interest granted hereunder.

Section 13.04. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Trustee and the City and their respective successors and assigns.

Section 13.05. Amendments, Changes and Modifications. This Lease may be amended by the Trustee and the City, provided that (a) no amendment that materially adversely affects the rights of the Owners of the Certificates shall be effective unless it shall have been consented to by the Owners of a majority, in principal amount, of the Certificates, if any, then outstanding, (b) no amendment that affects the amount or due date of any Basic Rent Payment or of the Purchase Price shall be effective unless consented to by the Owners of all of the Certificates, if any, then outstanding, and (c) any amendment shall comply with the applicable requirements of **Article VIII** of the Declaration of Trust.

Section 13.06. Electronic Transactions. The parties agree that the transaction described herein may be conducted and related documents may be stored by electronic means.

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IN WITNESS WHEREOF, the Trustee and the City have caused this Lease to be executed in their names by their duly authorized representatives as of the date first above written.

UMB BANK, N.A.,
as Trustee

By: Betty Loehr
Name: Betty Loehr
Title: Vice President

CITY OF MONETT, MISSOURI

By: _____
Mayor

(SEAL)

ATTEST:

_____
City Clerk

SCHEDULE 1

DESCRIPTION OF THE PROJECT

The Project consists of the acquisition and installation of certain equipment to improve the waterworks portion of the combined waterworks and sewerage system of the City.

SCHEDULE 2

DESCRIPTION OF THE LEASED PROPERTY

The Leased Property is comprised solely of water lines, fire hydrants, a well house with security fencing and other equipment and furnishings related to improvements to waterworks portion of the City's System. The water lines consist of approximately 20,100 linear feet of 16 inch water line, 5,050 feet of 12 inch waterline and 700 linear feet of 36 inch waterline, and all the personal property (equipment) acquired and installed in connection therewith, the costs of which are paid from the Certificates.

EXHIBIT A

SCHEDULE OF BASIC RENT PAYMENTS

Basic Rent Payment Date	Principal Component	Interest Component	Total Rental Payment	Purchase Price[1]
1/1/2011		$82,891.46	$82,891.46	$2,859,000
7/1/2011	$69,000	82,443.50	151,443.50	2,790,000
1/1/2012		81,898.75	81,898.75	2,790,000
7/1/2012	80,000	81,898.75	161,898.75	2,710,000
1/1/2013		80,998.75	80,998.75	2,710,000
7/1/2013	80,000	80,998.75	160,998.75	2,630,000
1/1/2014		79,898.75	79,898.75	2,630,000
7/1/2014	80,000	79,898.75	159,898.75	2,550,000
1/1/2015		78,598.75	78,598.75	2,550,000
7/1/2015	80,000	78,598.75	158,598.75	2,470,000
1/1/2016		77,098.75	77,098.75	2,470,000
7/1/2016	85,000	77,098.75	162,098.75	2,385,000
1/1/2017		75,313.75	75,313.75	2,385,000
7/1/2017	85,000	75,313.75	160,313.75	2,300,000
1/1/2018		73,401.25	73,401.25	2,300,000
7/1/2018	85,000	73,401.25	158,401.25	2,215,000
1/1/2019		71,361.25	71,361.25	2,215,000
7/1/2019	90,000	71,361.25	161,361.25	2,125,000
1/1/2020		69,066.25	69,066.25	2,125,000
7/1/2020	90,000	69,066.25	159,066.25	2,035,000
1/1/2021		66,658.75	66,658.75	2,035,000
7/1/2021	95,000	66,658.75	161,658.75	1,940,000
1/1/2022		64,022.50	64,022.50	1,940,000
7/1/2022	100,000	64,022.50	164,022.50	1,840,000
1/1/2023		61,197.50	61,197.50	1,840,000
7/1/2023	100,000	61,197.50	161,197.50	1,740,000
1/1/2024		58,297.50	58,297.50	1,740,000
7/1/2024	105,000	58,297.50	163,297.50	1,635,000
1/1/2025		55,200.00	55,200.00	1,635,000
7/1/2025	105,000	55,200.00	160,200.00	1,530,000
1/1/2026		52,050.00	52,050.00	1,530,000
7/1/2026	110,000	52,050.00	162,050.00	1,420,000
1/1/2027		48,475.00	48,475.00	1,420,000
7/1/2027	115,000	48,475.00	163,475.00	1,305,000
1/1/2028		44,737.50	44,737.50	1,305,000
7/1/2028	120,000	44,737.50	164,737.50	1,185,000
1/1/2029		40,837.50	40,837.50	1,185,000

7/1/2029	125,000	40,837.50	165,837.50	1,060,000
1/1/2030		36,775.00	36,775.00	1,060,000
7/1/2030	130,000	36,775.00	166,775.00	930,000
1/1/2031		32,550.00	32,550.00	930,000
7/1/2031	130,000	32,550.00	162,550.00	800,000
1/1/2032		28,000.00	28,000.00	800,000
7/1/2032	135,000	28,000.00	163,000.00	665,000
1/1/2033		23,275.00	23,275.00	665,000
7/1/2033	140,000	23,275.00	163,275.00	525,000
1/1/2034		18,375.00	18,375.00	525,000
7/1/2034	150,000	18,375.00	168,375.00	375,000
1/1/2035		13,125.00	13,125.00	375,000
7/1/2035	375,000	13,125.00	388,125.00	-

(1) Basic Rent payments are due on the 15th day of the month next preceding the Basic Rent Payment Date.

DECLARATION OF TRUST

by

UMB BANK, N.A., as Trustee

Dated as of June 1, 2010

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

Evidencing Proportionate Interests to Owners thereof
in Basic Rent Payments to be made by the City of Monett, Missouri, as Lessee
pursuant to a Lease Purchase Agreement with UMB Bank, N.A., as Lessor

DECLARATION OF TRUST

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DECLARATION OF TRUST

THIS DECLARATION OF TRUST (the "Declaration of Trust"), dated as of June 1, 2010, is made by **UMB BANK, N.A.,** a national banking association organized and existing under the laws of the United States of America, as settlor and trustee (the "Trustee").

WITNESSETH:

WHEREAS, the City Council (the "City Council") of the City of Monett, Missouri (the "City") has previously determined that it is in the best interests of the City to improve the water portion of the City's combined waterworks and sewerage system, including primarily the installation of water lines (the "Project"), as further described on **Schedule 1** to the Lease (hereafter defined); and

WHEREAS, in order to finance a portion of the cost of acquiring and installing the Project, the City and the Trustee have entered into a Lease Purchase Agreement dated as of even date herewith (as the same may be amended or supplemented in accordance with its terms from time to time, the "Lease") pursuant to which the Trustee will lease that portion of the Project that is specifically described in **Schedule 2** to the Lease (the "Leased Property") to the City subject to the terms and conditions and for the purposes set forth in the Lease; and

WHEREAS, the Leased Property consists solely of certain personal property, and does not include any interest in the underlying real property of the City; and

WHEREAS, the Trustee is executing this Declaration of Trust wherein the Trustee will (1) execute and deliver Taxable Certificates of Participation (Recovery Zone Economic Development Bonds), Series 2010, in the principal amount of $2,859,000 (the "Certificates"), substantially in the form of **Exhibit A**, evidencing undivided proportionate interests of the Owners thereof in Basic Rent Payments to be paid by the City and other payments, revenues and receipts to be derived pursuant to the Lease and to set forth the terms of the Certificates, the security therefor and other provisions respecting the Certificates; and (2) grant, assign and hold in trust all of its right, title and interest in and to the Lease (including its right to receive Basic Rent Payments and certain other payments as provided therein) for the benefit and security of the Owners of the Certificates as herein provided; and

WHEREAS, the proceeds from the sale of the Certificates will be used to provide funds to (1) pay the costs of the Project; (2) fund a Debt Service Reserve Fund, and (3) pay the costs of delivering the Certificates.

DECLARATION CLAUSES

NOW, THEREFORE, in order to secure the payment of the principal portion and interest portion of basic rent payments under the Lease represented by the Certificates and any prepayment premium, and to secure the performance and observance of all covenants and conditions therein and herein contained and to declare the terms and conditions upon, and subject to which the Certificates are intended to be sold, held, secured and enforced, and in consideration of the premises set forth herein and of the purchase and acceptance of the Certificates by the Owners thereof, the Trustee has executed and delivered this Declaration of Trust and does declare that it will hold all of the assets, property and interests received by it under the terms of this Declaration of Trust, the Lease and all agreements and instruments contemplated hereby or thereby (except the Rebate Fund and any compensation, indemnification or other amounts which may be due directly to the Trustee hereunder or thereunder) (collectively, the "Trust Estate"), as trustee, upon the terms and trusts herein set forth for the equal and

proportionate benefit, security and protection of all present and future Owners of the Certificates, without privilege, priority or distinction as to the lien or otherwise of any of the Certificates over any of the other Certificates;

PROVIDED, HOWEVER, that, except as otherwise hereinafter provided in this clause, if the principal of and premium, if any, and interest due with respect to the Certificates or to become due thereon are paid or provision made therefor in accordance with **Article X**, at the times and in the manner mentioned in the Certificates according to the true intent and meaning thereof, and provision shall have also been made for paying all sums payable under the Lease by the City in accordance with **Article X**, then this Declaration of Trust and the rights hereby granted shall cease, determine and be void except as provided in **Article X**;

THIS DECLARATION OF TRUST FURTHER WITNESSETH, and it is expressly declared, that all Certificates are to be sold, executed and delivered and all said rights and interests are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Trustee has agreed and covenanted, and does hereby agree and covenant, with the respective Owners of the Certificates as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. In addition to words and terms defined in the Lease and elsewhere in this Declaration of Trust, the following words and terms used in this Declaration of Trust shall have the following meanings, unless some other meaning is plainly intended:

"Acquisition Fund" means the fund by that name established pursuant to **Section 6.01**.

"Authorized Representative" means the Mayor of the City, or any such other person at the time designated to act on behalf of the City as an Authorized Representative, as evidenced by a written certificate furnished to the Trustee containing the specimen signature of such persons, such designation being approved by the governing body of the City.

"Cede & Co." means Cede & Co., as nominee name of The Depository Trust Company, New York, New York, and any successor nominee of the Securities Depository with respect to the Certificates.

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

"Certificate Purchase Agreement" means the Certificate Purchase Agreement dated June 21, 2010, among the Purchaser, the City and the Trustee, as the same may from time to time be amended or supplemented in accordance with its terms.

"Certificates" means the $2,859,000 aggregate principal amount Taxable Certificates of Participation (Recovery Zone Economic Development Bonds), Series 2010, evidencing proportionate interests of the Owners thereof in Basic Rent Payments to be made by the City, as Lessee, pursuant to the Lease, said Certificates to be executed and delivered pursuant to this Declaration of Trust.

"City" means the City of Monett, a third-class city and political subdivision duly organized and existing under the laws of the State of Missouri.

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

"**Debt Service Reserve Fund**" means the fund by that name established pursuant to **Section 6.01**.

"**Debt Service Reserve Requirement**" means the amount of $220,000.

"Directive" means an instrument in writing executed in one or more counterparts by (a) the City, or (b) the Owners of Certificates, as determined from the records of the Trustee kept pursuant to **Section 3.06**, or their lawful attorneys-in-fact, representing no less than a majority of the aggregate unpaid Principal Portion represented by the then Outstanding Certificates.

"Event of Default" means an Event of Default as described in **Section 9.01**.

"Event of Lease Default" means an Event of Default under **Section 12.01** of the Lease.

"Event of Nonappropriation" has the meaning set forth in the Lease.

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

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

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended.

"Investment Securities" means and includes any of the following securities, if and to the extent the same are permitted by law for the investment of the City's funds:

(a) Government Obligations;

(b) bonds, notes or other obligations of the State of Missouri, or any political subdivision of the State of Missouri, that at the time of their purchase are rated in either of the two highest rating categories by a nationally recognized rating service;

(c) repurchase agreements with any bank, bank holding company, savings and loan association, trust company, or other financial institution organized under the laws of the United States or any state, that are continuously and fully secured by any one or more of the securities described in clause (a) or (b) above or in obligations of the Federal National Mortgage Association or in the Federal Home Loan Mortgage Corporation and that have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such repurchase agreement and are held in a custodial or trust account for the benefit of the City;

(d) obligations of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit

Corporation, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration and Federal Home Loan Mortgage Corporation;

(e) certificates of deposit or time deposits, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of the United States or any state, provided that such certificates of deposit or time deposits shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities as are described above in clauses (a) through (c), inclusive, which shall have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such certificates of deposit or time deposits; and

(f) money market funds rated "AAAm" or "AAAm-G" or better by Standard and Poor's.

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

"Lease Revenue Fund" means the fund by that name established pursuant to **Section 6.01**.

"Notice by Mail" or **"Notice"** of any action or condition **"by Mail"** means a written notice meeting the requirements of this Declaration of Trust mailed by first-class mail to the Owners of specified Certificates, at the addresses shown on the registration books maintained by the Registrar pursuant to **Section 3.06**.

"Opinion of Counsel" means a written opinion of counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the City.

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

"Owner" or **"Registered Owner"** of a Certificate means the owner of such Certificate as shown on the register kept by the Registrar pursuant to **Section 3.06**.

"Participants" means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

"Person" means any natural person, corporation, partnership, joint venture, association, firm, joint-stock company, trust, unincorporated organization, or public body.

"Prepayment Date" means any date set for prepayment of the Principal Portion of Basic Rent represented by Certificates.

"Prepayment Price" means, with respect to any Certificate (or portion thereof) the amount specified in **Section 5.02**.

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

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

"**Purchaser**" means UMB Bank, N.A.

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

"Record Date" means the fifteenth calendar day of the month (whether of not a business day) prior to the applicable Basic Rent Payment Date.

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

"Replacement Certificates" means Certificates issued to the beneficial owners of the Certificates in accordance with **Section 3.10**.

"Securities Depository" means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

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

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

"Trustee" means UMB Bank, N.A., a national banking association duly organized and existing under the laws of the United States of America, in its capacity as trustee hereunder, and its successor or successors and their respective assigns.

Section 1.02. General Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing person shall include individuals, corporations, partnerships, joint ventures, associations, joint-stock companies, trusts, unincorporated organizations and governments and any agency or political subdivision thereof.

The words "herein," "hereby," "hereunder," "hereof," "hereto," "hereinbefore," "hereinafter" and other equivalent words refer to this Declaration of Trust and not solely to the particular article, section, paragraph or subparagraph hereof in which such word is used.

Reference herein to a particular article or a particular section, exhibit, schedule or appendix shall be construed to be a reference to the specified article or section hereof or exhibit, schedule or appendix hereto unless the context or use clearly indicates another or different meaning or intent.

Whenever an item or items are listed after the word "including," such listing is not intended to be a listing that excludes items not listed.

The table of contents, captions and headings in this Declaration of Trust are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Declaration of Trust.

Section 1.03. Execution in Counterparts. This Declaration of Trust may be executed simultaneously in two or more counterparts, each of which shall be deemed to be an original, and all of which together shall constitute but one and the same instrument.

Section 1.04. Severability. If any provision of this Declaration of Trust shall be held or deemed to be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or sections in this Declaration of Trust contained shall not affect the remaining portions of this Declaration of Trust, or any part thereof.

Section 1.05. Date of Declaration of Trust. The dating of this Declaration of Trust as of June 1, 2010, is intended as and for the convenient identification of this Declaration of Trust only and is not intended to indicate that this Declaration of Trust was executed and delivered on said date, this Declaration of Trust being executed and delivered and becoming effective simultaneously with the initial execution and delivery of the Certificates.

Section 1.06. Governing Law. This Declaration of Trust shall be governed by and construed in accordance with the laws of the State.

ARTICLE II

COVENANT AS TO THE LEASE

Section 2.01. Covenant as to the Lease. The Trustee covenants and agrees that, except in accordance with the terms of this Declaration of Trust and the Lease, it will not take any action that would result in the occurrence of an Event of Default and that it will not agree to any abatement, reduction, abrogation, waiver, diminution or other modification in any manner or to any extent whatsoever of the obligations of the City under the Lease to pay Basic Rent and to meet its other obligations as provided in the Lease except as permitted by **Section 8.01**.

ARTICLE III

THE CERTIFICATES

Section 3.01. Title and Amount of Certificates. No Certificates may be executed and delivered under the Declaration of Trust except in accordance with this Article. The Certificates shall be designated and shall be in such aggregate amount as provided in **Section 3.08** hereof.

Section 3.02. General Provisions Concerning the Certificates.

(a) The Certificates and the form of assignment to appear thereon shall be in substantially the form set forth in **Exhibit A**, with necessary or appropriate variations, omissions and insertions as permitted or required hereby or by any Supplemental Declaration of Trust.

(b) The Certificates shall be fully registered Certificates without coupons transferable to subsequent owners only on the books kept by the Registrar pursuant to **Section 3.06** as hereinafter provided. Each Certificate shall be in the denomination of $5,000 or any integral multiple thereof (provided that one Certificate may be in the amount of $1,000 or any multiple thereof).

(c) Each of the Certificates shall represent the Interest Portion and Principal Portion of Basic Rent payable with respect thereto and shall be on a parity with the other Certificates as to the entire Trust Estate.

(d) The Certificates shall be numbered from 1 upward, shall be dated and the Principal Portion of Basic Rent represented thereby shall be payable, subject to prior prepayment upon the terms and conditions hereinafter set forth, and shall represent Interest Portions of Basic Rent calculated at certain rates as set forth in this Declaration of Trust or any Supplemental Declaration of Trust authorizing such series of Certificates.

(e) The Interest Portion of the Basic Rent represented by each Certificate shall be payable from the date thereof or the most recent date to which said Interest Portion has been paid. The Interest Portion of the Basic Rent represented by the Certificates shall be paid on each January 1 and July 1, beginning on January 1, 2011.

(f) Payment of the Interest Portion of the Basic Rent represented by any Certificates shall be made to the person appearing on the registration books of the Registrar as the Owner thereof on the Record Date, such Interest Portion to be paid to such Owner by check or draft drawn on the Trustee and mailed on the Basic Rent Payment Date to such Owner's address as it appears on the registration books of the Registrar on the Record Date or in the case of such Interest Portion to any Owner of $500,000 or more in aggregate principal amount of Certificates, by electronic transfer to such Owner upon written notice given to the Trustee by such Owner not less than 15 days prior to the Record Date for such Interest Portion, containing the electronic transfer instructions including the bank (which shall be in the continental United States), ABA routing number and account name and number to which such Owner wishes to have such transfer directed.

(g) The Interest Portion of the Basic Rent represented by any Certificates shall be computed with respect to such Certificates on the basis of a 360-day year of twelve 30-day months.

(h) The Principal Portion of the Basic Rent and prepayment premium, if any, represented by the Certificates shall be payable (whether at maturity or upon prepayment or acceleration) by check or draft to the Owners of such Certificates upon presentation and surrender of such Certificates at the principal office of the Trustee in Kansas City, Missouri.

(i) Payment of the Certificate Payments and of the Prepayment Price of Certificates shall be made in such coin or currency of the United States of America as, at the time of payment, shall be legal tender for public and private debts.

(j) Prior to or simultaneously with the execution and delivery of the Certificates by the Trustee, there shall have been filed with the Trustee the following:

(1) A copy, certified as true and correct by the City Clerk of the City, of the ordinance of the City Council authorizing the Lease.

(2) Original executed counterparts of the Declaration of Trust and the Lease.

(3) Original executed counterparts of the Tax Compliance Agreement.

(4) Original executed counterparts of the Certificate Purchase Agreement.

(5) Original executed counterpart of the Continuing Disclosure Undertaking.

(6) An Opinion of Special Counsel as to the validity of the Certificates.

(7) An Opinion of Special Counsel as to the designation of the Certificates as Recovery Zone Economic Development Bonds.

(8) A supplemental opinion of Special Counsel to the effect that the Certificates are exempt from registration under the Securities Act of 1933, as amended, and that this Declaration of Trust is exempt from qualification under the Trust Indenture Act of 1939, as amended.

(9) A request and authorization to the Trustee by the City to authenticate the Certificates and to deliver the Certificates to or upon the order of the Purchaser upon payment, for the account of the City, of the purchase price thereof. The Trustee shall be entitled to rely conclusively upon such request and authorization as to the name(s) of the purchaser(s) and the amount of such purchase price.

(10) Such other certificates, statements, receipts, opinions and documents required by this Declaration of Trust or the Lease, or as the Trustee or Special Counsel may reasonably require for the delivery of the Certificates.

When the documents specified above have been filed with the Trustee, and when the Certificates have been executed as required by this Declaration of Trust, the Trustee will deliver the Certificates to or upon the order of the Purchaser or will hold the Certificates as FAST Agent for the benefit of the beneficial owners, but only upon payment of the purchase price of the Certificates, as specified in the Certificate Purchase Agreement. The net proceeds of the sale of the Certificates, including accrued interest and premium, if any, paid over to the Trustee will be deposited and applied as provided in **Article VI**.

Section 3.03. Execution of Certificates. The Certificates shall be executed by and in the name of the Trustee by the manual signature of an authorized signatory of the Trustee.

Section 3.04. Transfer of Certificates. Any Certificate may be transferred upon the books required to be kept pursuant to the provisions of **Section 3.06**, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Certificate for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee. The Trustee shall also require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

Section 3.05. Exchange of Certificates. Certificates may be exchanged at the principal office of the Trustee in Kansas City, Missouri (or such other office as may be designated by the Trustee) for a like aggregate principal amount of Certificates of the same maturity, interest rate and tenor. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. No exchange of any Certificate shall be required of the Trustee after such Certificate has been called for prepayment.

Section 3.06. Registration Books. The Registrar will keep or cause to be kept at its principal office in Kansas City, Missouri, sufficient books for the registration and transfer of the Certificates, which shall at all reasonable times be open to inspection by the City, and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Certificates as hereinbefore provided.

The person in whose name any Certificate shall be registered on the Record Date shall be deemed the owner thereof for all purposes hereof, and payment of or on account of the Interest Portions and Principal Portions of Basic Rent, represented by such Certificate shall be made only to or upon the order in writing of such registered owner, which payments shall be valid and effectual to satisfy and discharge the liability under the Lease as represented by such Certificate to the extent of the sum or sums so paid.

In the event any Owner fails to provide a correct taxpayer identification number to the Trustee, the Trustee may make a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Code, such amount may be deducted by the Trustee from amounts otherwise payable to such Owner hereunder or under the Certificates.

Section 3.07. Certificates Mutilated, Lost, Destroyed or Stolen. If any Certificate shall become mutilated, the Trustee, at the expense of the Owner of said Certificate, shall execute and deliver a new Certificate of like tenor, maturity, interest rate and number in exchange and substitution for the Certificate so mutilated (except that such number may be preceded by a distinguishing prefix), but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be canceled by it and destroyed. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and indemnity of the Trustee and the City satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner of the Certificate, shall execute and deliver a new Certificate of like tenor, maturity, interest rate, and number as the Trustee shall determine in lieu of and in substitution for the Certificate so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Certificate executed and delivered under this Section and of the expenses which may be incurred by the Trustee under this Section. Any Certificate executed and delivered under this Section in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Declaration of Trust with all other Certificates secured by this Declaration of Trust. The Trustee shall not be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be Outstanding hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and replacement Certificate shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Certificate for a Certificate that has been mutilated, lost, destroyed or stolen and that has matured, the Trustee may make payment of such Certificate.

Section 3.08. Certificates. There shall be prepared, executed and delivered under this Declaration of Trust a series of Certificates in the aggregate principal amount of $2,859,000, which series of Certificates shall be designated "Taxable Certificates of Participation (Recovery Zone Economic

Development Bonds), Series 2010" (the "Certificates"). The Certificates shall be dated June 30, 2010, and shall be payable on the dates, in the principal amounts (subject to prepayment as described in **Article V**), and with the Interest Portions accruing at the rates set forth on **Exhibit C**.

Section 3.09. Book-Entry Certificates; Securities Depository.

(a) The Certificates shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no beneficial owner will receive certificates representing their respective interests in the Certificates, except in the event the Trustee issues Replacement Certificates as provided in subsection (b) hereof. It is anticipated that during the term of the Certificates, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal, premium, if any, and interest with respect to the Certificates to the Participants until and unless the Trustee authenticates and delivers Replacement Certificates to the beneficial owners as described in subsection (b).

(b) (i) If the City determines (A) that the Securities Depository is unable to properly discharge its responsibilities, or (B) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities Exchange Act of 1934, as amended, or (C) that the continuation of a book-entry system to the exclusion of any Certificates being issued to any Owner other than Cede & Co. is no longer in the best interests of the beneficial owners of the Certificates, or (ii) if the Trustee receives written notice from Participants having interests in not less than 50% of the Certificates Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Certificates being issued to any Owner other than Cede & Co. is no longer in the best interests of the beneficial owners of the Certificates, then the Trustee shall notify the Owners of such determination or such notice and of the availability of certificates to Owners requesting the same, and the Trustee shall register in the name of and authenticate and deliver Replacement Certificates to the beneficial owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest; provided, that in the case of a determination under (i)(A) or (i)(B) of this subsection (b), the City, with the consent of the Trustee, may select a successor securities depository in accordance with **Section 3.10(c)** to effect book-entry transfers. In such event, all references to the Securities Depository herein shall relate to the period of time when at least one Certificate is registered in the name of the Securities Depository or its nominee. Upon the issuance of Replacement Certificates, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Trustee, to the extent applicable with respect to such Replacement Certificates. If the Securities Depository resigns and the City, the Trustee or the Owners are unable to locate a qualified successor of the Securities Depository in accordance with **Section 3.09(c)**, then the Trustee shall authenticate and cause delivery of Replacement Certificates to Owners, as provided herein. The Trustee may rely on information from the Securities Depository and its Participants as to the names and addresses of and principal amounts held by the beneficial owners of the Certificates. The cost of printing Replacement Certificates shall be paid for by the City.

(c) If the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities Exchange Act of 1934, as amended, the City may appoint a successor Securities Depository provided the Trustee receives written evidence satisfactory to the Trustee with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Trustee upon its receipt of a Certificate or Certificates for cancellation shall

cause the delivery of Certificates to the successor Securities Depository in appropriate denominations and form as provided herein.

ARTICLE IV

PARTICULAR COVENANTS AND PROVISIONS

Section 4.01. Covenant of Trustee as to Performance of Obligations. The Trustee covenants that it will promptly remit to the Owner of each Certificate its interest in each installment of Basic Rent to the extent received by the Trustee, at the places, on the dates and in the manner provided herein and in the Certificates.

Section 4.02. Covenant to Perform Undertakings. The Trustee covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Declaration of Trust, in any and every Certificate executed and delivered hereunder and in all proceedings of the Trustee pertaining thereto. The Trustee covenants that it is duly authorized to execute and deliver the Certificates and to enter into this Declaration of Trust and to perform its obligations hereunder.

ARTICLE V

PREPAYMENT

Section 5.01. General. The Certificates are subject to prepayment pursuant to this Article and any Supplemental Declaration of Trust to the extent that prepayments of Basic Rent are required, allowed or provided for under the Lease.

Section 5.02. Prepayment Provisions with Respect to the Certificates.

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

(b) *Mandatory Sinking Fund Prepayment.* The Certificates with the following stated payment dates (the "Term Certificates"), shall be subject to mandatory prepayment prior to maturity pursuant to the sinking fund requirements of this Section at a Prepayment Price of 100% of the Principal Portion of Basic Rent represented thereby, plus the Interest Portion of Basic Rent accrued thereon to the Prepayment Date. The Basic Rent Payments specified in **Exhibit A** to the Lease, which are to be paid to the Trustee and deposited into the Lease Revenue Fund, shall be sufficient to prepay and the Trustee shall prepay on July 1 in each of the following years, the following Principal Portion of Basic Rent represented by such Term Certificates:

Term Certificates Maturing July 1, 2030		Term Certificates Maturing July 1, 2035	
Year	**Principal**	**Year**	**Principal**
2026	$110,000	2031	$130,000
2027	115,000	2032	135,000
2028	120,000	2033	140,000
2029	125,000	2034	150,000
2030*	130,000	2035*	375,000

*Stated Payment Date

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

(c) *Extraordinary Optional Prepayment.* The Certificates shall be subject to extraordinary optional prepayment on any Basic Rent Payment Date, in whole but not in part, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented thereby plus the Interest Portion of Basic Rent accrued to the Prepayment Date, in the event of substantial damage to or destruction or condemnation (other than by the City or any entity controlled by otherwise affiliated with the City) of, or loss of title to, substantially all of the Leased Property, or as a result of changes in the Constitution of Missouri or legislative or administrative action by the State or the United States of America, the Lease becomes unenforceable, and the City purchases the Trustee's interest in the Leased Property pursuant to **Section 10.01(b)** of the Lease.

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

Section 5.03. Selection of Certificates for Prepayment; Notice to Trustee. If less than all of the Outstanding Certificates are called for optional prepayment, Certificates will be prepaid in such order of stated payment dates as is determined by the City. Within a stated payment date the Trustee will select the Certificates or any given portion thereof to be prepaid in such equitable manner as the Trustee determines in principal amounts of $5,000 or integral multiples thereof. In case of any optional

prepayment, at the election of the City, the City will, at least 45 days prior to the Prepayment Date (unless a shorter notice will be satisfactory to the Trustee), give written notice to the Trustee directing the Trustee to call Certificates for prepayment and give notice of prepayment and specifying the Prepayment Date, the series, the principal amount and maturities of Certificates to be called for prepayment, the applicable prepayment price and the provision or provisions of this Declaration of Trust pursuant to which such Certificates are to be called for prepayment.

Section 5.04. Partial Prepayment of Certificate. Upon surrender of any Certificate prepaid in part only, the Trustee will execute and deliver to the Owner thereof, at the expense of the City, a new Certificate or Certificates of the same series and maturity, equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered.

Section 5.05. Notice of Prepayment. Unless otherwise provided herein, notice of prepayment will be given by the Trustee, not more than 60 days and not less than 30 nor more than 60 days prior to the Prepayment Date, to the City and the Owner of each Certificate affected at the address shown on the registration books of the Registrar on the date such notice is mailed. Each notice of prepayment will state (a) the Prepayment Date, (b) the place of prepayment, (c) the Prepayment Price (d) if less than all, the identification number of the Certificates to be prepaid and (e) if a Certificate is being prepaid in part, the portion thereof being prepaid. Such notice will also state that the Interest Portion of the Basic Rent represented by the Certificates designated for prepayment will cease to accrue from and after such Prepayment Date and that on said date the Prepayment Price will become due and payable on each of said Certificates. The failure of the Owner of any Certificate to be so prepaid to receive notice of prepayment mailed as herein provided or any defect therein will not affect or invalidate the validity of any proceedings for the prepayment of such Certificate.

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

The Trustee, as long as a book-entry system is used for the Certificates, will send notices of prepayment only to the Securities Depository, as the Owner of the Certificates. Any failure of the Securities Depository to advise any of the Participants, or of any participant or any nominee to notify any beneficial owner of the Certificates, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Certificates called for prepayment.

Section 5.06. Effect of Prepayment. Notice of prepayment having been duly given as aforesaid, and upon funds for payment of the Prepayment Price of such Certificates (or portions thereof) being held by the Trustee, on the Prepayment Date designated in such notice, the Certificates (or portions thereof) so called for prepayment will become due and payable at the Prepayment Price specified in such notice and the Interest Portion of Basic Rent represented by the Certificates so called for prepayment will cease to accrue, said Certificates (or portions thereof) will cease to be entitled to any benefit or security under this Declaration of Trust and the Owners of such Certificates will have no rights in respect thereof except to receive payment of the Prepayment Price.

All Certificates prepaid pursuant to the provisions of this Article will be cancelled upon surrender thereof and destroyed by the Trustee pursuant to **Section 3.12**.

ARTICLE VI

FUNDS; APPLICATION OF PROCEEDS AND OTHER MONIES

Section 6.01. Establishment of Funds. There are hereby established the following funds:

(a) Acquisition Fund, including a Cost of Issuance Subaccount and a Project Subaccount.
(b) Lease Revenue Fund.
(c) Debt Service Reserve Fund.
(d) Rebate Fund.

All funds and accounts established pursuant to this Article shall be held by the Trustee in trust and (except for the Rebate Fund) for the benefit of the Certificate Owners. The money in all of the funds and the accounts shall be applied as hereinafter provided.

Section 6.02. Application of Proceeds of Certificates and Other Moneys. The Proceeds of the Certificates shall be deposited as follows:

(a) in the Lease Revenue Fund, any accrued interest with respect to the Certificates;

(b) in the Debt Service Reserve Fund, an amount equal to the Debt Service Reserve Requirement;

(c) in the Cost of Issuance Subaccount of the Acquisition Fund, the amount of $32,135.16.

(d) in the Project Subaccount of the Acquisition Fund, the remainder of the proceeds of the Certificates.

In addition, the amount of $24,064.84 received from the City shall be deposited in the Cost of Issuance Subaccount of the Acquisition Fund.

Section 6.03. Application of Lease Revenues. Lease Revenues shall be deposited, as received pursuant to the Lease, as follows:

(a) The Basic Rent shall be deposited to the Lease Revenue Fund.

(b) Optional and mandatory prepayments of the Principal Portion of Basic Rent (in amounts equal to the applicable Prepayment Price) shall be deposited to the Lease Revenue Fund.

(c) Payments of Supplemental Rent pursuant to **Section 4.02** of the Lease shall be applied as provided in **Section 4.02** of the Lease.

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

Section 6.04. Disbursements from the Acquisition Fund.

(a) Moneys in the Acquisition Fund shall be used to pay for Costs of the Project, including Costs of Issuance. Costs of Issuance shall only be paid from the Costs of Issuance Subaccount of the Acquisition Fund. All other Costs of the Project shall be paid from the Project Subaccount of the Acquisition Fund. Moneys remaining in the Costs of Issuance Subaccount on December 1, 2010, shall be deposited in the Project Subaccount. Payment shall be made from moneys in the Acquisition Fund upon receipt by the Trustee of a requisition certificate therefor signed by an Authorized Representative of the City, which requisition certificate shall contain the statements, representations and certificates set forth in the form thereof attached hereto as **Exhibit B** and shall be otherwise substantially in such form.

In making disbursements for Costs of the Project, the Trustee shall be entitled to conclusively rely upon each written requisition certificate executed by the Authorized Representative of the City without inquiry or investigation. It is understood that the Trustee shall *not* make any inspections of the Leased Property nor any improvements thereon, make any provision to obtain completion bonds, mechanic's or materialmen's lien releases or otherwise supervise any phase of the acquisition or installation of the Project. The approval of each requisition certificate by the Authorized Representative of the City shall constitute unto the Trustee an irrevocable determination that all conditions precedent to the payment of the specified amounts from the Acquisition Fund have been completed. The Trustee shall make disbursements to pay Costs of the Project for which any such request is made within five business days of the receipt of a properly completed and executed certificate with all necessary supporting information.

(b) The Completion Date of the Project and the payment of all Costs of the Project (other than Costs of the Project for which sufficient amounts are retained in the Acquisition Fund) shall be evidenced by the filing with the Trustee of the Acceptance Certificate pursuant to **Section 5.03** of the Lease. As soon as practicable any balance remaining in the Acquisition Fund shall be transferred and deposited without further authorization as provided in **Section 5.03** of the Lease, but may only be used for the purpose set forth in **Section 5.02(d)** hereof..

(c) In the event of acceleration of all the Certificates pursuant to **Section 9.02**, any moneys then remaining in the Acquisition Fund shall be transferred and deposited to the credit of the Lease Revenue Fund and shall be used to pay the Interest Portion and Principal Portion of Basic Rent.

Section 6.05. Application of Moneys in the Lease Revenue Fund. Except as otherwise provided herein, all amounts in the Lease Revenue Fund shall be used and withdrawn by the Trustee solely to pay Basic Rent represented by the Certificates when due and payable (including principal and accrued interest with respect to any Certificates paid prior to maturity pursuant to this Declaration of Trust).

Section 6.06. Debt Service Reserve Fund. Except as otherwise provided herein, money in the Debt Service Reserve Fund will be used solely to make up any deficiencies in the Lease Revenue Fund. Moneys in the Debt Service Reserve Fund will also be used to pay the last Certificates becoming due unless such Certificates have been otherwise paid. If the money in the Lease Revenue Fund is insufficient to pay the Principal Portion and the Interest Portion of Basic Rent as the same become due, the Trustee will without further authorization transfer any funds available to make Basic Rent Payments or deposits to the Lease Revenue Fund to make such payments. Money in the Debt Service Reserve Fund will be used to make all or part of the final Basic Rent Payment.

The investments in the Debt Service Reserve Fund will be valued annually on March 1. If at any time the amount in the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement, such excess will be transferred to the Acquisition Fund until the Completion Date and to the Lease Revenue

Fund thereafter. If at any time the amount in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement as a result of a withdrawal or a decrease in value, the City will replenish the Debt Service Reserve Fund at the time and in the manner set forth in the Lease.

Section 6.07. Rebate Fund. Moneys will be deposited in and disbursed from the Rebate Fund in accordance with written instructions from the City to the Trustee prepared in accordance with the provisions of the Tax Compliance Agreement.

Section 6.08. Repayment to the City from the Lease Revenue Fund. After payment in full of all Rent Payments through the maximum Lease Term or the earlier purchase of the Trustee's interest in the Leased Property pursuant to **Section 10.01** of the Lease, payment of all Supplemental Rents then accrued and due and payment of interest accruing on and profit realized from Investment Securities therein, together with all amounts remaining in the Lease Revenue Fund, shall be paid to the City.

Section 6.09. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity or payment dates with respect to the Certificates or the date fixed for prepayment of any Certificates shall be a Saturday, a Sunday or a legal holiday or a day on which banking institutions in the city in which the principal office of the Trustee is located are authorized by law to close, then payment with respect to the Certificates need not be made on such date but may be made on the next succeeding business day with the same force and effect as if made on the date of maturity or the date fixed for prepayment, and no interest shall accrue for the period after such date.

Section 6.10. Nonpresentment of Certificates. If any Certificate shall not be presented for payment when such payment becomes due, either at maturity or otherwise, or at the date fixed for prepayment thereof, if funds sufficient to pay such Certificate shall have been made available to the Trustee, all liability of the Trustee and the City to the Owner thereof for the payment of such Certificate shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the Owner of such Certificate, who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature under this Declaration of Trust or on, or with respect to, said Certificate. If any Certificate shall not be presented for payment within two years following the date when such Certificate becomes due, whether by maturity or otherwise, the Trustee upon the request of the City shall repay, without liability for interest thereon, to the City the funds theretofore held by the Trustee for payment of such Certificate, and such Certificate shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the Registered Owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

ARTICLE VII

DEPOSITARIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 7.01. Moneys to be Held in Trust. All moneys deposited with or paid to the Trustee for account of the Funds under this Declaration of Trust shall be held by the Trustee in trust and shall be applied only in accordance with this Declaration of Trust and the Lease (except for the Rebate Fund) and until used or applied as herein provided, shall constitute part of the Trust Estate and shall not be subject to any lien other than the lien of this Declaration of Trust. The Trustee shall not be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

Section 7.02. Investment of Moneys. Moneys held in the Funds shall, subject to the requirements of the Tax Compliance Agreement and as hereinafter provided, be invested and reinvested by the Trustee, pursuant to written direction of the City, signed by an Authorized Representative of the City, in Investment Securities that mature or are subject to redemption by the holder prior to the date such funds will be needed. In the absence of such instructions, the Trustee is authorized to invest moneys in Investment Securities described in subparagraph (f) of the definition of Investment Securities in **Section 1.01**. The Trustee is specifically authorized to implement its automated cash investment system to assure that cash on hand is invested and to charge its normal cash management fees, which may be deducted from income earned on investments.

The Trustee shall sell and reduce to cash a sufficient amount of such Investment Securities held by the Trustee in any Fund hereunder whenever the cash balance in such Fund is insufficient for the purpose of such Fund. Any such Investment Securities shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Fund in which such moneys are originally held, and the interest accruing thereon and any profit realized from such Investment Securities shall be credited to such Fund, and any loss resulting from such Investment Securities shall be charged to such Fund; provided, that, if at any time the amount in the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement, such excess will be transferred as provided in **Section 6.06** hereof.

For the purpose of determining the amount in any fund, the value of any investments shall be computed as of the last business day preceding March 31 in each year at the market value thereof including accrued but unpaid interest.

The Trustee may, in making or disposing of any investment permitted by this Section, deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account.

ARTICLE VIII

AMENDMENT OF THE DECLARATION OF TRUST OR THE LEASE

Section 8.01. Amendments Permitted.

(a) This Declaration of Trust, the Lease and the rights and obligations of the City and of the Owners of the Certificates and of the Trustee may be modified or amended from time to time and at any time by an amendment or supplement hereto or thereto which the parties hereto or thereto may enter into when the written consent of the Trustee and the City, if not a party hereto or thereto, and the Owners of a majority in aggregate Principal Portion of Basic Rent Payments represented by the Certificates then Outstanding shall have been filed with the Trustee. No such modification or amendment shall (i) extend the stated maturity of any Certificate, or reduce the amount of principal represented thereby, or extend the time of payment or reduce the amount of any Prepayment Price provided in the Declaration of Trust for the payment of any Certificate, or reduce the rate of interest with respect thereto, or extend the time of payment of interest with respect thereto without the consent of the Owner of each Certificate so affected, (ii) reduce the aforesaid percentage of Certificates the consent of the Owners of which is required to effect any such modification or amendment or permit the creation of any lien on the moneys in the Acquisition Fund, the Debt Service Reserve Fund and the Lease Revenue Fund or deprive the Owners of the trust created by this Declaration of Trust with respect to the moneys in the Acquisition Fund, the Debt Service Reserve or the Lease Revenue Fund or (iii) create a preference or priority of any Certificate or Certificates over any other Certificate or Certificates without the consent of the Owners of all of the Certificates then Outstanding. Promptly after the execution by the Trustee of any amendment pursuant to

this subsection (a), the Trustee shall give Notice by Mail, setting forth in general terms the substance of such amendment to the Owners at the addresses listed on the registration books kept by the Trustee pursuant to **Section 3.06**. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment.

(b) Notwithstanding subsection (a), this Declaration of Trust or the Lease and the rights and obligations of the City, of the Trustee and of the Owners of the Certificates may also be modified or amended from time to time and at any time by an agreement which the parties hereto or thereto may enter into without the consent of any Certificate Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Trustee in this Declaration of Trust, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Certificates (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the City; provided, however, that no such covenant, agreement, pledge, assignment or surrender shall, in the sole judgment of the Trustee based upon the written opinion of Special Counsel, materially adversely affect the interests of the Owners of the Certificates;

(ii) to add to the covenants and agreements of the City in the Lease, other covenants and agreements thereafter to be observed or to surrender any right or power therein reserved to or conferred upon the Trustee or the City; provided, however, that no such covenant, agreement or surrender shall in the sole judgment of the Trustee based upon the written opinion of Special Counsel, materially adversely affect the interests of the Owners of the Certificates;

(iii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Declaration of Trust or the Lease, or in regard to matters or questions arising under this Declaration of Trust or the Lease as the Trustee and the City may deem necessary or desirable and not inconsistent with said agreements, or as may be requested by the City or the Trustee and which shall not, in the sole judgment of the Trustee, in any such case materially adversely affect the interests of the Owners of the Certificates;

(iv) to modify, amend or supplement this Declaration of Trust in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not in the sole judgment of the Trustee, materially adversely affect the interests of the Owners of the Certificates;

(v) to provide for any additional procedures, covenants or agreements necessary to maintain the federal tax status of the Certificates Outstanding and the right, if any, of the City to receive Interest Subsidy Payments with respect thereto;

(vi) to provide for any additional or revised procedures, covenants or agreements with respect to the procedure for collection of any Interest Subsidy Payments to which the City may be entitled in connection with any series of Certificates (including but not limited to modifications to the duties of the City and the Trustee set forth in Section 12.07 hereof).

Section 8.02. Effect of Amendments. Upon the execution of any amendments hereto, pursuant to this **Article VIII**, this Declaration of Trust shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Declaration of Trust of

the Trustee and all Owners of Certificates Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such amendment shall be deemed to be part of the terms and conditions of the Declaration of Trust for any and all purposes.

Section 8.03. Endorsement of Certificates; Preparation of New Certificates. Certificates delivered after the execution of any amendment pursuant to this **Article VIII** may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form determined by the Trustee as to any modification or amendment provided for in such amendment, and, in that case, upon demand of the Owner of any Certificate Outstanding at the time of such execution and presentation of his Certificate for such purpose at the principal office of the Trustee in Kansas City, Missouri (or such other office as may be designated by the Trustee), a suitable notation shall be made on such Certificate. If the amendment shall so provide, new Certificates so modified as to conform, in the opinion of the Trustee, to any modification or amendment contained in such amendment, shall be prepared and executed by the Trustee, and upon demand of the Owners of any Certificates then Outstanding shall be exchanged at the principal office of the Trustee in Kansas City, Missouri (or such other office as may be designated by the Trustee), without cost to any Certificate Owner, for Certificates then Outstanding, upon surrender for cancellation of such Certificates in equal aggregate principal amounts of the same maturity, interest rate and tenor.

Section 8.04. Amendment of Particular Certificates. The provisions of this Article shall not prevent any Certificate Owner from accepting any amendment as to the particular Certificates held by him, provided that due notation thereof is made on such Certificates.

Section 8.05. Opinion of Counsel. Anything to the contrary in this **Article VIII** notwithstanding, before the Trustee or the City consent to any modification or amendment of this Declaration of Trust or the Lease, there shall have been delivered to the Trustee an Opinion of Special Counsel to the effect that such amendment (1) is permitted by this Declaration of Trust and the instrument modified or amended (if other than this Declaration of Trust), (2) complies with their terms, (3) will, upon execution and delivery thereof, be valid and binding upon the City in accordance with the terms of the instrument modified or amended, and (4) will not adversely affect the federal tax status of any Certificates Outstanding or the receipt of Interest Subsidy Payments, if any, by the City with respect thereto. In any instance in which the Trustee may be required to determine that a modification or amendment will not materially adversely affect the interest of the Owners of the Certificates, prior to consenting to such modification or amendment, the Trustee shall be entitled to require that there be delivered to it an Opinion of Counsel to the effect that no such materially adverse affect would result from such modification or amendment. The Trustee shall be fully protected and shall incur no liability in relying upon such Opinion of Counsel in making such determination. The Trustee may, but shall not be obligated to enter into any such supplemental Declaration of Trust or Lease which affects the Trustee's own rights, duties or immunities under this Declaration of Trust or Lease or otherwise.

ARTICLE IX

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND OWNERS OF CERTIFICATES

Section 9.01. Defaults. The occurrence of any of the following events, subject to the provisions of **Section 9.09**, is hereby defined as an "Event of Default":

(a) Default in the due and punctual payment of any Interest Portion of Basic Rent represented by a Certificate; or

(b) Default in the due and punctual payment of the Principal Portion of Basic Rent represented by a Certificate, whether at the stated payment date thereof or the Prepayment Date set therefor in accordance with the terms hereof; or

(c) Any Event of Lease Default.

Section 9.02. Acceleration. Upon the occurrence of an Event of Default, the Trustee may, and upon receipt of a Directive shall, by notice in writing delivered to the City, declare the Principal Portion and Interest Portion of Basic Rent represented by all Certificates Outstanding to the end of the then current Fiscal Year immediately due and payable.

Section 9.03. Other Remedies Upon an Event of Default. Upon the occurrence of an Event of Lease Default or Event of Nonappropriation, the Trustee may exercise any remedies available under the Lease and, to the extent consistent therewith, may sell, lease or manage any portion of the Leased Property and apply the net proceeds thereof in accordance with **Section 9.05** and, whether or not it has done so, may pursue any other remedy available to it under the Lease or at law or in equity.

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

No delay or omission 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, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default hereunder whether by the Trustee or by the Certificate Owners shall extend to or shall affect any subsequent default or shall impair any rights or remedies consequent thereon.

Section 9.04. Rights of Certificate Owners. If an Event of Default or Event of Nonappropriation shall have occurred and be continuing and if instructed to do so by a Directive and if indemnified as provided in **Sections 9.07** and **11.03**, the Trustee shall be obligated to exercise such one or more of the rights and the remedies conferred by this Article as the Trustee, upon the advice of counsel, shall deem to be in the interests of the Certificate Owners.

Any other provision herein to the contrary notwithstanding, the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of this Declaration of Trust, or for the appointment of a receiver or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Declaration of Trust, and indemnity shall have been provided to the Trustee in accordance with **Section 11.03**, and provided, further, that the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability.

Section 9.05. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article and any other moneys held as part of the Trust Estate shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee (including,

without limitation, attorney's fees and expenses), be deposited into the Lease Revenue Fund and all moneys in the Lease Revenue Fund shall be applied as follows:

(a) unless the Principal Portions of Basic Rent represented by all the Certificates shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST - To the payment to the persons entitled thereto of the Interest Portions of Basic Rent represented by the Certificates in the order of the maturity of the installments of such interest and, to the payment ratably, according to the amount due on such installments, to the persons entitled thereto, without any discrimination or privilege; and

SECOND - To the payment to the persons entitled thereto of the unpaid Principal Portions of Basic Rent represented by any Certificates that shall have become due (other than Principal Portions of Basic Rent represented by Certificates with respect to the payment of which moneys are held pursuant to the provisions of this Declaration of Trust) in the order of such due dates, with interest from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full the Principal Portions of Basic Rent represented by Certificates due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege except as to any difference in the respective rates of interest specified respecting the Certificates.

(b) If the Principal Portions of Basic Rent represented by all Certificates shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the Principal Portions and the Interest Portions of the Basic Rent then due and unpaid upon the Certificates without preference or priority of principal over the interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Certificate over any other Certificate, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege except as to any difference in the respective rates of interest specified respecting the certificates.

(c) If the Principal Portions of the Basic Rent represented by all Certificates shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then subject to the provisions of paragraph (b) of this Section in the event that the Principal Portions of Basic Rent represented by all the Certificates shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied pursuant to the provision of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for the application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be a Basic Rent Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and shall not be required to make payment to the Owner of any Certificate until such Certificate shall be presented to the Trustee for appropriate endorsement or for cancellation if paid in full.

Whenever the Principal Portion and the Interest Portion of all Certificates have been paid under the provisions of this Section and all expenses and charges of the Trustee have been paid, any balance remaining in the Lease Revenue Fund shall be paid to the City. Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and the Certificate Owners under this Declaration of Trust or the Lease, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 9.06. Remedies Vested in Trustee. All remedies and rights of action (including the right to file proof of claims) under this Declaration of Trust or under any of the Certificates may be enforced by the Trustee without the possession of any of the Certificates or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Owners of the Certificates. Any recovery of judgment or other amounts shall be for the equal benefit of the Owners of the Outstanding Certificates.

Section 9.07. Rights and Remedies of Certificate Owners. No Owner of any Certificates shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Lease or this Declaration of Trust, for the execution of any trust thereof, for the appointment of a receiver or to enforce any other remedy thereunder or hereunder, unless (a) an Event of Default or Event of Nonappropriation has occurred of which the Trustee has been notified as provided in **Article XI** or of which by said Article it is deemed to have notice, (b) the Owners of not less than a majority in aggregate principal amount of Certificates Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) such Certificate Owners have provided to the Trustee indemnification satisfactory to the Trustee; and (d) the Trustee shall thereafter fail or shall refuse to exercise the powers hereinbefore granted or to institute such action suit or proceedings in its, his, her or their name or names. Such notification, request and indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and the trusts of this Declaration of Trust and to any action or cause of action for the enforcement of this Declaration of Trust or for the appointment of a receiver or for any other right or remedy hereunder. No one or more Owners of the Certificates shall have any right in any manner whatsoever to affect, to disturb or to prejudice the lien of this Declaration of Trust by its, his, her or their action or to enforce any right or remedy hereunder except in the manner herein provided and all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Owners of all Certificates then Outstanding. Nothing in this Declaration of Trust contained shall, however, affect or impair the right of any Certificate Owner to enforce the payment of the Principal Portion of and the Interest Portion of the Basic Rent represented by any Certificate at and after the maturity or earlier mandatory prepayment thereof.

Section 9.08. Termination of Proceedings. If the Trustee shall have proceeded to enforce any right or remedy under the Lease or this Declaration of Trust by the appointment of a receiver, by entry or otherwise and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case, the City and the Trustee shall be restored to their former respective positions and rights thereunder and hereunder and all rights remedies and powers of the Trustee shall continue as if no such proceeding had been taken.

Section 9.09. Waivers of Defaults. The Trustee shall waive any Event of Default and its consequences and rescind any declaration of maturity of principal upon the written request of the Owners of (a) a majority in aggregate principal amount of all Certificates then Outstanding with respect to which a default in the payment of Principal Portion of Basic Rent represented thereby exists; or (b) a majority in

aggregate principal amount of all Certificates then Outstanding in the case of any other default; provided, however, that there shall not be waived (i) any Event of Default respecting the payment of the Principal Portion of Basic Rent represented by any Certificate at its maturity date, or (ii) any Event of Default respecting the payment of the Interest Portion of Basic Rent represented by any Certificate, unless prior to such waiver or rescission, all arrears of principal and interest when due, as the case may be, and all fees, costs and expenses of the Trustee in connection with such default shall have been paid or provided for and, in case any such waiver or rescission or in case any proceeding(s) taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Trustee, the City and the Certificate Owners shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default or impair any right consequent thereon.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Declaration of Trust.

(a) When (i) the obligations of the City under the Lease shall have been satisfied in connection with the exercise by the City of its option to purchase the Leased Property in accordance with **Article X** of the Lease by the irrevocable deposit in escrow with the Trustee, or other trust or banking institution having full trust powers of cash or Government Obligations (maturing as to principal and interest in such amounts and at such times as are necessary to make any required payments without reinvestment of any earnings thereon) or both cash and such Government Obligations, and (ii) the City shall have delivered to the Trustee, (x) an Opinion of Counsel to the effect that the conditions for such discharge contained herein and in **Section 10.02** have been satisfied or irrevocably provided for and (y) an accountant's certificate verifying the sufficiency of cash or Government Obligations or both so deposited for the payment of the Principal Portion and Interest Portion of the Certificates and any applicable Prepayment Price to be paid with respect to the Certificates and (iii) the City shall have deposited sufficient moneys to pay the fees, compensation and expenses of the Trustee and payment of arbitrage rebate due the United States (or has made provision satisfactory to the Trustee for their payment), thereupon the obligations created by this Declaration of Trust shall cease, determine and become void except for the right of the Certificate Owners and the obligation of the Trustee to apply such moneys and Government Obligations to the payment of the Certificates as herein set forth. Substitution for any Government Obligations held pursuant to any escrow created pursuant to this **Article X** shall not be permitted.

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

Section 10.02. Deposit of Moneys or Securities with Trustee. If moneys or Government Obligations are deposited with and held by the Trustee or other bank or trust company as hereinabove provided, the Trustee or other bank or trust company shall within 30 days after such Government Obligations shall have been deposited with it give Notice by Mail, to the Owners at the addresses listed

on the registration books kept by the Registrar pursuant to **Section 3.06**, setting forth (i) the maturity date or Prepayment Date, as the case may be, of the Certificates, (ii) a description of the Government Obligations, if any, so held by it, and (iii) that this Declaration of Trust has been released in accordance with the provisions of this Section. Whenever in this Declaration of Trust or the Lease it is provided or permitted that there be deposited with or held in trust by the Trustee or other bank or trust company moneys or Government Obligations in the necessary amount to pay or prepay any Certificates, the money or Government Obligations so to be deposited or held may include money or Government Obligations held by the Trustee in the Funds established pursuant to this Declaration of Trust (exclusive of the Acquisition Fund and the Rebate Fund) the principal of and interest on which when due together with any moneys held by the Trustee for such purpose will provide moneys sufficient to pay the Principal Portions and Interest Portions of the Basic Rent represented by the Certificates as same becomes due, except that, in the case of Certificates which are to be prepaid prior to maturity and in respect of which irrevocable notice of such prepayment shall have been given as in **Article V** provided or irrevocable provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the Prepayment Price with respect to such Certificates and all unpaid interest to the Prepayment Date.

ARTICLE XI

THE TRUSTEE

Section 11.01. Duties, Immunities and Liabilities of Trustee.

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

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

(c) The Trustee may at any time resign by giving written notice of such resignation to the City and by giving the Certificate Owners Notice by Mail of such resignation at the addresses listed on the registration books kept by the Trustee pursuant to **Section 3.06**. Upon receiving such notice of resignation, a successor Trustee shall be appointed by a Directive.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Certificate Owner (on behalf of himself and all other Certificate Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Declaration of Trust shall

signify its acceptance of such appointment by executing and delivering to the City and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee held by it as security for the Certificates, including its interest in the Lease, with like effect as if originally named Trustee herein; but, nevertheless at the request of the City or the request of the successor Trustee, and upon the approval by the City of the records and accounts of the predecessor Trustee, a release of the predecessor Trustee by the City, and the payment of the fees, costs and expenses due the predecessor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Declaration of Trust and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the City shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, such successor Trustee shall cause notice of such acceptance to be mailed, first class postage prepaid, to the Owners at the addresses listed on the registration books kept by the Trustee pursuant to **Section 3.06**.

(e) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a state or national trust company or bank having the powers of a trust company and being duly authorized to execute trust powers having its principal corporate trust office in the State, in good standing in the State, having a combined capital and surplus of at least fifty million dollars ($50,000,000), or must provide a guaranty of the full and prompt performance by the Trustee of its obligations under this Declaration of Trust and any other agreements made in connection with the Certificates, on terms satisfactory to the City, by a guarantor with such combined capital and surplus, and subject to supervision and examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

Section 11.02. Merger or Consolidation. Any entity into which the Trustee may be merged or converted or with which it may be consolidated or any entity resulting from any merger, conversion or consolidation to which it shall be a party or any entity to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under **Section 11.01(e)** shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 11.03. Liability of Trustee; Indemnity. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become the owner of Certificates with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Certificate Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Certificates then Outstanding.

Notwithstanding anything otherwise provided herein, before taking any action under this Declaration of Trust (except with respect to acceleration of the Certificates and payment of the

Certificates upon such acceleration or any payments of the Certificates when due), the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all reasonable costs and expenses (including, without limitation, attorneys' fees & expenses) to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct by reason of any action so taken. The Trustee may rely upon an Opinion of Counsel in determining whether any action may result in such liability.

Section 11.04. Right of Trustee to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, ordinance, request, consent, order, certificate, report, opinion, Directive or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of the trusts imposed upon it by this Declaration of Trust the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a statement of the City, and such statement shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Declaration of Trust in reliance upon such statement, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee agrees to accept and act upon instructions or directions pursuant to this Declaration of Trust sent by unsecured e-mail, provided, however, that: (a) subsequent to such transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions in a timely manner, (b) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (c) the Trustee shall have received an incumbency certificate listing such designated persons and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee e-mail instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 11.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Declaration of Trust shall be retained in its possession and shall be subject at all reasonable times to the inspection of the City and any Certificate Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Section 11.06. Matters Relating to Trustee. The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents, attorneys or receivers. The Trustee shall be entitled to consult legal counsel and may conclusively rely and act upon the advice of counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such agents, attorneys and receivers as may reasonably be

employed in connection with the trusts hereof. The Trustee shall not be responsible for any loss or damage resulting from any action by it taken or omitted to be taken in good faith in reliance upon such opinion or advice of counsel. The Trustee shall not be responsible for the recording or rerecording or filing or refiling of this Declaration of Trust or any financing statements (except continuation statements as may be necessary to maintain the record of the UCC-1 financing statement as originally filed) in connection therewith, or for insuring the Leased Property or collecting any insurance moneys, or for the sufficiency of the security for the Certificates or for the validity or sufficiency of any act of the City. The Trustee shall not be responsible for the use or application by the City of any of the Certificates or the proceeds thereof, or of any money paid to or upon the order of the City under any provision of this Declaration of Trust or the Lease. The Trustee shall not be responsible for any loss suffered in connection with any investment made in accordance with **Section 7.02**. The Trustee shall not be accountable for the use of any Certificates delivered as provided hereunder. Any action taken by the Trustee pursuant to this Declaration of Trust upon the request or authority or consent of any person who, at the time of making such request or giving such authority or consent is the Owner of any Certificate, shall be conclusive and binding upon all future Owners of the same Certificate and upon Certificates issued in exchange therefor or upon transfer or in substitution thereof. The Trustee shall not be required to take notice of any default hereunder except failure by the City to cause to be made any of the payments to the Trustee required to be made in Article VI, unless the Trustee shall have been specifically notified in writing of such default by the Owners of at least 10% in aggregate principal amount of all Certificates then Outstanding. The permissive right of the Trustee to do things enumerated in this Declaration of Trust shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful misconduct. The Trustee shall have the right, but shall not be required, to demand, with respect to the execution or delivery of any Certificates, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Declaration of Trust, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the City to the execution or delivery of any Certificate, the withdrawal of any cash, the release of nay property, or the taking of any other action by the Trustee. Notwithstanding anything otherwise provided in this Declaration of Trust, any provision intended to provide authority to act, right to payment of fees and expenses, and protection, immunity and indemnification to the Trustee shall be interpreted to include any action of the Trustee whether it is deemed to be in its capacity as Trustee, Registrar, or paying agent. All obligations or liabilities under this Declaration of Trust on the part of the Trustee are solely obligations or liabilities of the Trustee in its capacity hereunder as a corporate trustee of the Trust Estate. To the full extent permitted by law, the City releases every director, officer, agent or employee of the Trustee from any personal or individual liability under this Declaration of Trust.

Section 11.07. Compensation of the Trustee. The City shall, from time to time, upon the request of the Trustee, (a) pay to the Trustee reasonable compensation for its services as agreed to from time to time by the City and the Trustee (such compensation shall not be limited by any provision of law in regard to the compensation of a trustee of any express trust), and (b) reimburse the Trustee for all reasonable fees, costs and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys or other experts employed by it in the exercise and performance of powers and duties hereunder. Compensation under this Section is to be paid as Supplemental Rent pursuant to Section 4.02 of the Lease. The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as Paying Agent for the Bonds. In the event that it should become necessary that the Trustee perform extraordinary services, it shall be entitled to reasonable extra compensation therefor and to reimbursement for reasonable extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the neglect or willful misconduct of the Trustee it shall not be entitled to compensation or reimbursement therefor. The Trustee shall be secured under this Deed of Trust by a first lien, prior to payment of the Certificates, and shall have the

right to use and apply any trust money held by it under this Declaration of Trust for its compensation, advances, fees, costs and expenditures.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Survival of Provisions. The obligations of the Trustee with respect to matters arising before the termination of this Declaration of Trust (including any indemnification obligations and any obligation to pay additional interest) shall survive the termination of this Declaration of Trust.

Section 12.02. No Third Party Beneficiaries. No persons other than the City, the Trustee, the Owners of Certificates and the successors and assigns of such persons, shall have any rights whatsoever under this Declaration of Trust.

Section 12.03. Notices. It shall be sufficient service of any notice, request, complaint, demand or other paper required by this Declaration of Trust or the Lease to be given or filed with the Trustee or the City if the same shall be duly mailed by registered or certified mail with postage prepaid (except that notice to the Trustee shall be effective only upon receipt and as indicated in (a) below) addressed as follows:

(a) To the Owners of the Certificates if the same shall be duly mailed by first class mail, postage prepaid, addressed to each of the Owners of Certificates at the time Outstanding at his address as shown by the register maintained pursuant to **Section 3.06**.

(b) If to the City:

City of Monett, Missouri
217 5th St.
Monett, Missouri 65708
Attention: City Clerk

(c) If to the Trustee:

UMB Bank, N.A., as Trustee
1010 Grand Blvd., 4th Floor
Kansas City, Missouri 64106
Attention: Corporate Trust Department

A duplicate copy of each notice, certificate or other communication given hereunder, or pursuant to the Lease to any of the parties mentioned in this Section shall be given to all other parties mentioned in this Section, (other than the Owners of the Certificates unless a copy is required to be furnished to them by other provisions of this Declaration of Trust). The Trustee or the City may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent to it.

Section 12.04. Electronic Transactions. The parties agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, UMB Bank, N.A., the Trustee, has caused this Declaration of Trust to be executed by its duly authorized corporate officers, all as of the day and year indicated above.

UMB BANK, N.A.,
as Trustee

By: Betty Loehr
Name: Betty Loehr
Title: Vice President

EXHIBIT A

FORM OF CERTIFICATE OF PARTICIPATION

EXCEPT AS OTHERWISE PROVIDED IN THE DECLARATION OF TRUST (DESCRIBED HEREIN), THIS GLOBAL CERTIFICATE MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY (DESCRIBED HEREIN) OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

NUMBER _____ **$**_____

CITY OF MONETT, MISSOURI
TAXABLE CERTIFICATE OF PARTICIPATION
(RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)
SERIES 2010

Evidencing Proportionate Interests of the Owners thereof in Basic Rent Payments to be made by the City of Monett, Missouri, as Lessee Pursuant to a Lease Purchase Agreement with UMB Bank, N.A., as Lessor

Interest Rate	Payment Date	Certificate Date	CUSIP
_____%	_____	June 30, 2010	_____

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL SUM:

THIS IS TO CERTIFY that the registered owner identified above of this Certificate of Participation (the "Certificate") is the Owner of the proportionate interest hereinafter stated in a Lease Purchase Agreement dated as of June 1, 2010 (the "Lease"), between UMB Bank, N.A., a national banking association duly organized and existing under the laws of the United States of America, as Trustee (the "Trustee"), and the City of Monett, Missouri, a third-class city and political subdivision duly organized and existing under the laws of the State of Missouri (the "City"), including payments of Basic Rent to be made thereunder (the "Basic Rent Payments"). The City is authorized to enter into the Lease pursuant to applicable laws, including the Constitution and statutes of the State of Missouri and an ordinance of the City. This Certificate is secured by a pledge of Basic Rent pursuant to a Declaration of Trust dated as of June 1, 2010, by the Trustee, as amended or supplemented from time to time (the "Declaration of Trust"), which is on file at the corporate trust office of the Trustee. All capitalized terms used herein and not otherwise defined have the meanings assigned to those terms in the Declaration of Trust.

THE REGISTERED OWNER of this Certificate is entitled to receive, subject to the terms of the Lease and the Declaration of Trust, on the payment date specified above (the "Certificate Payment Date"), or if selected for prepayment, on the Prepayment Date, the principal sum specified above,

representing a portion of the Basic Rent Payment designated as principal coming due on the Certificate Payment Date or such Prepayment Date, and to receive the registered owner's proportionate share of Basic Rent Payments designated as interest on January 1 and July 1, commencing on January 1, 2011, to and including the Certificate Payment Date or the Prepayment Date, whichever is earlier. Said proportionate share of the Basic Rent Payments designated as interest is computed on the principal sum specified above from the Certificated Date specified above, or the most recent date to which such interest has been paid, at the interest rate specified above on the basis of a 360-day year of twelve 30-day months.

SAID AMOUNTS are payable in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts. The amounts representing principal and prepayment premium, if any, are payable by check or draft at the principal office of the Trustee in Kansas City, Missouri (or at such other office as the Trustee designates) upon the presentation and surrender of this Certificate; the amounts representing interest are payable to the Person in whose name this Certificate is registered in the register maintained by the Trustee at the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding each interest payment date (a "Record Date") by check or draft mailed to the said registered owner at his address as it appears in said register or in the case of an amount representing interest to be paid to any registered owner of Certificates representing an aggregate amount of principal of $500,000 or more, by electronic transfer to such registered owner upon written notice given to the Trustee by such registered owner not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the name of the bank (which shall be in the continental United States), the bank's ABA routing number and the account number to which such registered owner wishes to have such transfer directed.

BASIC RENT PAYMENTS are payable solely from Available Revenues which means, for any fiscal year, including any balances of the City from previous fiscal years encumbered to pay Rent under the Lease, amounts budgeted or appropriated out of the income and revenue of the City for such fiscal year plus any unencumbered balances of the City from previous fiscal years that are legally available to pay Rent during such fiscal year and all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Declaration of Trust.

NEITHER THE BASIC RENT PAYMENTS NOR ANY OTHER AMOUNTS DUE UNDER THE LEASE CONSTITUTE A DEBT, A GENERAL OBLIGATION OR, EXCEPT FROM AVAILABLE REVENUES, A LIABILITY OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. THE CITY SHALL NOT BE OBLIGATED TO PAY THE SAME EXCEPT FROM AVAILABLE REVENUES. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED TO THE PAYMENT OF THE BASIC RENT PAYMENTS OR ANY OTHER AMOUNTS DUE UNDER THE LEASE. THE REGISTERED OWNER SHALL NOT HAVE THE RIGHT TO REQUIRE OR COMPEL THE EXERCISE OF THE TAXING POWER OF THE CITY FOR THE PAYMENT OF THE PRINCIPAL PORTION AND INTEREST PORTION OF BASIC RENT UNDER THE LEASE REPRESENTED BY THIS CERTIFICATE OR THE MAKING OF ANY OTHER PAYMENTS PROVIDED FOR IN THE LEASE.

This Certificate is one of a duly authorized series of certificates of participation designated "City of Monett, Missouri, Taxable Certificates of Participation (Recovery Zone Economic Development Bonds), Series 2010" (the "Certificates") for the purpose of (1) providing funds to pay the costs of improvements to the water portion of the City's combined waterworks and sewerage system, including primarily the installation of water lines (the "Project"); (2) fund a reserve fund for the Certificates, and (3) paying the costs of delivering the Certificates. Under the Lease, the Trustee will lease a portion of the Project consisting of certain personal property (the "Leased Property") to the City. This Certificate has been executed by the Trustee pursuant to and is governed by the terms of the Declaration of Trust. Copies of the Lease and the Declaration of Trust are on file at the office of the City Clerk of the City and at the

corporate trust office of the Trustee, and reference to the Lease and the Declaration of Trust and any and all amendments and supplements thereto is made for a description of the pledges and covenants of the City securing the Basic Rent Payments, the nature, extent and manner of enforcement of such pledges and covenants and the rights and the terms and conditions upon which the Certificates are delivered thereunder.

The Declaration of Trust permits certain amendments or supplements to the Declaration of Trust and the Lease not prejudicial to the Certificate owners to be made without the consent of or notice to the Certificate owners, certain other amendments or supplements thereto to be made with the consent of the Owners of not less than a majority in aggregate Principal Portion of Basic Rent represented by the Certificates then Outstanding and other amendments or supplements thereto to be made only with the consent of all Certificate owners.

The Certificates with a payment date on July 1, 2030, are subject to mandatory prepayment on July 1, 2026, and on each July 1 thereafter prior to maturity, in the amounts set forth in the Declaration of Trust at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Certificates being prepaid plus the Interest Portion of Basic Rent represented by such Certificates accrued to the Prepayment Date.

The Certificates with a payment date on July 1, 2035, are subject to mandatory prepayment on July 1, 2031, and on each July 1 thereafter prior to maturity, in the amounts set forth in the Declaration of Trust at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Certificates being prepaid plus the Interest Portion of Basic Rent represented by such Certificates accrued to the Prepayment Date.

The Certificates with payment dates on or after July 1, 2021, and thereafter, will be subject to optional prepayment, on July 1, 2020, and thereafter in whole or in part at any time, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Certificates being prepaid, plus the Interest Portion of Basic Rent accrued to the Prepayment Date, from amounts paid by the City upon the exercise of its option to purchase the Equipment or partially prepay Basic Rent Payments pursuant to the terms of the Lease.

The Certificates shall be subject to extraordinary optional prepayment on any Basic Rent Payment Date, in whole but not in part, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented thereby plus the Interest Portion of Basic Rent accrued to the Prepayment Date, in the event of substantial damage to or destruction or condemnation (other than by the City or any entity controlled by otherwise affiliated with the City) of, or loss of title to, substantially all of the Leased Property, or as a result of changes in the Constitution of Missouri or legislative or administrative action by the State or the United States, the Lease becomes unenforceable, and the City purchases the Trustee's interest in the Leased Property pursuant to the Lease. The Certificates are not otherwise subject to optional prepayment.

In the event any of the Certificates are to be prepaid, notice thereof identifying the Certificates to be prepaid will be given by first class mail, postage prepaid, mailed not less than 30 days nor more than 60 days prior to the Prepayment Date to each registered owner of Certificates to be prepaid. The failure of the registered owner of any Certificate to be so redeemed to receive notice of prepayment mailed as herein provided shall not affect or invalidate the prepayment of such Certificate. All Certificates for which notice of prepayment is given will cease to bear interest on the specified Prepayment Date, provided moneys or certain securities for their prepayment are on deposit at the place of payment at that time, shall cease to be entitled to any benefit or security under the Declaration of Trust and shall no longer be deemed to be outstanding under the Declaration of Trust.

The Certificates are being issued by means of a book-entry system with no physical distribution of certificates to be made except as provided in the Indenture. One certificate with respect to each date on which the Certificates are stated to mature, registered in the nominee name of the Securities Depository, is being issued. The book-entry system will evidence positions held in the Certificates by the Securities Depository's participants, beneficial ownership of the Certificates in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants. The Trustee and the City will recognize the Securities Depository nominee, while the Registered Owner of this Certificate, as the owner of this Certificate for all purposes, including (i) payments of principal of, prepayment premium, if any, and interest on, this Certificate, (ii) notices and (iii) voting. Transfers of principal, interest and any prepayment premium payments to participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Trustee and the City will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or Persons acting through such participants. While the Securities Depository nominee is the owner of this Certificate, notwithstanding the provision herein above contained, payments of principal of and interest on this Certificate shall be made in accordance with existing arrangements between the Securities Depository, the Trustee and the City.

EXCEPT AS OTHERWISE PROVIDED IN THE DECLARATION OF TRUST, THIS GLOBAL CERTIFICATE MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

This Certificate shall be transferable upon the Certificate register, which shall be kept for that purpose at the principal office of the Trustee in Kansas City, Missouri (or such other office as may be designated by the Trustee), upon surrender and cancellation of this Certificate together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner of his, her or its duly authorized attorney and upon payment of the charges provided in the Declaration of Trust. Upon such transfer a new fully registered Certificate or Certificates of the same maturity and aggregate principal amount will be issued to the transferee. The Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Trustee shall not be affected by any notice to the contrary.

The Certificates may be delivered in the form of fully registered Certificates in the denomination of $5,000 or any integral multiple thereof, subject to certain limitations and as otherwise provided in the Declaration of Trust. The Certificates, upon surrender thereof at the principal office of the Trustee in Kansas City, Missouri, with a written request for exchange satisfactory to the Trustee duly executed by the registered owner of his, her or its duly authorized attorney in writing, may be exchanged for an equal aggregate principal amount of fully registered Certificates of any authorized denomination of the same maturity. No service charge shall be made for any transfer or exchange of Certificates, but the Trustee may require payment of any tax or governmental charge in connection therewith.

THE TRUSTEE has no obligation or liability to the registered owners of the Certificates to make payments of principal or interest with respect to the Certificates. The Trustee's sole obligations are to administer, for the benefit of the registered owners thereof, the various funds established under the Declaration of Trust.

THE CITY has certified, recited and declared that all acts, conditions and things required by the Constitution and statutes of the State of Missouri and the Lease to exist, to have happened and to have been performed precedent to the delivery of the Lease, exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be executed by an authorized officer as of the date set forth above.

UMB BANK, N.A.,
as Trustee

By:_____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

_____

Please Print or Typewrite Name, Address and
Employee Identification Number or Social Security Number of Transferee

the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____ Attorney to transfer the within Certificate on the register kept for registration thereof, with full power of substitution in the premises.

Dated: _____

_____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Certificate in every particular.

Signature Guaranteed By:

_____

(Name of Eligible Guarantor Institution as defined by SEC Rule 17 Ad-15 (17 CFR 240.17 Ad-15 or such other similar rule as Trustee may deem applicable))

By: _____
Title: _____

EXHIBIT B

FORM OF REQUISITION CERTIFICATE
FOR COSTS OF THE PROJECT
[(INCLUDING COSTS OF ISSUANCE)

Request No. ___ **Date: _____**

WRITTEN REQUEST FOR DISBURSEMENT FROM
ACQUISITION FUND

To: UMB Bank, N.A.
1010 Grand Blvd., 4th Floor
Kansas City, Missouri 64106
Attention: Corporate Trust Department

Ladies and Gentlemen:

Pursuant to **Section 5.02** of the Lease Purchase Agreement (the "Lease") dated as of June 1, 2010, between UMB Bank, N.A. (the "Trustee") and the City of Monett, Missouri (the "City"), and **Section 6.04** of the Declaration of Trust (the "Declaration of Trust"), the City hereby requests payment in accordance with this request and said sections of the Lease and the Declaration of Trust, and the City hereby states and certifies that (a) all terms of this request are used with the meanings used in the Lease and the Declaration of Trust, (b) the names of the persons, firms or corporations, if any, to whom the payments requested hereby are due, the amounts to be paid are as set forth on **Attachment I** hereto, (c) the amount hereby requested has been paid or is justly due and is hereby requested to be paid to contractors, subcontractors, materialmen, engineers, architects or other persons (whose names and addresses are stated on **Attachment I** hereto) who have performed necessary and appropriate work or furnished necessary and appropriate materials in the acquisition and installation of the Project (a brief description of such work and materials and the several amounts so paid or due being set forth on **Attachment I** hereto) or represents interest accruing on the Certificates prior to the Completion Date, (d) no part of the several amounts paid or due, as stated in this certificate has been, is being or will be made the basis for the withdrawal of any moneys in any previous, pending or subsequently filed certificate, (e) there has not been filed with or served upon the City any notice of any lien, right to a lien or attachment upon or claim affecting the right of any person, firm or corporation to receive payment of the respective amounts stated in said certificate which has not been released or will not be released simultaneously with the payment of such obligation, and (f) invoices, statements, vouchers or bills for the amounts requested and lien waivers for all services or materials furnished by subcontractors, except as to any retainage, related to amounts specified in this certificate are attached hereto.

Pursuant to **Section 5.02** of the Lease and **Section 6.04** of the Declaration of Trust, the City hereby states and certifies that (a) each of the City's representations contained in the Lease is true, correct and not misleading as though made as of the date hereof, and (b) no event exists that constitutes, or with the giving of notice of the passage of time or both would constitute, an Event of Default.

CITY OF MONETT, MISSOURI

By:_____
Authorized Representative

ATTACHMENT I

SCHEDULE OF PAYMENTS REQUESTED

Payee and Address	Amount	Description

ACCEPTANCE CERTIFICATE

To: UMB Bank, N.A.
1010 Grand Blvd., 4th Floor
Kansas City, Missouri 64106
Attention: Corporate Trust Department

Re: Lease Purchase Agreement, dated as of June 1, 2010, between UMB Bank, N.A., as Lessor and the City of Monett, Missouri, as Lessee

Ladies and Gentlemen:

In accordance with **Section 5.03** of the Lease Purchase Agreement (the "Lease") dated as of June 1, 2010, between UMB Bank, N.A. (the "Trustee") and the City of Monett, Missouri (the "City"), and **Section 6.04** of the Declaration of Trust (the "Declaration of Trust"), the City hereby certifies and represents to, and agrees with, the Trustee as follows:

(1) All of the Project (as defined in the Lease) has been delivered, installed and accepted on the date hereof (the "Completion Date").

(2) The City has conducted such inspection and/or testing of the Leased Property as it deems necessary and appropriate and hereby acknowledges that it accepts the Leased Property for all purposes.

(3) The City is currently maintaining the insurance coverage required by **Section 7.01** of the Lease.

(4) No event or condition that constitutes, or with notice or lapse of time, or both, would constitute, an Event of Default (as defined in the Lease) exists at the date hereof.

Dated: _____, 200_.

CITY OF MONETT, MISSOURI

By_____
Authorized Representative

EXHIBIT C

MATURITY SCHEDULE

Serial Certificates

Due July 1	Principal Amount	Interest Rate
2011	$69,000	1.550%
2012	80,000	2.250
2013	80,000	2.750
2014	80,000	3.250
2015	80,000	3.750
2016	85,000	4.200
2017	85,000	4.500
2018	85,000	4.800
2019	90,000	5.100
2020	90,000	5.350
2021	95,000	5.550
2022	100,000	5.650
2023	100,000	5.800
2024	105,000	5.900
2025	105,000	6.000

Term Certificates*

Due July 1	Principal Amount	Interest Rate
2030	$600,000	6.50%
2035	$930,000	7.00%

*Term Certificates are subject to mandatory sinking fund prepayment in accordance with Section 5.02(b)

$2,859,000
TAXABLE CERTIFICATES OF PARTICIPATION
(RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)
SERIES 2010

June 21, 2010

CERTIFICATE PURCHASE AGREEMENT

City of Monett, Missouri
217 5th St.
Monett, Missouri 65708

Ladies and Gentlemen:

On the basis of the representations, warranties and covenants and upon the terms and conditions contained in this Certificate Purchase Agreement, the undersigned, UMB Bank, N.A., a national banking association (the "Purchaser"), hereby offers to purchase $2,859,000 aggregate principal amount of Taxable Certificates of Participation (Recovery Zone Economic Development Bonds), Series 2010 (the "Certificates"), to be executed and delivered by UMB Bank, N.A. (the "Trustee"), at the direction of the City of Monett, Missouri (the "City"), under and pursuant to a Declaration of Trust dated as of June 1, 2010 (the "Declaration of Trust") executed by the Trustee.

The Trustee, as lessor, and the City, as lessee, have entered into a Lease Purchase Agreement dated as of June 1, 2010 (the "Lease"), pursuant to which the City will provide for the improvements to the water portion of the City's combined waterworks and sewerage system, including primarily the installation of water lines (the "Project"), and the Trustee will lease a portion of the Project which consists of certain personal property (the "Leased Property") to the City with an option to purchase the Trustee's interest in the Leased Property. The execution and delivery of the Lease by the City, and the delivery of the Certificates by the Trustee, was authorized by an ordinance of the City Council of the City adopted on June 21, 2010 (the "Ordinance"). *Capitalized terms used herein shall have the meanings set forth in the Declaration of Trust and in the Lease unless some other meaning is plainly indicated.*

1. Purchase of Certificates; Public Offering. Upon the terms and conditions and upon the basis of the respective representations, warranties and covenants hereinafter set forth, the Purchaser hereby agrees to purchase from the City, and the City hereby agrees to sell to the Purchaser at the Closing Time (hereinafter defined), all (but not less than all) of the Certificates at a purchase price of $2,833,955.16 (which is equal to the aggregate principal amount of the Certificates, less an underwriting discount of $25,044.84). The Certificates shall be executed and delivered under and secured as provided in the Declaration of Trust, and the Certificates shall have the maturities and interest rates and be subject to redemption as set forth in the Declaration of Trust and the Official Statement. This offer is made subject to the City's acceptance of this Certificate Purchase Agreement on or before 5:00 p.m., Kansas City, Missouri time, on June 21, 2010 (the "Sale Date"). Upon the City's acceptance of this offer, the following agreement will be binding upon the City and the Purchaser.

The Purchaser intends to make an initial bona fide public offering of all of the Certificates at the prices set forth in **Schedule 1** attached hereto; provided, however, that the Purchaser may subsequently change such offering price or prices. The Purchaser agrees to notify the City of such changes, if such changes occur prior to Closing, but failure to so notify shall not invalidate such changes. The Purchaser may offer and sell the Certificates to certain dealers (including dealers depositing Certificates into investment trusts) at prices lower than the principal amount thereof.

In no event will the Purchaser set the initial offering prices for any maturity of the Certificates above par or 100% of the principal amount of the Certificate. On or prior to the Closing Time (defined below), the Purchaser will execute and deliver to the City a written certification (the "Issue Price Certificate") containing the following (1) the initial offering price and interest rate for each maturity of the Certificates; (2) that all of the Certificates were offered to the public in a bona fide public offering at the initial offering prices on the Sale Date, and (3) on the Sale Date the Purchaser reasonably expected that at least 10% of each maturity of the Certificates would be sold to the "public" at prices not higher than the initial offering prices. For purposes of the preceding sentence "public" means persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers.

At the request of the City, the Purchaser will provide information explaining the factual basis for the Purchaser's Issue Price Certificate. This agreement by the Purchaser to provide such information will continue to apply after the Closing (defined below) if (1) the City requests the information in connection with an audit or inquiry by the Internal Revenue Service or the Securities and Exchange Commission or (2) the information is required to be retained by the City pursuant to future regulation or similar guidance from the Internal Revenue Service, the Securities and Exchange Commission or other federal or state regulatory authority.

2. Official Statement. The City hereby agrees to deliver to the Purchaser, within seven business days after the date hereof, the Official Statement, dated the date hereof, relating to the Certificates (which, together with the cover page, and all exhibits, appendices, maps, pictures, diagrams, reports and statements included therein or attached thereto and any amendments and supplements that may be authorized for use with respect to the Certificates are herein called the "Official Statement") executed on behalf of the City by a duly authorized officer in such quantity that the Purchaser may request to enable the Purchaser to provide the Official Statement to potential customers and to comply with any rules of the Municipal Securities Rulemaking Board and the Securities and Exchange Commission. The City hereby deems the information contained in the Preliminary Official Statement dated June 9, 2010 (the "Preliminary Official Statement") regarding the City, to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1) of the Securities and Exchange Commission, such as offering prices, interest rates, selling compensation, aggregate principal amount, principal per maturity, delivery dates, ratings and other terms of the Certificates depending on such matters.

The City consents to the use by the Purchaser of the Preliminary Official Statement (subject to the right of the City to withdraw such consent for cause by written notice to the Purchaser) prior to the date upon which the Official Statement is executed and available for distribution, in connection with the proposed offering of the Certificates.

3. City's Representations and Warranties. The City hereby represents and warrants to the Purchaser and the Trustee that:

(a) The City is and will be at Closing a third-class city and political subdivision duly organized and existing under the laws of the State of Missouri. The City is authorized

pursuant to laws of the State of Missouri to lease the Leased Property from the Trustee pursuant to the Lease.

(b) The City has full power and authority to enter into the transactions contemplated by this Certificate Purchase Agreement and any and all other agreements relating thereto.

(c) The information contained in the Official Statement with respect to the City and its use of the proceeds of the Certificates is and, as of the date of Closing, will be correct in all material respects and does not, and at the Closing, will not omit to state any material fact required to be stated therein or necessary to make any statement made therein, in light of the circumstances under which it was made, not misleading.

(d) The City has duly authorized by all necessary action to be taken by the City (1) the adoption and performance of the Ordinance; (2) the execution, delivery and performance of this Certificate Purchase Agreement; (3) the execution, delivery and performance of the Declaration of Trust, the Lease, a Tax Compliance Agreement dated as of the date of delivery of the Certificates, between the City and the Trustee (the "Tax Compliance Agreement"), and a Continuing Disclosure Undertaking dated as of the date of delivery of the Certificates, from the City (collectively, the "City Documents"); (4) the approval of the Official Statement (hereinafter defined); (5) the execution and performance of any and all such other agreements and documents as may be required to be executed, delivered and performed by the City in order to carry out, give effect to and consummate the transactions contemplated by the Ordinance, the City Documents and this Certificate Purchase Agreement; and (6) the carrying out, giving effect to and consummation of the transactions contemplated by the Ordinance, the City Documents and this Certificate Purchase Agreement.

(e) The City Documents and this Certificate Purchase Agreement, when executed and delivered by the City, will be the legal, valid and binding obligations of the City enforceable in accordance with their terms, except to the extent that enforcement thereof may be limited by any applicable bankruptcy, reorganization, insolvency, moratorium or other law or laws affecting the enforcement of creditors' rights generally or against entities such as the City and further subject to the availability of equitable remedies.

(f) Except as may be set forth in the Official Statement, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body, pending or, to the knowledge of the City, threatened against the City wherein an unfavorable decision, ruling or finding would materially adversely affect (i) the transactions contemplated hereby or by the Official Statement, (ii) the validity or enforceability in accordance with their respective terms of the City Documents or any agreement or instrument to which the City is a party, used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement, or (iii) the existence or powers of the City.

(g) The execution and delivery by the City of the City Documents and the other documents contemplated hereby and by the Official Statement to be executed and delivered by the City, and compliance with the provisions thereof, and the approval of the use of the Official Statement do not conflict with or constitute on the part of the City a breach of or a default under any existing law, court or administrative regulation, decree, order, agreement, indenture, mortgage, lease, note or other obligation or instrument to which the City is subject, or by which it may be bound.

(h) The financial statements of the City for the fiscal year ended March 31, 2009, audited by The CPA Group, P.C., Monett, Missouri, and the unaudited Six Month Review for the period April 1, 2009 through September 30, 2009, contained in the Official Statement in Appendix B attached thereto, except as noted therein, present fairly and accurately the financial condition of the City as of the dates indicated and the results of its operations for the periods specified, and such financial statements are prepared in accordance with the accounting principles described in the notes to the financial statements consistently applied in all material respects for the period involved.

(i) The City has not, since March 31, 2009, incurred any material liabilities and there has been no material adverse change in the condition of the City, financial or otherwise, other than as set forth in the Official Statement.

(j) Any certificate signed by an authorized official of the City and delivered to the Purchaser shall be deemed a representation and warranty by the City to the Purchaser as to the statements made therein.

(k) The City agrees to reasonably cooperate with the Purchaser in any endeavor to qualify the Certificates for offering and sale under the securities or "Blue Sky" laws of such jurisdictions of the United States as the Purchaser may request; provided, however, that the City shall not be required with respect to the offer or sale of the Certificates, or otherwise, to file written consent to suit or to file written consent to service of process in any jurisdiction. The City consents to the use of drafts of the Preliminary Official Statement, the Preliminary Official Statement and drafts of the Official Statement prior to the availability of the Official Statement, by the Purchaser in obtaining such qualifications, subject to the right of the City to withdraw such consent for cause by written notice to the Purchaser. The Purchaser shall pay all expenses and costs (including registration and filing fees and legal fees of Special Tax Counsel) incurred in connection therewith.

4. Closing. Prior to or at 12:00 noon, Kansas City, Missouri time, on June 30, 2010, or at such other time or such other date as shall have been mutually agreed upon by the City and the Purchaser (the "Closing Time"), the City will deliver, or cause to be delivered, to the Purchaser, the Certificates, in definitive form duly executed and authenticated by the Trustee, together with the other documents hereinafter mentioned; and the Purchaser will accept such delivery and pay the purchase price of the Certificates by electronic transfer of the Purchase Price in immediately available funds to the Fiscal Agent, for the benefit of the City, or such other mutually agreeable arrangement. Such payment and delivery is herein called the "Closing." The Certificates will be delivered in denominations as set forth in the Declaration of Trust as definitive Certificates in fully registered form, and in such amounts as the Purchaser may request not less than two business days prior to the Closing, and will be made available for checking and packaging by the Purchaser at such place as the Purchaser and the Trustee shall agree not less than 24 hours prior to the Closing.

It is anticipated that CUSIP identification numbers will be printed on the Certificates, but neither the failure to print such numbers on any Certificate nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for any Certificates.

5. Events Permitting Purchaser To Terminate. The Purchaser shall have the right to cancel its obligations to purchase the Certificates if between the date hereof and the date of the Closing, (i)(A) legislation shall be enacted or be actively considered for enactment by the Congress, or

recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, or (B) a decision by a Federal court of the United States or the United States Tax Court shall be rendered, or a ruling or regulation by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made with respect to the Federal tax status of the Certificates, or (C) other action or events shall have occurred or transpired, any of the foregoing of which has the purpose or effect, directly or indirectly, of adversely affecting the Federal income tax consequences of any of the transactions contemplated in connection herewith, or materially adversely affects the market for the Certificates or the ability of the Purchaser to enforce contracts for the sale of the Certificates at the contemplated offering price, or (ii) there shall exist any fact or any event shall have occurred which either (A) makes untrue or incorrect any statement of a material fact or material information contained in the Official Statement as then amended or supplemented or (B) is not reflected in the Official Statement as then amended or supplemented but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect or (iii) there shall have occurred any outbreak or escalation of hostilities or any national or international calamity or crisis, including a financial crisis, the effect of which on the financial markets of the United States being such as would materially adversely affect the market for the Certificates or the ability of the Purchaser to enforce contracts for the sale of the Certificates at the contemplated offering prices, or (iv) there shall be in force a general suspension of trading on the New York Stock Exchange or a general banking moratorium shall have been declared by Federal, Missouri or New York authorities, the effect of which on the financial markets of the United States is such as would materially adversely affect the market for the Certificates or the ability of the Purchaser to enforce contracts for the sale of the Certificates at the contemplated offering prices, or (v) there shall have occurred since March 31, 2009, any material adverse change in the affairs of the City from that reflected in the financial statements or other information concerning the City contained in the Official Statement not otherwise disclosed in the Official Statement, or (vi) legislation shall be enacted, or actively considered for enactment by the Congress, with an effective date on or prior to the date of Closing, or a decision by a court of the United States shall be rendered, or a ruling or regulation by the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made, the effect of which is that the Certificates are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended, and as then in effect, or the Securities Exchange Act of 1934, as amended, and as then in effect, or (vii) a stop order, ruling or regulation by the Securities and Exchange Commission shall be issued or made, the effect of which is that the issuance, offering or sale of the Certificates, as contemplated herein or in the Preliminary Official Statement or the Official Statement, is in violation of any provision of the Securities Act of 1933, as amended, and as then in effect, the Securities Exchange Act of 1934, as amended, and as then in effect, or the Trust Indenture Act of 1939, as amended, and as then in effect, or (viii) the Official Statement is not executed, approved and delivered in accordance with Section 2 above.

(b) The City shall have the right to terminate this Certificate Purchase Agreement if the Certificates are not purchased by the Underwriter for any reason on or prior to the Closing Time.

6. Conditions to Closing. The obligations hereunder of each party hereto shall be subject (i) to the performance by the other party of its obligations to be performed hereunder at and prior to the Closing Time, (ii) to the accuracy in all material respects of the representations and warranties herein of the other party as of the date hereof and as of the Closing Time, and (iii) to the following conditions, including the delivery by the appropriate party or parties hereto or other entities of such documents as are enumerated herein:

(a) At the Closing Time,

(i) The Certificates and the Official Statement shall have been duly authorized, executed and delivered in the form heretofore approved by the Purchaser with only such changes therein as shall be mutually agreed upon by the City, the Purchaser and the Trustee;

(ii) The proceeds of the sale of the Certificates shall have been deposited and applied as described in the Declaration of Trust;

(iii) The City shall have duly adopted and there shall be in full force and effect such ordinances as, in the opinion of Special Tax Counsel, shall be necessary in connection with the transactions contemplated hereby; and

(iv) The Project description and scope shall be as described in the Official Statement.

(b) At the Closing Time, the Purchaser and the City shall receive:

(i) The approving opinion of Special Tax Counsel, dated the date of Closing, addressed to the City, the Trustee and the Purchaser, in form and substance satisfactory to the Purchaser.

(ii) A certified copy of the Ordinance authorizing or approving, as appropriate, the execution and delivery of the Official Statement, this Certificate Purchase Agreement, the City Documents, and the Certificates, together with certificates dated the Closing Date to the effect that such Ordinance has not been modified, amended or repealed.

(iii) A certificate of the City, dated the date of Closing, signed by an official of the City, in form and substance satisfactory to the Purchaser.

(iv) A completed Form 8038-B.

(v) Such additional certificates and other documents as the Purchaser or Special Tax Counsel may reasonably request to evidence performance or compliance with the provisions hereof and the transactions contemplated hereby and by the Declaration of Trust, the Lease and the Official Statement, all such certificates and other documents to be satisfactory in form and substance to the Purchaser and Special Tax Counsel.

Unless performance is waived by the party or parties for whose benefit a condition or obligation is intended, if any person shall be unable to satisfy the above conditions to the obligations of any party to this Certificate Purchase Agreement, or if the obligations hereunder of any party shall be terminated for any reason permitted by this Certificate Purchase Agreement and unless otherwise waived, this Certificate Purchase Agreement shall terminate and neither the Purchaser nor the City shall be under further obligation hereunder; except that the Purchaser's obligations to pay expenses, as provided in Section 9 hereof, shall continue in full force and effect.

7. Conditions To City's Obligations. The obligations of the City hereunder are subject to the performance by the Purchaser of its obligations hereunder.

8. Survival of Representations, Warranties and Agreements. All representations, warranties and agreements of the City and the Purchaser, respectively, shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of any other party and shall survive the Closing.

9. Expenses. If the Certificates are sold to the Purchaser by the City on or prior to the Closing Time, the City shall pay out of the proceeds of the Certificates the following expenses incident to the performance of its obligations hereunder: (i) the cost of the preparation, printing and distribution of the City Documents (for distribution on or subsequent to the date of execution of this Certificate Purchase Agreement) and a reasonable number of copies of the Preliminary Official Statement; (ii) the cost of the preparation of the Official Statement, together with a reasonable number of copies thereof; (iii) the cost of preparation and printing of the definitive Certificates; (iv) the fees and expenses of Special Tax Counsel and any other experts or consultants retained by the City; and (v) all other customary costs of issuance.

If the Certificates are sold to the Purchaser by the City on or prior to the Closing Time, the City shall pay out of the proceeds of the Certificates the discount of the Purchaser or the purchase price paid for the Certificates shall reflect such discount and the City shall pay out of the proceeds of the Certificates the fees and expenses related to the issuance of the Certificates.

10. Amendments to Official Statement. If, after the date of this Certificate Purchase Agreement and until the earlier of (i) ninety (90) days after the "end of the underwriting period" (as defined in Rule 15c2-12) or (ii) the time when the Official Statement is available to any person from the Municipal Securities Rulemaking Board, but in no case less than twenty-five (25) days following the end of the underwriting period, an event relating to or affecting the City shall occur as a result of which it is necessary, in the opinion of Special Tax Counsel or the Purchaser, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances then existing, the City will forthwith prepare and furnish to the Purchaser a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Purchaser) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements not misleading. The expenses of preparing such amendment or supplement shall be borne by the City. Thereafter, all references to and representations regarding the Official Statement contained herein shall refer to or regard the Official Statement as so amended or supplemented. For the purpose of this Section the City will furnish to the Purchaser such information with respect to the City as the Purchaser may from time to time reasonably request.

11. Third Party Beneficiary. The City agrees that the Purchaser is and shall be a third party beneficiary of any and all representations and warranties made by the City in the City Documents, to the same effect as if the City had made such representations and warranties to the Purchaser in this Certificate Purchase Agreement.

12. Notices. Any notice or other communication to be given to the City under this Certificate Purchase Agreement may be given by delivering the same in writing at its address set forth above, and any notice or other communications to be given to the Purchaser under this Certificate Purchase Agreement may be given by delivering the same in writing to the Purchaser at the following addresses:

UMB Bank, N.A.
1010 Grand Boulevard, 2nd Floor
Kansas City, Missouri 64106
Attn: Philip Richter

13. Successors. This Certificate Purchase Agreement is made for the benefit of the City and the Purchaser (including the successors or assigns of the Purchaser) and no other person including any purchaser of the Certificates shall acquire or have any rights hereunder or by virtue hereof.

14. Governing Law. This Certificate Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Missouri.

15. Effectiveness. This Certificate Purchase Agreement shall become effective upon your acceptance hereof.

16. Counterparts. This Certificate Purchase Agreement may be executed in any number of counterparts, each of which so executed and delivered shall constitute an original and all together shall constitute but one and the same instrument.

17. Captions. The captions or headings in this Certificate Purchase Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or section of this Certificate Purchase Agreement.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Certificate Purchase Agreement, all as of the day and year first above mentioned.

Very truly yours,

UMB BANK, N.A.

By:_____
Philip B. Richter
Senior Vice President

Accepted and agreed to as of
the date first above written.

CITY OF MONETT, MISSOURI

By:_____
Mayor

IN WITNESS WHEREOF, the parties hereto have executed this Certificate Purchase Agreement, all as of the day and year first above mentioned.

Very truly yours,

UMB BANK, N.A.

By:_____
Phil Richter, Senior Vice President

Accepted and agreed to as of
the date first above written.

CITY OF MONETT, MISSOURI

By:_____
Mayor

SCHEDULE 1

MATURITY & PRICING SCHEDULE

Serial Certificates

Due July 1	Principal Amount	Interest Rate	Price	Yield
2011	$69,000	1.550%	100%	1.550%
2012	80,000	2.250	100	2.250
2013	80,000	2.750	100	2.750
2014	80,000	3.250	100	3.250
2015	80,000	3.750	100	3.750
2016	85,000	4.200	100	4.200
2017	85,000	4.500	100	4.500
2018	85,000	4.800	100	4.800
2019	90,000	5.100	100	5.100
2020	90,000	5.350	100	5.350
2021	95,000	5.550	100	5.550
2022	100,000	5.650	100	5.650
2023	100,000	5.800	100	5.800
2024	105,000	5.900	100	5.900
2025	105,000	6.000	100	6.000

Term Certificates

Due July 1	Principal Amount	Interest Rate	Price	Yield
2030	$600,000	6.50%	100%	6.50%
2035	$930,000	7.00%	100%	7.00%

TAX COMPLIANCE AGREEMENT

Dated as of June 1, 2010

Between

CITY OF MONETT, MISSOURI,

And

UMB BANK, N.A.,
as Trustee

$2,859,000
TAXABLE CERTIFICATES OF PARTICIPATION
(RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)
SERIES 2010
Evidencing Proportionate Interests of the Owners
thereof in Basic Rent Payments to be made by the
CITY OF MONETT, MISSOURI,
as Lessee pursuant to a Lease Purchase Agreement with UMB Bank, N.A., as Lessor

TAX COMPLIANCE AGREEMENT

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* * *

TAX COMPLIANCE AGREEMENT

THIS TAX COMPLIANCE AGREEMENT (the "Tax Agreement"), entered into as of June 1, 2010, between the **CITY OF MONETT, MISSOURI**, a third-class city and political subdivision duly organized and existing under the laws of the State of Missouri (the "City"), and **UMB BANK, N.A.**, a national banking association duly organized and existing under the laws of the United States of America, as Trustee (the "Trustee");

RECITALS

1. This Tax Agreement is being executed and delivered in connection with the execution and delivery of $2,859,000 principal amount of Certificates of Participation (Recovery Zone Economic Development Bonds), Series 2010 (the "Certificates"), evidencing proportionate interests of the owners thereof in Basic Rent Payments to be made by the City under a Lease Purchase Agreement dated as of June 1, 2010 (the "Lease"), between the Trustee and the City. The Certificates are being executed and delivered pursuant to a Declaration of Trust dated as of June 1, 2010 (the "Declaration of Trust") made by the Trustee, for the purposes described in this Tax Agreement and in the Declaration of Trust.

2. The Internal Revenue Code of 1986, as amended (the "Code"), and the applicable Regulations and rulings issued by the U.S. Treasury Department (the "Regulations"), impose certain limitations on the uses and investment of the Certificate proceeds and of certain other money relating to the Lease and the Certificates and set forth the conditions under which the Interest Portion of Basic Rent could be excluded from gross income of the Certificate holders under Code § 103 (a "Tax-Exempt Obligation").

3. In lieu of issuing the Certificates as Tax-Exempt Obligations, the City is electing (a) to issue the Certificates as taxable Recovery Zone Economic Development Bonds, as defined in Code § 1400U-2 ("Recovery Zone Economic Development Bonds"), eligible to receive payments from the U.S. Treasury equal to 45% of each interest payment on the Certificates in accordance with Code §§ 54AA, 1400U-2(a)(2) and 6431 ("RZEDB Interest Subsidy Payments").

4. The City has requested that Gilmore & Bell, P.C. ("Special Tax Counsel") provide an opinion that the Certificates constitute Recovery Zone Economic Development Bonds and that the City is eligible to receive RZEDB Interest Subsidy Payments in connection with interest paid on the Certificates (the "Initial Opinion of Special Tax Counsel").

5. As a condition to providing this opinion, Special Tax Counsel is requiring that the City and Trustee set forth certain facts, covenants, representations, and expectations relating to the use of Certificate proceeds and the use of property financed or refinanced with those proceeds, and the investment of the Certificate proceeds and certain other related money, in order to establish and maintain the status of the Certificates as Recovery Zone Economic Development Bonds, eligible to receive RZEDB Interest Subsidy Payments and to provide guidance for complying with the arbitrage rebate provisions of Code § 148(f).

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, covenants and agreements set forth in this Tax Agreement, the City and the Trustee represent, covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions of Words and Terms. Except as otherwise provided in this Tax Agreement or unless the context otherwise requires, capitalized words and terms used in this Tax Agreement have the same meanings as set forth in the Lease and the Declaration of Trust, and certain other words and phrases have the meanings assigned in Code §§ 103, 141-150 and the Regulations. The following words and terms used in this Tax Agreement have the following meanings:

"Adjusted Gross Proceeds" means the Gross Proceeds of the Certificates reduced by amounts (1) in a Bona Fide Debt Service Fund or a reasonably required reserve or replacement fund, (2) that as of the Issue Date are not expected to be Gross Proceeds, but which arise after the end of the applicable spending period, and (3) representing grant repayments or sale or Investment proceeds of any purpose Investment.

"Available Construction Proceeds" means the sale proceeds of the Certificates, increased by (i) Investment earnings on the sale proceeds, (ii) earnings on amounts in a reasonably required reserve or replacement fund allocable to the Certificates but not funded from the Certificates, and (iii) earnings on such earnings, reduced by sale proceeds (A) in any reasonably required reserve fund or (B) used to pay execution and delivery costs of the Certificates.

"Available Project Proceeds" means the sale proceeds of the Certificates, plus Investment earnings on those proceeds, reduced by (1) proceeds used to pay Issuance Costs (to the extent those costs do not exceed 2% of the sale proceeds) and (2) proceeds deposited in a reasonably required reserve or replacement fund.

"Bona Fide Debt Service Fund" means a fund, which may include Certificate proceeds, that (a) is used primarily to achieve a proper matching of revenues with principal and interest payments within each Certificate Year; and (b) is depleted at least once each Certificate Year, except for a reasonable carryover amount not to exceed the greater of (1) the earnings on the fund for the immediately preceding Certificate Year, or (2) one-twelfth of the Basic Rent Payments on the Lease for the immediately preceding Certificate Year.

"Capital Expenditures" means any capital expenditures as defined in Regulations § 1.150-1(b). A Capital Expenditure is generally any cost of a type that is properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of placed in service under Regulations § 1.150-2(c)) under general federal income tax principles (*e.g.* costs incurred to acquire, construct, or improve land, buildings, and equipment generally are capital expenditures), determined at the time the expenditure is paid with respect to the property. For this purpose, Capital Expenditures include reimbursement of capital expenditures under the reimbursement rules contained in Regulations § 1.150-2.

"Certificate" or **"Certificates"** means any certificate or certificates described in the recitals, authenticated and delivered under the Declaration of Trust.

"Certificate Year" means each one-year period (or shorter period for the first Certificate Year) ending July 1, or another one-year period selected by the City.

"City" means the City of Monett, Missouri, a third-class city and political subdivision duly organized and existing under the laws of the State of Missouri.

"Code" means the Internal Revenue Code of 1986, as amended.

"Computation Date" means each date on which arbitrage rebate for the Certificates is computed. The City may treat any date as a Computation Date, subject to the following limits:

(a) the first rebate installment payment must be made for a Computation Date not later than 5 years after the Issue Date;

(b) each subsequent rebate installment payment must be made for a Computation Date not later than five years after the previous Computation Date for which an installment payment was made; and

(c) the date the last Certificate is discharged is the final Computation Date.

The City selects June 1, 2015, as the first Computation Date but reserves the right to select a different date consistent with the Regulations.

"Declaration of Trust" means the Declaration of Trust as originally executed by the Trustee, as amended and supplemented in accordance with the provisions of the Declaration of Trust.

"Financed Facility" means any of the property financed or refinanced with the proceeds of the Certificates as described on **Exhibit C**.

"Gross Proceeds" means (a) sale proceeds (any amounts actually or constructively received by the City from the sale of the Certificates, including amounts used to pay underwriting discount or fees, but excluding pre-execution and delivery accrued interest), (b) Investment proceeds (any amounts received from investing sale proceeds or other Investment proceeds), (c) any amounts held in a sinking fund for the Certificates, (d) any amounts held in a pledged fund or reserve fund for the Certificates, and (e) any other replacement proceeds.

Specifically, the term Gross Proceeds includes (but is not limited) to amounts held in the following funds and accounts:

(1) Acquisition Fund, including a Costs of Issuance Subaccount and a Project Subaccount.
(2) Lease Revenue Fund.
(3) Debt Service Reserve Fund.
(4) Rebate Fund (to the extent funded with sale proceeds or Investment proceeds of the Certificates).

"Guaranteed Investment Contract" is any Investment with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, including any agreement to supply Investments on two or more future dates (*e.g.*, a forward supply contract).

"Initial Opinion of Special Tax Counsel" means the written opinion of Gilmore & Bell, P.C. being delivered in connection with the issuance of the Certificates, concluding that the Certificates are

Recovery Zone Economic Development Bonds under Code § 1400U-2 and that the City is entitled to receive RZEDB Interest Subsidy Payments in connection with interest paid on the Certificates.

"Investment" means any security, obligation, annuity contract or other investment-type property that is purchased directly with, or otherwise allocated to, Gross Proceeds. This term does not include a tax-exempt bond, except for "specified private activity bonds" as defined in Code § 57(a)(5)(C), but does include the investment element of most interest rate caps.

"IRS" means the United States Internal Revenue Service.

"Issuance Costs" means any cost or expense incurred on account of and in connection with the Certificates including: (1) underwriters' spread or placement fees (whether realized directly or derived through purchase of one or more Certificates at a discount below the price at which they are expected to be sold to the public); (2) legal counsel fees and expenses; (3) financial advisor fees; (4) rating agency fees; (5) trustee or escrow agent fees; (6) paying agent and certifying and authenticating agent fees related to issuance of the Certificates; (7) accountant fees related to issuance of the Certificates; (8) printing costs (for the Certificates and of preliminary and final offering materials); and (9) costs of engineering and feasibility studies necessary to the issuance of the Certificates (as opposed to such studies related to completion of the Financed Facility, but not to the financing). However, Issuance Costs do not include fees or expenses directly related to the cost of credit enhancement for the Certificates to the extent those fees or expenses may be included as a qualified guaranty in the calculation of the yield on the Certificates.

"Issue Date" means June 30, 2010.

"Management Agreement" means a legal agreement defined in Regulations § 1.141-3(b) as a management, service, or incentive payment contract with an entity that provides services involving all or a portion of any function of the Financed Facility, such as a contract to manage the entire Financed Facility or a portion of the Financed Facility. Contracts for services that are solely incidental to the primary governmental function of the Financed Facility (for example, contracts for janitorial, office equipment repair, billing, or similar services), however, are not treated as Management Agreements.

"Measurement Period" means, with respect to each item of property financed as part of the Financed Facility, the period beginning on the later of (i) the Issue Date or (ii) the date the property is placed on service and ending on or the earlier of (A) the final maturity date of the Certificates or (B) the expected economic useful life of the property.

"Minor Portion" means the lesser of $100,000 or 5% of the sale proceeds of the Certificates.

"Net Proceeds" means the sale proceeds of the Certificates (excluding pre-execution and delivery accrued interest), less any proceeds deposited in a reasonably required reserve or replacement fund, plus all Investment earnings on such sale proceeds.

"Non-Qualified Use" means use of Certificate proceeds or the Financed Facility in a trade or business carried on by any Non-Qualified User. The rules set out in Regulations § 1.141-3 determine whether Certificate proceeds or the Financed Facility are "used" in a trade or business. Generally, ownership, a lease, or any other use such as an agreement to house federal prisoners, that grants a Non-Qualified User a special legal right or entitlement with respect to the Financed Facility, will constitute use under Regulations § 1.141-3.

"Non-Qualified User" means any person or entity other than a Qualified User.

"Opinion of Special Tax Counsel" means the written opinion of Special Tax Counsel to the effect that the proposed action or the failure to act will not adversely affect the status of the Certificates as Recovery Zone Economic Development Bonds or the City's right to receive RZEDB Interest Subsidy Payments.

"Proposed Regulations" means the proposed arbitrage regulations including Prop. Treas. Reg. §§ 1.148-0, 1.148-3, 1.148-4, 1.148-5, 1.148-8, and 1.148-11 (published at 72 Fed. Reg. 54606 (Sept. 26, 2007)).

"Qualified Economic Development Purposes" means expenditures for promoting development or other economic activity in a Recovery Zone, including (1) Capital Expenditures paid or incurred with respect to property located in such zone, (2) expenditures for public infrastructure and construction of public facilities and (3) expenditures for job training and educational programs.

"Qualified Use Agreement" means any of the following:

(1) A lease or other short-term use by members of the general public who occupy the Financed Facility on a short-term basis in the ordinary course of the City's governmental purposes.

(2) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 200 days in length pursuant to an arrangement whereby (a) the use of the Financed Facility under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business and (b) the compensation for the use is determined based on generally applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed. Any Qualified User or Non-Qualified User using all or any portion of the Financed Facility under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(3) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 100 days in length pursuant to arrangements whereby (a) the use of the property by the person would be general public use but for the fact that generally applicable and uniformly applied rates are not reasonably available to natural persons not engaged in a trade or business, (b) the compensation for the use under the arrangement is determined based on applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed, and (c) the Financed Facility was not constructed for a principal purpose of providing the property for use by that Qualified User or Non-Qualified User. Any Qualified User or Non-Qualified User using all or any portion of the Financed Facility under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(4) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 50 days in length pursuant to a negotiated arm's-length arrangement at fair market value so long as the Financed Facility was not constructed for a principal purpose of providing the property for use by that person. This provision may allow short-term arrangements to house federal prisoners.

"Qualified User" means a State, territory, possession of the United States, the District of Columbia, or any political subdivision thereof, or any instrumentality of such entity, but it does not include the United States or any agency or instrumentality of the United States.

"Reasonable Retainage" means Gross Proceeds retained by the City for reasonable business purposes, such as to ensure or promote compliance with a construction contract; provided that such amount may not exceed (a) for purposes of the 18-month spending test, 5% of net sale proceeds of the Certificates on the date 18 months after the Issue Date, or (b) for purposes of the 2-year spending test, 5% of the Available Construction Proceeds as of the end of the 2-year spending period.

"Rebate Analyst" means Gilmore & Bell, P.C. or any successor Rebate Analyst selected pursuant to this Tax Agreement.

"Recovery Zone" means the area designated by the City as having significant poverty, unemployment, rate of home foreclosures or general distress.

"Regulations" means all Regulations issued by the U.S. Treasury Department to implement the provisions of Code §§ 103 and 141 through 150, IRS Notice 2009-26, 2009-16 I.R.B. 833, and IRS Notice 2009-50, 2009-26 I.R.B. 1118 and applicable to the Certificates.

"RZEDB Interest Subsidy Payments" means payments to be received by the City from the U.S. Department of the Treasury under Code §§ 1400U-2(a)(2), 54AA(g) and 6431 in connection with the payments of interest on the Certificates.

"Special Tax Counsel" means Gilmore & Bell, P.C., or other firm of nationally recognized Special Tax Counsel acceptable to the City.

"Tax Agreement" means this Tax Compliance Agreement as it may from time to time be amended and supplemented in accordance with its terms.

"Transcript" means the Transcript of Proceedings relating to the authorization and execution and delivery of the Certificates.

"Trustee" means UMB Bank, N.A., and its successor or successors and any other corporation or association which at any time may be substituted in its place at the time serving as Trustee under the Declaration of Trust.

"Underwriter" means UMB Bank, N.A., underwriter of the Certificates.

"Yield" means yield on the Certificates, computed under Regulations § 1.148-4, and yield on an Investment, computed under Regulations § 1.148-5.

ARTICLE II

GENERAL REPRESENTATIONS AND COVENANTS

Section 2.1. Representations and Covenants of the City. The City represents and covenants as follows:

(a) *Organization and Authority.* The City (1) a third-class city and political subdivision duly organized and existing under the laws of the State of Missouri, and (2) has lawful power and authority to issue the Certificates for the purposes set forth in the Declaration of Trust, to enter into, execute and deliver the Declaration of Trust, the Certificates, and this Tax Agreement and to carry out its obligations under this Tax Agreement and under such documents, and (3) by all necessary action has been duly authorized to execute and deliver the Declaration of Trust, the Certificates, and this Tax Agreement, acting by and through its duly authorized officials.

(b) *Recovery Zone.* On December 3, 2009 and November 25, 2009, Barry County, Missouri and Lawrence County, Missouri, respectively, adopted resolutions designating the geographic area described therein as a Recovery Zone pursuant to Code § 1400U-1(b) (these resolutions are attached to the Tax Agreement as **Exhibit D-2** and **Exhibit D-3**). In addition, on December 21, 2009, the City adopted an ordinance, attached to the Tax Agreement as **Exhibit D-1**, designating the geographic area described therein as a Recovery Zone pursuant to Code § 1400U-1(b). The Financed Facility is located within, or attributable to, the Recovery Zone, and the Recovery Zone is located wholly within the jurisdiction of Lawrence County, Barry County and the City which obtained an allocation of the Recovery Zone Economic Development Bond limitation, as further described in **Section 2.1(w).**

(c) *Elections; Status of Certificates as Recovery Zone Economic Development Bonds.*

(1) The City (A) makes an irrevocable election (i) under Code § 54AA(d) to treat the Certificates as "Build America Bonds" and (ii) under Code § 54AA(g)(2) to treat the Certificates as "qualified bonds" eligible for a refundable credit pursuant to Code § 6431; and (B) designates the Certificates as Recovery Zone Economic Development Bonds eligible for RZEDB Interest Subsidy Payments under Code § 1400U-2(b); and

(2) The City (A) will take whatever action, and refrain from whatever action, necessary to comply with the applicable requirements of the Code related to Recovery Zone Economic Development Bonds, including any limitations applicable to Tax-Exempt Obligations and Build America Bonds that apply to Recovery Zone Economic Development Bonds; (B) will not use or invest, or permit the use or investment of, any money on deposit in any fund or account maintained in connection with the Certificates, whether or not that money was derived from the proceeds of the sale of the Certificates or from any other source, in a manner that would violate applicable provisions of the Code related to Recovery Zone Economic Development Bonds; and (C) will not use, or permit the use of, any portion of the Financed Facility in a manner that would cause the Certificates to become "private activity bonds" as defined in Code § 141.

(d) *Use of Available Project Proceeds – Qualified Economic Development Purpose.* The Expected Available Project Proceeds of the Certificates are $2,586,232.22, computed as follows:

Sale Proceeds (Offering Price)	$2,859,000.00
Minus Underwriter's Discount (Issuance Cost)	(25,044.84)
Other Estimated Issuance Costs	(56,200.00)
City Contribution	24,064.84
Sub-Total Issuance Costs to be funded from Certificates (may not exceed 2% of Sale Proceeds)	(57,180.00)
Minus Certificate Proceeds Deposited in a Reasonably Required Reserve or Replacement Fund	(220,000.00)
Plus Expected Earnings on Sales Proceeds (Investment Proceeds)	4,412.22
Equals Expected Available Project Proceeds	$2,586,232.22

The City will allocate 100% of the "Available Project Proceeds" of the Certificates to one or more Qualified Economic Development Purposes. No Available Project Proceeds of the Certificates will be used to discharge any debt previously incurred by the City.

(e) *Use of Financed Facility.* Throughout the Measurement Period (1) all of the Financed Facility is expected to be owned by the City or another Qualified User, (2) no portion of the Financed Facility is expected to be used in a Non-Qualified Use, and (3) the City will not permit any Non-Qualified Use of the Financed Facility without first obtaining an Opinion of Special Tax Counsel. The City will monitor the usage of all portions of the Financed Facility during the Measurement Period. If the Non-Qualified Use of the Financed Facility exceeds 10% of the total use over the Measurement Period, then the City will take "remedial action" in accordance with Regulations § 1.141-12, as specified in an Opinion of Special Tax Counsel, as necessary to maintain the status of the Certificates as Recovery Zone Economic Development Bonds and the City's right to receive RZEDB Interest Subsidy Payments. The City understands that remedial action could include redemption or defeasance of all or a portion of the Certificates.

(f) *Private Security or Payment.* As of the Issue Date, the City expects that none of the principal and Interest Portion of Basic Rent will be (under the terms of the Certificates or any underlying arrangement) directly or indirectly:

(1) secured by (i) any interest in property used or to be used for a private business use, or (ii) any interest in payments in respect of such property; or

(2) derived from payments (whether or not such payments are made to the City) in respect of property, or borrowed money, used or to be used for a private business use.

For purposes of the forgoing, taxes of general application, including payments in lieu of taxes, are not treated as private payments or as private security. The City will not permit any other private security or payment with respect to the Certificates without first obtaining an Opinion of Special Tax Counsel.

(g) *No Private Loan.* Not more than 5% of the Net Proceeds of the Certificates will be loaned directly or indirectly to any Non-Qualified User.

(h) *Management Agreements.* As of the Issue Date, the City has no Management Agreements with Non-Qualified Users. During the Measurement Period, the City will not enter into or renew any Management Agreement with any Non-Qualified User without first obtaining an Opinion of Special Tax Counsel.

(i) *Leases.* As of the Issue Date, the City has not entered into any leases of any portion of the Financed Facility other than Qualified Use Agreements. During the Measurement Period, the City will not enter into or renew any lease or similar agreement or arrangement other than a Qualified Use Agreement without first obtaining an Opinion of Special Tax Counsel.

(j) *Limit on Maturity of Certificates.* A list of the assets included in the Financed Facility and a computation of the "average reasonably expected economic life" is attached to this Tax Agreement as **Exhibit C**. Based on this computation, the "average maturity" of the Certificates does not exceed the average reasonably expected economic life of the Financed Facility.

(k) *Reimbursement of Expenditures.* On December 21, 2009, the governing body of the City adopted an ordinance declaring the intent of the City to finance the Financed Facility with bonds and to reimburse the City for expenditures made for the Financed Facility prior to the issuance of such bonds. A copy of the ordinance is attached to this Tax Agreement as **Exhibit D-1**. No portion of the Net Proceeds of the Certificates will be used to reimburse an expenditure paid by the City more than 60 days prior to December 21, 2009, the date the ordinance was adopted. The City will evidence each allocation of the proceeds of the Certificates to an expenditure in writing. No reimbursement allocation will be made for an expenditure made more than three years prior to the date of the reimbursement allocation. In addition, no reimbursement allocation will be made more than 18 months following the later of (1) the date of the expenditure or (2) the date the Financed Facility was placed in service.

(l) *Registered Certificates.* The Declaration of Trust requires that all of the Certificates will be issued and held in registered form within the meaning of Code § 149(a).

(m) *Certificates Not Federally Guaranteed.* The City will not take any action or permit any action to be taken which would cause any Certificate to be "federally guaranteed" within the meaning of Code § 149(b).

(n) *IRS Form 8038-B and IRS Form 8038-CP.*

(1) Bond Counsel will prepare IRS Form 8038-B (Information Return for Build America Bonds and Recovery Zone Economic Development Bonds) based on the representations and covenants of the City contained in this Tax Agreement or otherwise provided by the City. Bond Counsel will sign the return as paid preparer following completion and will then deliver copies to the City for execution and the City's records. The City agrees to timely execute and return to Bond Counsel the execution copy of Form 8038-B for filing with the IRS. A copy of the filed Form 8038-B, along with proof of filing, will be included as **Exhibit B** to the Tax Agreement. The City is the sole

Qualified User of the proceeds of the Certificates listed on Part V, Lines 1-10 of Form 8038-B. The City intends for this Tax Agreement to serve as its written policy and procedures for purposes of complying with federal tax law requirements as indicated on Part VII, Lines 8 and 9. The City understands that current IRS procedures require Form 8038-B to be filed at least 30 days before the first IRS Form 8038-CP is filed.

(2) The City will file IRS Form 8038-CP (Return for Credit Payments to Issuers of Qualified Bonds) no sooner than 90 or less than 45 days prior to the first interest payment date on the Certificates in order for the City to timely receive the first RZEDB Interest Subsidy Payment. The City understands that current IRS procedures require Form 8038-CP to be filed no sooner than 90 and no less than 45 days prior to each interest payment date for the Certificates in order for the City to timely receive RZEDB Interest Subsidy Payments and that the City is responsible for preparing Form 8038-CP and for making each filing of Form 8038-CP, including filing the first Form 8038-CP.

(o) *Hedge Certificates.* At least 85% of the net sale proceeds of the Certificates will be used to carry out the governmental purpose of the Certificates within three years after the Issue Date, and not more than 50% of the proceeds of the Certificates will be invested in Investments having a substantially guaranteed Yield for four years or more.

(p) *Compliance with Future Tax Requirements.* The City understands that the Code and the Regulations may impose new or different restrictions and requirements on the City in the future. The City will comply with such future restrictions that are necessary to maintain the exclusion of the Interest Portion of Basic Rent from gross income for federal income tax purposes.

(q) *Single Issue; No Other Issues.* The Certificates constitute a single "issue" under Regulations § 1.150-1(c). No other debt obligations of the City (1) are being sold within 15 days of the sale of the Certificates, (2) are being sold under the same plan of financing as the Certificates, and (3) are expected to be paid from substantially the same source of funds as the Certificates (disregarding guarantees from unrelated parties, such as bond insurance).

(r) *Interest Rate Swap.* As of the Issue Date, the City has not entered into an interest rate swap agreement or any other similar arrangement designed to modify its interest rate risk with respect to the Certificates. The City will not enter into any such arrangement in the future without obtaining an Opinion of Special Tax Counsel.

(s) *Guaranteed Investment Contract.* As of the Issue Date, the City does not expect to enter into a Guaranteed Investment Contract for any Gross Proceeds of the Certificates. The City will be responsible for complying **Section 4.2(d)** if it decides to enter into a Guaranteed Investment Contract at a later date.

(t) *Bank Qualified Tax-Exempt Obligation.* The Certificates are not "qualified tax-exempt obligations" under Code § 265(b)(3).

(u) *Limit on Issuance Costs.* Not more than 2% of the sale proceeds of the Certificates will be used to pay Issuance Costs.

(v) *Limit on Certificate Premium.* Based on the offering prices provided by the Underwriter and the calculations shown on **Exhibit E**, Special Tax Counsel has advised the City that no Certificate is expected to be issued with more than a "de minimis" amount of premium over the stated principal amount of the Certificate. A "de minimis" amount of premium is an amount that is not greater than 1/4 of 1 percent of the Certificate's stated redemption price at maturity, multiplied by the number of complete years to the earlier of the Certificate's maturity date or the Certificate's first optional redemption date.

(w) *Recovery Zone Economic Development Bond National Limitation.* Barry County, Missouri received an allocation of Recovery Zone Economic Development Bond limitation in the amount of $1,571,000 pursuant to the Regulations. Barry County has assigned a portion of its allocation, in the amount of $972,470, to the City pursuant to Resolution No. 12-03-2009 (a copy of which is attached hereto at **Exhibit D-2**). Lawrence County, Missouri received an allocation of Recovery Zone Economic Development Bond limitation in the amount of $1,942,000 pursuant to the Regulations. Lawrence County has assigned a portion of its allocation, in the amount of $1,887,380, to the City pursuant to Resolution No. 112509 (a copy of which is attached hereto at **Exhibit D-3**). The City is using the combined allocation assigned to it by Barry County, and Lawrence County to issue the Certificates, and the aggregate face amount of the Certificates, including any other Recovery Zone Economic Development Bonds issued by the City as of the Issue Date, if any, does not exceed the City's allocation, as assigned, of the national Recovery Zone Economic Development Bond limitation.

Section 2.2. Representations and Covenants of the Trustee. The Trustee represents and covenants to the City as follows:

(a) The Trustee will comply with the provisions of this Tax Agreement that apply to it as Trustee and any written letter or Opinion of Special Tax Counsel, specifically referencing the Certificates and received by the Trustee, that sets forth any action necessary to comply with any statute, regulation or ruling that may apply to it as Trustee and relating to reporting requirements or other requirements necessary to preserve the status of the Certificates as Recovery Zone Economic Development Bonds and the City's right to receive RZEDB Interest Subsidy Payments.

(b) The Trustee, acting on behalf of the City, may from time to time cause a firm of attorneys, consultants or independent accountants or an investment banking firm to provide the Trustee with such information as it may request in order to determine all matters relating to (a) the Yield on the Certificates as it relates to any data or conclusions necessary to verify that the Certificates are not "arbitrage bonds" within the meaning of Code § 148, and (b) compliance with arbitrage rebate requirements of Code § 148(f). The City will pay all costs and expenses incurred in connection with supplying the foregoing information.

Section 2.3. Survival of Representations and Covenants. All representations and certifications contained in this Tax Agreement or in any certificate or other instrument delivered by the City are intended to be representations of facts and expectations existing as of the Issue Date regardless of the dated date or execution date of the Tax Agreement. The representations of the City contained in this Tax Agreement are intended to apply from and after the Issue Date as long as the City requests or claims

any RZEDB Interest Subsidy Payment on the Certificates, including any RZEDB Interest Subsidy Payment claimed or requested following the defeasance of the Certificates.

ARTICLE III

ARBITRAGE CERTIFICATIONS AND COVENANTS

Section 3.1. General. The purpose of this Article is to certify, under Regulations § 1.148-2(b), the City's expectations as to the sources, uses and investment of Certificate proceeds and other money, in order to support the City's conclusion that the Certificates are not arbitrage bonds. The person executing this Tax Agreement on behalf of the City is an officer of the City responsible for issuing the Certificates.

Section 3.2. Reasonable Expectations. The facts, estimates and expectations set forth in this Article are based upon and in reliance upon the City's understanding of the documents and certificates that comprise the Transcript, and the representations, covenants and certifications of the parties contained therein. To the City's knowledge, the facts and estimates set forth in this Tax Agreement are accurate, and the expectations of the City set forth in this Tax Agreement are reasonable. The City has no knowledge that would cause it to believe that the representations, warranties and certifications described in this Tax Agreement are unreasonable or inaccurate or may not be relied upon.

Section 3.3. Purpose of Financing. The Certificates are being issued for the purpose of providing funds to pay a portion of the cost of the Financed Facility.

Section 3.4. Funds and Accounts. The following funds and accounts have been established under the Declaration of Trust:

(1) Acquisition Fund, including a Costs of Issuance Subaccount and a Project Subaccount.
(2) Lease Revenue Fund.
(3) Debt Service Reserve Fund.
(4) Rebate Fund.

Section 3.5. Amount and Use of Certificate Proceeds and Other Money.

(a) *Amount of Certificate Proceeds.* The total proceeds to be received by the City from the sale of the Certificates and otherwise will be as follows:

Principal Amount	$2,859,000.00
Underwriting Discount	25,044.84
Total Proceeds Received by City	$2,833,955.16

(b) *Use of Certificate Proceeds and other Moneys.* The Certificate proceeds received by the City and the amount of $24,064.84 contributed from other funds of the City are expected to be allocated to expenditures as follows:

(1) $220,000.00 from proceeds of the Certificates, equal to the Debt Service Reserve Requirement, will be deposited in the Debt Service Reserve Fund.

(2) $2,638,020 will be deposited in the Acquisition Fund (including $32,135.16 of the proceeds of the Certificates in the Costs of Issuance Subaccount, $24,064.84 of other funds of the City in the Costs of Issuance Subaccount and $2,581,820.00 of the proceeds of the Certificates in the Project Subaccount). Amount deposited into the Costs of Issuance Subaccount will be used to pay Issuance Costs, and amounts deposited in the Project Subaccount will be used to pay costs of the Financed Facility.

Section 3.6. Multipurpose Issue. Pursuant to Regulations § 1.148-9(h), the City is applying the arbitrage rules to separate financing purposes of the issue that have the same initial temporary period as if they constitute a single issue for purposes of applying the arbitrage rules.

Section 3.7. No Advance Refunding. No proceeds of the Certificates will be used more than 90 days following the Issue Date to pay principal or interest on any other debt obligation.

Section 3.8. No Current Refunding. No proceeds of the Certificates will be used to pay principal or interest on any other debt obligation.

Section 3.9. Project Completion. The City has incurred, or will incur within 6 months after the Issue Date, a substantial binding obligation to a third party to spend at least 5% of the net sale proceeds of the Certificates on the Financed Facility. The completion of the Financed Facility and the allocation of the net sale proceeds of the Certificates to expenditures will proceed with due diligence. At least 85% of the net sale proceeds of the Certificates will be allocated to expenditures on the Financed Facility within three years after the Issue Date.

Section 3.10. Sinking Funds. The City is required to make periodic payments in amounts sufficient to pay the principal of and Interest Portion of Basic Rent. Such payments will be deposited into the Lease Revenue Fund. Except for the Lease Revenue Fund and the Debt Service Reserve Fund, no sinking fund or other similar fund that is expected to be used to pay Basic Rent represented by the Certificates has been established or is expected to be established. The Lease Revenue Fund is used primarily to achieve a proper matching of revenues with Basic Rent Payments on the Lease within each Certificate Year, and the City expects that the Lease Revenue Fund will qualify as a Bona Fide Debt Service Fund.

Section 3.11. Reserve, Replacement and Pledged Funds.

(a) *Debt Service Reserve Fund.* The Declaration of Trust establishes a Debt Service Reserve Fund to be funded at the time of execution and delivery of the Certificates in an amount equal to $220,000.00, the Debt Service Reserve Requirement. The amount to be held in the Debt Service Reserve Fund will not exceed the least of (1) 10% of the stated principal amount of the Certificates, (2) the maximum annual principal and interest requirements on the Certificates (determined as of the Issue Date, or (3) 125% of the average annual principal and interest requirements on the Certificates (determined as of the Issue Date). For purposes of determining the maximum annual principal and interest requirements on the Certificates and 125% of the average annual principal and interest requirements on the Certificates, the total amount of interest to be paid is reduced by all anticipated RZEDB Interest Subsidy Payments to be received with respect to the Certificates. Any amounts in the Debt Service Reserve Fund in excess of the Debt Service Reserve

Requirement will be transferred to the Acquisition Fund or, if the Financed Facility is complete, to the Lease Revenue Fund.

(b) *No Other Replacement or Pledged Funds.* None of the Certificate proceeds will be used as a substitute for other funds that were intended or earmarked to pay costs of the Financed Facility, and that instead has been or will be used to acquire higher yielding Investments. Except for the Lease Revenue Fund and the Debt Service Reserve Fund, there are no other funds pledged or committed in a manner that provides a reasonable assurance that such funds would be available for payment of the Basic Rent represented by the Certificates if the City encounters financial difficulty.

Section 3.12. Purpose Investment Yield. The proceeds of the Certificates will not be used to purchase an Investment for the purpose of carrying out the governmental purpose of the financing.

Section 3.13. Offering Prices and Yield on Certificates.

(a) *Offering Prices.* In the Underwriter Receipt for Certificates and Closing Certificate, the Underwriter has certified that (1) all of the Certificates have been the subject of an initial offering to the public at prices no higher than those shown on the cover page of the official statement, plus accrued interest (the "offering prices"), and (2) the Underwriter expects that at least 10% of the Certificates of each maturity will be sold to the public at initial offering prices no higher than said offering prices. The aggregate initial offering price of the Certificates is $2,859,000.00.

(b) *Certificate Yield.* Based on the offering prices, the Yield on the Certificates is **3.4896898%**, as computed by Special Tax Counsel as shown on **Exhibit A.** The expected RZEDB Interest Subsidy Payments (treated as received on each interest payment date) were deducted from the debt service payments on the Certificates to determine the Yield on the Certificates, as shown on **Exhibit A**. The City has not entered into an interest rate swap agreement with respect to any portion of the proceeds of the Certificates.

Section 3.14. Miscellaneous Arbitrage Matters.

(a) *No Abusive Arbitrage Device.* The Certificates are not and will not be part of a transaction or series of transactions that has the effect of (1) enabling the City to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (2) overburdening the tax-exempt bond market.

(b) *No Over-Issuance.* The sale proceeds of the Certificates, together with expected Investment earnings thereon and other money contributed by the City, do not exceed the cost of the governmental purpose of the Certificates as described above.

Section 3.15. Conclusion. On the basis of the facts, estimates and circumstances set forth in this Tax Agreement, the City does not expect that the Certificate proceeds will be used in a manner that would cause any Certificate to be an "arbitrage bond" within the meaning of Code § 148 and the Regulations.

ARTICLE IV

ARBITRAGE INVESTMENT AND REBATE INSTRUCTIONS

Section 4.1. Temporary Periods/Yield Restriction. Except as described below, Gross Proceeds must not be invested at a Yield greater than the Yield on the Certificates:.

(a) *Acquisition Fund.* Certificate proceeds deposited in the Acquisition Fund (including the Costs of Issuance Subaccount and Project Subaccount) and Investment earnings on such proceeds may be invested without Yield restriction for three years after the Issue Date. If any unspent proceeds remain in the Acquisition Fund after three years, such amounts may continue to be invested without Yield restriction so long as the City pays to the IRS all Yield reduction payments in accordance with Regulations § 1.148-5(c). These payments are required whether or not the Certificates are exempt from the arbitrage rebate requirements of Code § 148.

(b) *Lease Revenue Fund.* To the extent that the Lease Revenue Fund qualifies as a Bona Fide Debt Service Fund, money in such account may be invested without Yield restriction for 13 months after the date of deposit. Earnings on such amounts may be invested without Yield restriction for one year after the date of receipt of such earnings.

(c) *Debt Service Reserve Fund.* Money in the Debt Service Reserve Fund may be invested without Yield restriction up to the least of (1) 10% of the stated principal amount of the Certificates, (2) the maximum annual principal and interest requirements on the Certificates (determined as of the Issue Date), or (3) 125% of the average annual principal and interest requirements on the Certificates (determined as of the Issue Date). For purposes of determining the maximum annual principal and interest requirements on the Certificates and 125% of the average annual principal and interest requirements on the Certificates, the total amount of interest to be paid is reduced by all anticipated RZEDB Interest Subsidy Payments to be received with respect to the Certificates.

(d) *Minor Portion.* In addition to the amounts described above, Gross Proceeds not exceeding the Minor Portion may be invested without Yield restriction.

Section 4.2. Fair Market Value.

(a) *General.* No Investment may be acquired with Gross Proceeds for an amount (including transaction costs) in excess of the fair market value of such Investment, or sold or otherwise disposed of for an amount (including transaction costs) less than the fair market value of the Investment. The fair market value of any Investment is the price a willing buyer would pay to a willing seller to acquire the Investment in a bona fide, arm's-length transaction. Fair market value will be determined in accordance with § 1.148-5 of the Regulations.

(b) *Established Securities Market.* Except for Investments purchased for a Yield-restricted defeasance escrow, if an Investment is purchased or sold in an arm's-length transaction on an established securities market (within the meaning of Code § 1273), the purchase or sale price constitutes the fair market value. Where there is no established securities market for an Investment, market value must be established using one of the paragraphs

below. The fair market value of Investments purchased for a Yield-restricted defeasance escrow must be determined in a bona fide solicitation for bids that complies with § 1.148-5 of the Regulations.

(c) *Certificates of Deposit.* The purchase price of a certificate of deposit (a "CD") is treated as its fair market value on the purchase date if (1) the CD has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal, (2) the Yield on the CD is not less than the Yield on reasonably comparable direct obligations of the United States, and (3) the Yield is not less than the highest Yield published or posted by the CD City to be currently available on reasonably comparable CDs offered to the public.

(d) *Guaranteed Investment Contracts.* The City is applying to the Certificates Regulation § 1.148-5(d)(6)(iii)(A) as amended by the Proposed Regulations (relating to electronic bidding of Guaranteed Investment Contracts). The purchase price of a Guaranteed Investment Contract is treated as its fair market value on the purchase date if all of the following requirements are met:

(1) Bona Fide Solicitation for Bids. The City or the Trustee makes a bona fide solicitation for the Guaranteed Investment Contract, using the following procedures:

(A) The bid specifications are in writing and are timely forwarded to potential providers, or are made available on an internet website or other similar electronic media that is regularly used to post bid specifications to potential bidders. A writing includes a hard copy, a fax, or an electronic e-mail copy.

(B) The bid specifications include all "material" terms of the bid. A term is material if it may directly or indirectly affect the Yield or the cost of the Guaranteed Investment Contract.

(C) The bid specifications include a statement notifying potential providers that submission of a bid is a representation (i) that the potential provider did not consult with any other potential provider about its bid, (ii) that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the City, the Trustee, or any other person (whether or not in connection with the bond issue), and (iii) that the bid is not being submitted solely as a courtesy to the City, the Trustee, or any other person, for purposes of satisfying the requirements of the Regulations.

(D) The terms of the bid specifications are "commercially reasonable." A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the Yield of the Guaranteed Investment Contract.

(E) The terms of the solicitation take into account the City's reasonably expected deposit and draw-down schedule for the amounts to be invested.

(F) All potential providers have an equal opportunity to bid. If the bidding process affords any opportunity for a potential provider to review other bids before providing a bid, then providers have an equal opportunity to bid only if all potential providers have an equal opportunity to review other bids. Thus, no potential provider may be given an opportunity to review other bids that is not equally given to all potential providers (that is no exclusive "last look").

(G) At least three "reasonably competitive providers" are solicited for bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of Investments being purchased.

(2) Bids Received. The bids received must meet all of the following requirements:

(A) At least three bids are received from providers that were solicited as described above and that do not have a "material financial interest" in the issue. For this purpose, (i) a lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the Issue Date of the issue, (ii) any entity acting as a financial advisor with respect to the purchase of the Guaranteed Investment Contract at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue, and (iii) a provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(B) At least one of the three bids received is from a reasonably competitive provider, as defined above.

(C) If an agent or broker is used to conduct the bidding process, the agent or broker did not bid to provide the Guaranteed Investment Contract.

(3) Winning Bid. The winning bid is the highest Yielding bona fide bid (determined net of any broker's fees).

(4) Fees Paid. The obligor on the Guaranteed Investment Contract certifies the administrative costs that it pays (or expects to pay, if any) to third parties in connection with supplying the Guaranteed Investment Contract.

(5) Records. The City and the Trustee retains the following records with the bond documents until three years after the last outstanding Certificate is redeemed:

(A) A copy of the Guaranteed Investment Contract.

(B) The receipt or other record of the amount actually paid for the Guaranteed Investment Contract, including a record of any

administrative costs paid by the City or Trustee, and the certification as to fees paid, described in paragraph (d)(4) above.

(C) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results.

(D) The bid solicitation form and, if the terms of Guaranteed Investment Contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

(e) *Other Investments.* If an Investment is not described above, the fair market value may be established through a competitive bidding process, as follows:

(1) at least three bids on the Investment must be received from persons with no financial interest in the Certificates (*e.g.,* as underwriters or brokers); and

(2) the Yield on the Investment must be equal to or greater than the Yield offered under the highest bid.

Section 4.3. Certain Gross Proceeds Exempt from the Rebate Requirement.

(a) *General.* A portion of the Gross Proceeds of the Certificates may be exempt from rebate pursuant to one or more of the following exceptions. The exceptions typically will not apply with respect to all Gross Proceeds of the Certificates and will not otherwise affect the application of the Investment limitations described in **Section 4.1**. Unless specifically noted, the obligation to compute, and if necessary, to pay rebate as set forth in **Section 4.4** applies even if a portion of the gross proceeds of the Certificates is exempt from the rebate requirement. To the extent all or a portion of the Certificates is exempt from Rebate the Rebate Analyst may account for such fact in connection with its preparation of a rebate report described in **Section 4.4**.

(b) *Applicable Spending Exceptions.*

(1) The City expects that at least 75% of the Available Construction Proceeds will be used for construction or rehabilitation expenditures for property owned by the City.

(2) The following optional rebate spending exceptions can apply to the Certificates:

(a) 6-month Exception (Code § 148(f)(4)(B) and Regulations § 1.148-7(c))
(b) 18-month Exception (Regulations § 1.148-7(d)).
(c) 2-year Exception (Code § 148(f)(4)(C) and Regulations § 1.148-7(e)).

(3) The City expects to earn approximately $4,412.22 in investment earnings on Certificate proceeds in the Project Subaccount of the Acquisition Fund.

(c) *Special Elections Made with Respect to Spending Exception Elections.* No special elections are being made in connection with the application of the spending exceptions.

(d) *Bona Fide Debt Service Fund.* To the extent that the Lease Revenue Fund qualifies as a Bona Fide Debt Service Fund, Investment earnings in the account cannot be taken into account in computing arbitrage rebate (1) with respect to such portion that meets the 6-month, 18-month or 2-year spending exception, or (2) for a given Certificate Year, if the gross earnings on the Lease Revenue Fund for such Certificate Year are less than $100,000. Since the average annual debt service on the Certificates does not exceed $2,500,000, the $100,000 earnings test may be treated as satisfied in every Certificate Year.

(e) *Documenting Application of Spending Exception.* At any time prior to the first Computation Date, the City may engage the Rebate Analyst to determine whether one or more spending exceptions has been satisfied, and the extent to which the City must continue to comply with **Section 4.4** hereof.

(f) *General Requirements for Spending Exception.* The following general requirements apply in determining whether a spending exception is met.

(1) Using Adjusted Gross Proceeds or Available Construction Proceeds to pay principal of any Certificates is not taken into account as expenditure for purposes of meeting any of the spending tests.

(2) The six-month spending exception generally is met if all Adjusted Gross Proceeds of the Certificates are spent within six months following the Issue Date. The test may still be satisfied even if up to 5% of the sale proceeds remain at the end of the initial six-month period, so long as this amount is spent within one year of the Issue Date.

(3) The 18-month spending exception generally is met if all Adjusted Gross Proceeds of the Certificates are spent in accordance with the following schedule:

Time Period After the Issue Date	**Minimum Percentage of Adjusted Gross Proceeds Spent**
6 months	15%
12 months	60%
18 months (Final)	100%

(4) The 2-year spending exception generally is met if all Available Construction Proceeds are spent in accordance with the following schedule:

Time Period After the Issue Date	Minimum Percentage of Available Construction Proceeds Spent
6 months	10%
12 months	45%
18 months	75%
24 months (Final)	100%

(5) For purposes of applying the 18-month and 2 year spending exceptions only, the failure to satisfy the **final** spending requirement is disregarded if the City uses due diligence to complete the Financed Facility and the failure does not exceed the lesser of 3% of the aggregate issue price the Certificates or $250,000. **No such exception applies for any other spending period.**

(6) For purposes of applying the 18-month and 2 year spending exceptions only, the Certificates meet the applicable spending test even if, at the end of the **final** spending period, proceeds not exceeding a Reasonable Retainage remain unspent, so long as such Reasonable Retainage is spent within 30 months (in the case of the 18-month exception) or 3 years (in the case of the 2 year spending test) after the Issue Date.

Section 4.4. Computation and Payment of Arbitrage Rebate.

(a) *Rebate Fund.* The Trustee will keep the Rebate Fund separate from all other funds and will administer the Rebate Fund under this Tax Agreement. Any Investment earnings derived from the Rebate Fund will be credited to the Rebate Fund, and any Investment loss will be charged to the Rebate Fund.

(b) *Computation of Rebate Amount.* The Trustee will provide the Rebate Analyst Investment reports relating to each fund held by the Trustee that contains Gross Proceeds of the Certificates at such times as reports are provided to the City, and not later than ten days following each Computation Date. The City will provide the Rebate Analyst with copies of Investment reports for any funds containing Gross Proceeds that are held by a party other than the Trustee annually as of the end of each Certificate Year and not later than ten days following each Computation Date. Each Investment report provided to the Rebate Analyst will contain a record of each Investment, including (1) purchase date, (2) purchase price, (3) information establishing the fair market value on the date such Investment was allocated to the Certificates, (4) any accrued interest paid, (5) face amount, (6) coupon rate, (7) frequency of interest payments, (8) disposition price, (9) any accrued interest received, and (10) disposition date. Such records may be supplied in electronic form. The Rebate Analyst will compute rebate following each Computation Date and deliver a written report to the Trustee, the City together with an opinion or certificate of the Rebate Analyst stating that arbitrage rebate was determined in accordance with the Regulations. Each report and opinion will be provided not later than 45 days following the Computation Date to which it relates. In performing its duties, the

Rebate Analyst may rely, in its discretion, on the correctness of financial analysis reports prepared by other professionals. If the sum of the amount on deposit in the Rebate Fund and the value of prior rebate payments is less than the arbitrage rebate due, the City will, within 55 days after such Computation Date, pay to the Trustee the amount of the deficiency for deposit into the Rebate Fund. If the sum of the amount on deposit in the Rebate Fund and the value of prior rebate payments is greater than the Rebate Amount, the Trustee will transfer such surplus in the Rebate Fund to the Lease Revenue Fund. After the final Computation Date or at any other time if the Rebate Analyst has advised the Trustee, any money left in the Rebate Fund will be paid to the City and may be used for any purpose not prohibited by law.

(c) *Rebate Payments.* Within 60 days after each Computation Date, the Trustee must pay (but solely from money in the Rebate Fund or provided by the City) to the United States the rebate amount then due, determined in accordance with the Regulations. Each payment must be (1) accompanied by IRS Form 8038-T and such other forms, documents or certificates as may be required by the Regulations, and (2) mailed or delivered to the IRS at the address shown below, or to such other location as the IRS may direct:

Internal Revenue Service Center
Ogden, UT 84201

Section 4.5. Successor Rebate Analyst. If the firm acting as the Rebate Analyst resigns or becomes incapable of acting for any reason, or if the City desires that a different firm act as the Rebate Analyst, then the City by an instrument or concurrent instruments in writing delivered to the firm then serving as the Rebate Analyst and any other party to this Tax Agreement, will engage a successor Rebate Analyst. In each case the successor Rebate Analyst must be a firm of nationally recognized Special Tax Counsel or a firm of independent certified public accountants and such firm must expressly agree to undertake the responsibilities assigned to the Rebate Analyst hereunder. In the event the firm acting as the Rebate Analyst resigns or becomes incapable of acting for any reason and the City fails to appoint a qualified successor Rebate Analyst within thirty (30) days following notice of such resignation then the Trustee will appoint a firm to act as the successor Rebate Analyst.

Section 4.6. Rebate Report Records. The Trustee and the City will retain copies of each arbitrage rebate report and opinion until three years after the final Computation Date.

Section 4.7. Filing Requirements. The Trustee and the City will file or cause to be filed with the IRS such reports or other documents as are required by the Code in accordance with an Opinion of Special Tax Counsel.

Section 4.8. Survival after Defeasance. Notwithstanding anything in the Declaration of Trust to the contrary, the obligation to pay arbitrage rebate to the United States will survive the payment or defeasance of the Certificates.

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 5.1. Term of Tax Agreement. This Tax Agreement will be effective concurrently with the execution and delivery and delivery of the Certificates and will continue in force and effect until

the Basic Rent represented by all Certificates have been fully paid and all such Certificates are cancelled; provided that, the provisions of **Article IV** of this Tax Agreement regarding payment of arbitrage rebate and all related penalties and interest will remain in effect until all such amounts are paid to the United States and the provisions of **Section 5.5** hereof relating to record keeping shall continue in force for the period described therein for records to be retained.

Section 5.2. Opinion of Special Tax Counsel. The City and Trustee acknowledge that Special Tax Counsel has not provided advice relating to the federal income tax consequences of issuing the Certificates except to the extent reflected in the Initial Opinion of Special Tax Counsel. In addition, the City and Trustee understand that unless separately contracted, Special Tax Counsel has not agreed to assist the City in obtaining any RZEDB Interest Subsidy Payments. THE CITY UNDERSTANDS THAT FAILURE TO COMPLY WITH ALL REQUIREMENTS IMPOSED ON ISSUERS OF RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS, INCLUDING THOSE SET OUT IN THIS TAX AGREEMENT MAY RESULT IN TERMINATION OF CONTINUED PAYMENT OF ANY RZEDB INTEREST SUBSIDY PAYMENTS AND THAT THE IRS MAY ALSO REQUIRE THE CITY TO REPAY ANY RZEDB INTEREST SUBSIDY PAYMENTS, PREVIOUSLY RECEIVED BY IT TOGETHER WITH INTEREST AND APPLICABLE PENALTIES, IN THE EVENT IT IS DETERMINED THAT THE CITY IS NOT ENTITLED TO THEM FOR ANY REASON.

Section 5.3. Compliance with Terms of Tax Agreement. The City and Trustee understand that the Initial Opinion of Special Tax Counsel is based on the accuracy of the certifications of the City and Trustee in this Tax Agreement and assumes compliance by the City with the terms and conditions of this Tax Agreement, including but not limited to the City's agreement to obtain a supplemental Opinion of Special Tax Counsel prior to taking certain actions in this Tax Agreement. Nothing contained in this Tax Agreement is intended, or should be construed, to obligate the City to comply with any provision of this Tax Agreement. However, if the City does not comply with the provisions of this Tax Agreement, including provisions requiring the supplemental Opinion of Special Tax Counsel then in addition to the consequences described in **Section 5.2**, it may no longer rely on the Initial Opinion of Special Tax Counsel.

Section 5.4. Reliance. In delivering this Tax Agreement the City is making only those certifications, representations and agreements as are specifically attributed to it in this Tax Agreement. The City is not aware of any facts or circumstances which would cause it to question the accuracy of the facts, circumstances, estimates or expectations of any other party providing certifications as part of this Tax Agreement and, to the best of its knowledge, those facts, circumstances, estimates and expectations are reasonable. The City understands that its certifications will be relied upon by the law firm of Gilmore & Bell, P.C., in rendering the Initial Opinion of Special Tax Counsel.

Section 5.5. Record Keeping Responsibilities. The City and Trustee recognize (a) that the status of the Certificates as Recovery Zone Economic Development Bonds eligible for RZEDB Interest Subsidy Payments depends on the accuracy of the representations and the satisfaction of the covenants contained in this Tax Agreement by the City and Trustee, many of which relate to matters that will occur after the date the Certificates are issued, and (b) that as part of its ongoing audit program for tax-exempt bonds, Build America Bonds, and Recovery Zone Economic Development Bonds the IRS requires that records be created and maintained with respect to the following matters:

(a) Documentation evidencing expenditure of Certificate proceeds in sufficient detail to determine the date of the expenditure, the asset acquired or the purpose of the expenditure.

(b) Documentation evidencing use of the Financed Facility by public and private persons (e.g., copies of Management Agreements).

(c) Documentation evidencing all sources of payment or security for the Certificates

(d) Documentation pertaining to any Investment of Certificate proceeds (including the purchase and sale of securities, SLGs subscriptions, actual Investment income received from the Investment of proceeds, guaranteed Investment contracts, and (if required) rebate calculations).

In addition to the record-keeping duties specifically undertaken by the Trustee, the City has procedures in place or will establish procedures to create and retain these records or to cause these records to be created and retained. Unless otherwise specifically instructed in a written opinion of Special Tax Counsel or to the extent otherwise provided in this Tax Agreement, the City shall retain and maintain these records until three years following the final maturity of (i) the Certificates or (ii) any obligation issued to refund the Certificates. Any records maintained electronically must comply with Section 4.01 of Revenue Procedure 97-22.

Section 5.6. Electronic Transactions. The transaction described in this Tax Agreement may be conducted, and related documents may be stored, by electronic means.

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The parties to this Tax Agreement have caused this Tax Compliance Agreement to be duly executed by their duly authorized officers as of the Issue Date of the Certificates.

CITY OF MONETT, MISSOURI

By: _____
Title: Mayor

UMB BANK, N.A., as Trustee

By: _____
Title: Authorized Officer

UMB BANK, N.A., as Trustee

By: Betty Loehr, Vice President
Title: Authorized Officer

EXHIBIT A

DEBT SERVICE SCHEDULE AND PROOF OF CERTIFICATE YIELD

$2,859,000.00

City of Monett, Missouri
Recovery Zone Economic Development Bonds
Certificates of Participation, Series 2010

Sources & Uses

Dated 06/30/2010 | Delivered 06/30/2010

Sources Of Funds	
Par Amount of Bonds	$2,859,000.00
Planned Issuer Equity contribution	24,064.84
Total Sources	**$2,883,064.84**

Uses Of Funds	
Total Underwriter's Discount (0.876%)	25,044.84
Costs of Issuance	56,200.00
Deposit to Debt Service Reserve Fund (DSRF)	220,000.00
Deposit to Project Construction Fund	2,581,820.00
Total Uses	**$2,883,064.84**

$2,859,000.00

City of Monett, Missouri
Recovery Zone Economic Development Bonds
Certificates of Participation, Series 2010

Debt Service Schedule

Date	Principal	Coupon	Interest	Subsidy	Total P+I	Fiscal Total
06/30/2010	-	-	-	-	-	-
01/01/2011	-	-	82,891.46	(37,301.15)	45,590.31	-
07/01/2011	69,000.00	1.550%	82,433.50	(37,095 07)	114,338.43	159,928.74
01/01/2012	-	-	81,898.75	(36,854.43)	45,044.32	-
07/01/2012	80,000.00	2.250%	81,898.75	(36,854.43)	125,044.32	170,088.64
01/01/2013	-	-	80,998.75	(36,449.43)	44,549.32	-
07/01/2013	80,000.00	2.750%	80,998.75	(36,449.43)	124,549.32	169,098.64
01/01/2014	-	-	79,898.75	(35,954.43)	43,944.32	-
07/01/2014	80,000.00	3.250%	79,898.75	(35,954.43)	123,944.32	167,888.64
01/01/2015	-	-	78,598.75	(35,369 43)	43,229.32	-
07/01/2015	80,000.00	3.750%	78,598.75	(35,369 43)	123,229.32	166,458.64
01/01/2016	-	-	77,098.75	(34,694.43)	42,404.32	-
07/01/2016	85,000.00	4.200%	77,098.75	(34,694.43)	127,404.32	169,808.64
01/01/2017	-	-	75,313.75	(33,891.18)	41,422.57	-
07/01/2017	85,000.00	4.500%	75,313.75	(33,891 18)	126,422.57	167,845.14
01/01/2018	-	-	73,401.25	(33,030.56)	40,370.69	-
07/01/2018	85,000.00	4.800%	73,401.25	(33,030.56)	125,370.69	165,741.38
01/01/2019	-	-	71,361.25	(32,112.56)	39,248.69	-
07/01/2019	90,000.00	5.100%	71,361.25	(32,112.56)	129,248.69	168,497.38
01/01/2020	-	-	69,066.25	(31,079 81)	37,986.44	-
07/01/2020	90,000.00	5.350%	69,066.25	(31,079 81)	127,986.44	165,972.88
01/01/2021	-	-	66,658.75	(29,996.43)	36,662.32	-
07/01/2021	95,000.00	5.550%	66,658.75	(29,996.43)	131,662.32	168,324.64
01/01/2022	-	-	64,022.50	(28,810.12)	35,212.38	-
07/01/2022	100,000.00	5.650%	64,022.50	(28,810 12)	135,212.38	170,424.76
01/01/2023	-	-	61,197.50	(27,538 87)	33,658.63	-
07/01/2023	100,000.00	5.800%	61,197.50	(27,538.87)	133,658.63	167,317.26
01/01/2024	-	-	58,297.50	(26,233.87)	32,063.63	-
07/01/2024	105,000.00	5.900%	58,297.50	(26,233.87)	137,063.63	169,127.26
01/01/2025	-	-	55,200.00	(24,840 00)	30,360.00	-
07/01/2025	105,000.00	6.000%	55,200.00	(24,840.00)	135,360.00	165,720.00
01/01/2026	-	-	52,050.00	(23,422.50)	28,627.50	-
07/01/2026	110,000.00	6.500%	52,050.00	(23,422.50)	138,627.50	167,255.00
01/01/2027	-	-	48,475.00	(21,813.75)	26,661 25	-
07/01/2027	115,000.00	6.500%	48,475.00	(21,813 75)	141,661 25	168,322.50
01/01/2028	-	-	44,737.50	(20,131.87)	24,605.63	-
07/01/2028	120,000.00	6.500%	44,737.50	(20,131.87)	144,605.63	169,211.26
01/01/2029	-	-	40,837.50	(18,376.87)	22,460.63	-
07/01/2029	125,000.00	6.500%	40,837.50	(18,376.87)	147,460.63	169,921.26
01/01/2030	-	-	36,775.00	(16,548.75)	20,226.25	-
07/01/2030	130,000.00	6.500%	36,775.00	(16,548.75)	150,226.25	170,452.50
01/01/2031	-	-	32,550.00	(14,647.50)	17,902 50	-
07/01/2031	130,000.00	7.000%	32,550.00	(14,647.50)	147,902.50	165,805.00

$2,859,000.00

City of Monett, Missouri
Recovery Zone Economic Development Bonds
Certificates of Participation, Series 2010

Debt Service Schedule

Date	Principal	Coupon	Interest	Subsidy	Total P+I	Fiscal Total
01/01/2032	-	-	28,000.00	(12,600.00)	15,400.00	-
07/01/2032	135,000.00	7.000%	28,000.00	(12,600.00)	150,400.00	165,800.00
01/01/2033	-	-	23,275.00	(10,473.75)	12,801.25	-
07/01/2033	140,000.00	7.000%	23,275.00	(10,473.75)	152,801.25	165,602.50
01/01/2034	-	-	18,375.00	(8,268.75)	10,106.25	-
07/01/2034	150,000.00	7.000%	18,375.00	(8,268.75)	160,106.25	170,212.50
01/01/2035	-	-	13,125 00	(5,906.25)	7,218.75	-
07/01/2035	375,000.00	7.000%	13,125.00	(5,906.25)	382,218.75	389,437.50
Total	**$2,859,000.00**	**-**	**$2,827,749.96**	**(1,272,487.30)**	**$4,414,262.66**	**-**

Yield Statistics

Bond Year Dollars	$44,026.94
Average Life	15.399 Years
Average Coupon	6.4227717%
Net Interest Cost (NIC)	6.4796570%
True Interest Cost (TIC)	6.3836947%
Bond Yield for Arbitrage Purposes	3.4896898%
All Inclusive Cost (AIC)	3.7444547%

IRS Form 8038

Net Interest Cost	6.4227717%
Weighted Average Maturity	15.399 Years

$2,859,000.00

City of Monett, Missouri
Recovery Zone Economic Development Bonds
Certificates of Participation, Series 2010

Bond Balance Report

Date	Principal	Coupon	Interest	Subsidy	Total P+I	Bond Balance	Fiscal Total
06/30/2010	-	-	-	-	-	2,859,000.00	-
07/01/2010	-	-	-	-	-	2,859,000.00	-
01/01/2011	-	-	82,891 46	(37,301.15)	45,590.31	2,859,000.00	-
07/01/2011	69,000.00	1.550%	82,433.50	(37,095.07)	114,338.43	2,790,000.00	159,928.74
01/01/2012	-	-	81,898.75	(36,854.43)	45,044.32	2,790,000.00	-
07/01/2012	80,000.00	2.250%	81,898.75	(36,854.43)	125,044.32	2,710,000.00	170,088.64
01/01/2013	-	-	80,998.75	(36,449.43)	44,549.32	2,710,000.00	-
07/01/2013	80,000.00	2.750%	80,998.75	(36,449.43)	124,549.32	2,630,000.00	169,098 64
01/01/2014	-	-	79,898.75	(35,954.43)	43,944.32	2,630,000.00	-
07/01/2014	80,000.00	3.250%	79,898.75	(35,954.43)	123,944.32	2,550,000.00	167,888.64
01/01/2015	-	-	78,598.75	(35,369.43)	43,229.32	2,550,000.00	-
07/01/2015	80,000.00	3.750%	78,598.75	(35,369.43)	123,229.32	2,470,000.00	166,458.64
01/01/2016	-	-	77,098.75	(34,694.43)	42,404.32	2,470,000.00	-
07/01/2016	85,000.00	4.200%	77,098.75	(34,694.43)	127,404.32	2,385,000.00	169,808.64
01/01/2017	-	-	75,313.75	(33,891.18)	41,422.57	2,385,000.00	-
07/01/2017	85,000.00	4.500%	75,313.75	(33,891.18)	126,422.57	2,300,000.00	167,845.14
01/01/2018	-	-	73,401.25	(33,030.56)	40,370.69	2,300,000.00	-
07/01/2018	85,000.00	4.800%	73,401.25	(33,030.56)	125,370.69	2,215,000.00	165,741.38
01/01/2019	-	-	71,361.25	(32,112.56)	39,248.69	2,215,000.00	-
07/01/2019	90,000.00	5.100%	71,361.25	(32,112.56)	129,248.69	2,125,000.00	168,497.38
01/01/2020	-	-	69,066.25	(31,079.81)	37,986.44	2,125,000.00	-
07/01/2020	90,000.00	5.350%	69,066.25	(31,079.81)	127,986.44	2,035,000.00	165,972.88
01/01/2021	-	-	66,658.75	(29,996.43)	36,662.32	2,035,000.00	-
07/01/2021	95,000.00	5.550%	66,658.75	(29,996.43)	131,662.32	1,940,000.00	168,324.64
01/01/2022	-	-	64,022 50	(28,810.12)	35,212.38	1,940,000.00	-
07/01/2022	100,000.00	5.650%	64,022.50	(28,810.12)	135,212.38	1,840,000.00	170,424.76
01/01/2023	-	-	61,197.50	(27,538.87)	33,658.63	1,840,000 00	-
07/01/2023	100,000.00	5.800%	61,197.50	(27,538.87)	133,658.63	1,740,000.00	167,317.26
01/01/2024	-	-	58,297.50	(26,233.87)	32,063.63	1,740,000.00	-
07/01/2024	105,000.00	5.900%	58,297.50	(26,233.87)	137,063.63	1,635,000.00	169,127.26
01/01/2025	-	-	55,200.00	(24,840.00)	30,360.00	1,635,000.00	-
07/01/2025	105,000.00	6.000%	55,200.00	(24,840.00)	135,360.00	1,530,000.00	165,720.00
01/01/2026	-	-	52,050.00	(23,422.50)	28,627.50	1,530,000.00	-
07/01/2026	110,000.00	6.500%	52,050.00	(23,422.50)	138,627.50	1.420,000.00	167.255.00
01/01/2027	-	-	48,475 00	(21,813.75)	26,661.25	1,420,000.00	-
07/01/2027	115,000.00	6.500%	48,475.00	(21,813.75)	141,661.25	1,305,000.00	168,322.50
01/01/2028	-	-	44,737.50	(20,131.87)	24,605.63	1,305,000.00	-
07/01/2028	120,000.00	6.500%	44,737.50	(20,131.87)	144,605.63	1,185,000.00	169,211.26
01/01/2029	-	-	40,837.50	(18,376.87)	22,460.63	1,185,000.00	-
07/01/2029	125,000.00	6.500%	40,837.50	(18,376.87)	147,460.63	1,060,000.00	169,921.26
01/01/2030	-	-	36,775.00	(16,548.75)	20,226.25	1,060,000.00	-
07/01/2030	130,000.00	6.500%	36,775.00	(16,548.75)	150,226.25	930,000.00	170,452.50
01/01/2031	-	-	32,550.00	(14,647.50)	17,902.50	930,000.00	-

$2,859,000.00

City of Monett, Missouri
Recovery Zone Economic Development Bonds
Certificates of Participation, Series 2010

Bond Balance Report

Date	Principal	Coupon	Interest	LOC	Total P+I	Bond Balance	Fiscal Total
07/01/2031	130,000.00	7.000%	32,550.00	(14,647.50)	147,902.50	800,000.00	165,805.00
01/01/2032	-	-	28,000.00	(12,600.00)	15,400.00	800,000.00	-
07/01/2032	135,000.00	7.000%	28,000.00	(12,600.00)	150,400.00	665,000.00	165,800.00
01/01/2033	-	-	23,275.00	(10,473.75)	12,801.25	665,000.00	-
07/01/2033	140,000.00	7.000%	23,275.00	(10,473.75)	152,801.25	525,000.00	165,602.50
01/01/2034	-	-	18,375.00	(8,268.75)	10,106.25	525,000.00	-
07/01/2034	150,000.00	7.000%	18,375.00	(8,268.75)	160,106.25	375,000.00	170,212.50
01/01/2035	-	-	13,125.00	(5,906.25)	7,218.75	375,000.00	-
07/01/2035	375,000.00	7.000%	13,125.00	(5,906.25)	382,218.75	-	389,437.50
Total	**$2,859,000.00**	**-**	**$2,827,749.96**	**(1,272,487.30)**	**$4,414,262.66**	**-**	**-**

$2,859,000.00

City of Monett, Missouri
Recovery Zone Economic Development Bonds
Certificates of Participation, Series 2010

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
07/01/2011	Serial Coupon	1.550%	1.550%	69,000.00	100.000%	69,000.00
07/01/2012	Serial Coupon	2.250%	2.250%	80,000.00	100.000%	80,000.00
07/01/2013	Serial Coupon	2.750%	2.750%	80,000.00	100.000%	80,000.00
07/01/2014	Serial Coupon	3.250%	3.250%	80,000.00	100.000%	80,000.00
07/01/2015	Serial Coupon	3.750%	3.750%	80,000.00	100.000%	80,000.00
07/01/2016	Serial Coupon	4.200%	4.200%	85,000.00	100.000%	85,000.00
07/01/2017	Serial Coupon	4.500%	4.500%	85,000.00	100.000%	85,000.00
07/01/2018	Serial Coupon	4.800%	4.800%	85,000 00	100.000%	85,000 00
07/01/2019	Serial Coupon	5.100%	5.100%	90,000.00	100 000%	90,000 00
07/01/2020	Serial Coupon	5.350%	5.350%	90,000.00	100.000%	90,000.00
07/01/2021	Serial Coupon	5.550%	5.550%	95,000.00	100.000%	95,000.00
07/01/2022	Serial Coupon	5.650%	5.650%	100,000.00	100.000%	100,000.00
07/01/2023	Serial Coupon	5.800%	5.800%	100,000.00	100.000%	100,000.00
07/01/2024	Serial Coupon	5.900%	5.900%	105,000.00	100.000%	105,000.00
07/01/2025	Serial Coupon	6.000%	6.000%	105,000.00	100.000%	105,000.00
07/01/2030	Term 1 Coupon	6.500%	6.500%	600,000.00	100.000%	600,000.00
07/01/2035	Term 2 Coupon	7.000%	7.000%	930,000.00	100.000%	930,000.00
Total	-	-	-	**$2,859,000.00**	-	**$2,859,000.00**

Bid Information

Par Amount of Bonds	$2,859,000.00
Gross Production	$2,859,000.00
Total Underwriter's Discount (0.876%)	$(25,044.84)
Bid (99.124%)	2,833,955.16
Total Purchase Price	$2,833,955.16
Bond Year Dollars	$44,026 94
Average Life	15.399 Years
Average Coupon	6.4227717%
Net Interest Cost (NIC)	6.4796570%
True Interest Cost (TIC)	6.3836947%

$2,859,000.00

City of Monett, Missouri
Recovery Zone Economic Development Bonds
Certificates of Participation, Series 2010

Proof Of Bond Yield @ 3.4896898%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
06/30/2010	-	1.0000000x	-	-
01/01/2011	45,590.31	0.9827563x	44,804.17	44,804.17
07/01/2011	114,338.43	0.9659028x	110,439.81	155,243.98
01/01/2012	45,044.32	0.9493383x	42,762.30	198,006.28
07/01/2012	125,044.32	0.9330579x	116,673.59	314,679.87
01/01/2013	44,549.32	0.9170567x	40,854.25	355,534.13
07/01/2013	124,549.32	0.9013299x	112,260.03	467,794.15
01/01/2014	43,944.32	0.8858728x	38,929.08	506,723.23
07/01/2014	123,944.32	0.8706808x	107,915.94	614,639.17
01/01/2015	43,229.32	0.8557493x	36,993.46	651,632 62
07/01/2015	123,229.32	0.8410738x	103,644.96	755,277.58
01/01/2016	42,404.32	0.8266501x	35,053.53	790,331.12
07/01/2016	127,404.32	0.8124737x	103,512.66	893,843.77
01/01/2017	41,422.57	0.7985404x	33,077.59	926,921.37
07/01/2017	126,422.57	0.7848460x	99,222 25	1,026,143.62
01/01/2018	40,370.69	0.7713865x	31,141.41	1,057,285.02
07/01/2018	125,370.69	0.7581579x	95,050.77	1,152,335.80
01/01/2019	39,248.69	0.7451560x	29,246.40	1,181,582.20
07/01/2019	129,248.69	0.7323772x	94,658.79	1,276,240.99
01/01/2020	37,986.44	0.7198175x	27,343.30	1,303,584 29
07/01/2020	127,986.44	0.7074732x	90,546.97	1,394,131.27
01/01/2021	36,662.32	0.6953406x	25,492.80	1,419,624.06
07/01/2021	131,662.32	0.6834160x	89,980.14	1,509,604.20
01/01/2022	35,212.38	0.6716960x	23,652.01	1,533,256.22
07/01/2022	135,212.38	0.6601769x	89,264 09	1,622,520.31
01/01/2023	33,658.63	0.6488554x	21,839.58	1,644,359.89
07/01/2023	133,658.63	0.6377280x	85,237.85	1,729,597.74
01/01/2024	32,063.63	0.6267915x	20,097.21	1,749,694.95
07/01/2024	137,063.63	0.6160425x	84,437.02	1,834,131.97
01/01/2025	30,360.00	0.6054778x	18,382.31	1,852,514.28
07/01/2025	135,360.00	0.5950944x	80,551.97	1,933,066.25
01/01/2026	28,627.50	0.5848890x	16,743.91	1,949,810.16
07/01/2026	138,627.50	0.5748586x	79,691.21	2,029,501.37
01/01/2027	26,661.25	0.5650002x	15,063.61	2,044,564.98
07/01/2027	141,661.25	0.5553109x	78,666.03	2,123,231.01
01/01/2028	24,605.63	0.5457877x	13,429.45	2,136,660.46
07/01/2028	144,605.63	0.5364279x	77,570.49	2,214,230 96
01/01/2029	22,460.63	0.5272286x	11,841.89	2,226,072.84
07/01/2029	147,460.63	0.5181870x	76,412.18	2,302,485.03
01/01/2030	20,226.25	0.5093005x	10,301.24	2,312,786.27
07/01/2030	150,226.25	0.5005664x	75,198.21	2,387,984.48
01/01/2031	17,902.50	0.4919821x	8,807.71	2,396,792.19
07/01/2031	147,902.50	0.4835450x	71,517.51	2,468,309.70

$2,859,000.00

City of Monett, Missouri
Recovery Zone Economic Development Bonds
Certificates of Participation, Series 2010

Proof Of Bond Yield @ 3.4896898%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
01/01/2032	15,400.00	0.4752525x	7,318.89	2,475,628.59
07/01/2032	150,400.00	0.4671023x	70,252.19	2,545,880.78
01/01/2033	12,801.25	0.4590919x	5,876.95	2,551,757.73
07/01/2033	152,801.25	0.4512188x	68,946.80	2,620,704.53
01/01/2034	10,106.25	0.4434808x	4,481.93	2,625,186.46
07/01/2034	160,106.25	0.4358754x	69,786.38	2,694,972.84
01/01/2035	7,218.75	0.4284005x	3,092.52	2,698,065.36
07/01/2035	382,218.75	0.4210538x	160,934.64	2,859,000.00
Total	**$4,414,262.66**	-	**$2,859,000.00**	-

Derivation Of Target Amount

Par Amount of Bonds	$2,859,000.00
Original Issue Proceeds	$2,859,000 00

$2,859,000.00

City of Monett, Missouri
Recovery Zone Economic Development Bonds
Certificates of Participation, Series 2010

Proof Of TIC To The Dated Date @ 6.3836947%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
06/30/2010	-	1.0000000x	-	-
01/01/2011	82,891.46	0.9688997x	80,313.51	80,313.51
07/01/2011	151,433.50	0.9389304x	142,185.52	222,499.03
01/01/2012	81,898.75	0.9098882x	74,518.71	297,017.74
07/01/2012	161,898.75	0.8817443x	142,753.29	439,771.03
01/01/2013	80,998.75	0.8544709x	69,211.07	508,982.10
07/01/2013	160,998.75	0.8280411x	133,313.57	642,295.68
01/01/2014	79,898.75	0.8024288x	64,113 05	706,408.73
07/01/2014	159,898.75	0.7776087x	124,338 65	830,747.38
01/01/2015	78,598.75	0.7535563x	59,228.58	889,975.97
07/01/2015	158,598.75	0.7302479x	115,816.40	1,005,792.37
01/01/2016	77,098.75	0.7076605x	54,559.74	1,060,352 11
07/01/2016	162,098.75	0.6857717x	111,162.73	1,171,514 84
01/01/2017	75,313.75	0.6645599x	50,050.50	1,221,565.34
07/01/2017	160,313.75	0.6440043x	103,242.75	1,324,808.09
01/01/2018	73,401.25	0.6240845x	45,808.58	1,370,616.67
07/01/2018	158,401.25	0.6047808x	95,798.03	1,466,414.70
01/01/2019	71,361.25	0.5860742x	41,822.99	1,508,237.69
07/01/2019	161,361.25	0.5679462x	91,644.51	1,599,882.21
01/01/2020	69,066.25	0.5503790x	38,012.61	1,637,894.82
07/01/2020	159,066.25	0.5333551x	84,838 79	1,722,733.61
01/01/2021	66,658.75	0.5168578x	34,453.09	1,757,186.71
07/01/2021	161,658.75	0.5008708x	80,970.14	1,838,156.84
01/01/2022	64,022.50	0.4853782x	31,075.13	1,869,231.97
07/01/2022	164,022.50	0.4703649x	77,150 43	1,946,382.40
01/01/2023	61,197.50	0.4558159x	27,894.80	1,974,277.19
07/01/2023	161,197.50	0.4417170x	71,203.68	2,045,480.87
01/01/2024	58,297.50	0.4280542x	24,954.49	2,070,435.36
07/01/2024	163,297.50	0.4148139x	67,738.08	2,138,173.44
01/01/2025	55,200.00	0.4019833x	22,189.48	2,160,362.91
07/01/2025	160,200.00	0.3895494x	62,405.82	2,222,768.73
01/01/2026	52,050.00	0.3775002x	19,648.89	2,242,417.62
07/01/2026	162,050.00	0.3658237x	59,281.73	2,301,699.34
01/01/2027	48,475.00	0.3545083x	17,184.79	2,318,884.13
07/01/2027	163,475.00	0.3435429x	56,160.68	2,375,044.82
01/01/2028	44,737.50	0.3329167x	14,893.86	2,389,938.68
07/01/2028	164,737.50	0.3226192x	53,147.49	2,443,086.16
01/01/2029	40,837.50	0.3126402x	12,767.45	2,455,853.61
07/01/2029	165,837.50	0.3029699x	50,243.77	2,506,097.38
01/01/2030	36,775.00	0.2935987x	10,797 09	2,516,894.47
07/01/2030	166,775.00	0.2845173x	47,450.38	2,564,344.85
01/01/2031	32,550.00	0.2757169x	8,974.58	2,573,319.43
07/01/2031	162,550.00	0.2671886x	43,431.51	2,616,750.94

$2,859,000.00

City of Monett, Missouri
Recovery Zone Economic Development Bonds
Certificates of Participation, Series 2010

Proof Of True Interest Cost To The Dated Date @ 6.383694

Date	Cashflow	PV Factor	Present Value	Cumulative PV
01/01/2032	28,000.00	0.2589241x	7,249.88	2,624,000.81
07/01/2032	163,000.00	0.2509153x	40,899.19	2,664,900.01
01/01/2033	23,275.00	0.2431542x	5,659.41	2,670,559.42
07/01/2033	163,275.00	0.2356331x	38,473.00	2,709,032.42
01/01/2034	18,375.00	0.2283447x	4,195.83	2,713,228.26
07/01/2034	168,375.00	0.2212818x	37,258 32	2,750,486.57
01/01/2035	13,125.00	0.2144372x	2,814.49	2,753,301.06
07/01/2035	388,125.00	0.2078044x	80,654 10	2,833,955.16
Total	**$5,686,749.96**	-	**$2,833,955.16**	-

Derivation Of Target Amount

Par Amount of Bonds	$2,859,000.00
Total Underwriter's Discount (0.876%)	$(25,044.84)
Total Purchase Price	$2,833,955.16

$2,859,000.00

City of Monett, Missouri
Recovery Zone Economic Development Bonds
Certificates of Participation, Series 2010

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Price	Issuance PRICE	Exponent	Bond Years
06/30/2010	-	-	-	-	-
07/01/2011	69,000.00	100.000%	69,000.00	1.0027778x	69,191.67
07/01/2012	80,000.00	100.000%	80,000.00	2.0027778x	160,222.22
07/01/2013	80,000.00	100.000%	80,000.00	3.0027778x	240,222.22
07/01/2014	80,000.00	100.000%	80,000.00	4.0027778x	320,222.22
07/01/2015	80,000.00	100.000%	80,000.00	5.0027778x	400,222.22
07/01/2016	85,000.00	100.000%	85,000.00	6.0027778x	510,236 11
07/01/2017	85,000.00	100.000%	85,000.00	7.0027778x	595,236.11
07/01/2018	85,000.00	100.000%	85,000.00	8.0027778x	680,236.11
07/01/2019	90,000.00	100.000%	90,000.00	9.0027778x	810,250.00
07/01/2020	90,000.00	100.000%	90,000.00	10.0027778x	900,250.00
07/01/2021	95,000.00	100.000%	95,000.00	11.0027778x	1,045,263.89
07/01/2022	100,000.00	100.000%	100,000.00	12.0027778x	1,200,277.78
07/01/2023	100,000.00	100.000%	100,000.00	13.0027778x	1,300,277.78
07/01/2024	105,000.00	100.000%	105,000.00	14.0027778x	1,470,291.67
07/01/2025	105,000.00	100.000%	105,000.00	15.0027778x	1,575,291.67
07/01/2026	110,000.00	100.000%	110,000.00	16.0027778x	1,760,305.56
07/01/2027	115,000.00	100.000%	115,000.00	17.0027778x	1,955,319.44
07/01/2028	120,000.00	100.000%	120,000.00	18.0027778x	2,160,333.33
07/01/2029	125,000 00	100.000%	125,000.00	19.0027778x	2,375,347.22
07/01/2030	130,000.00	100.000%	130,000.00	20.0027778x	2,600,361.11
07/01/2031	130,000.00	100.000%	130,000.00	21.0027778x	2,730,361.11
07/01/2032	135,000.00	100 000%	135,000.00	22.0027778x	2,970,375.00
07/01/2033	140,000.00	100.000%	140,000.00	23.0027778x	3,220,388.89
07/01/2034	150,000.00	100.000%	150,000.00	24.0027778x	3,600,416.67
07/01/2035	375,000.00	100.000%	375,000.00	25.0027778x	9,376,041.67
Total	**$2,859,000.00**	-	**$2,859,000.00**	-	**$44,026,941.67**

IRS Form 8038

Weighted Average Maturity = Bond Years/Issue Price	15.399 Years
Total Interest from Debt Service	2,827,749.96
Total Interest	2,827,749.96
NIC = Interest / (Issue Price * Average Maturity)	6.4227717%
Bond Yield for Arbitrage Purposes	3.4896898%

$2,859,000.00

City of Monett, Missouri
Recovery Zone Economic Development Bonds
Certificates of Participation, Series 2010

Proof of Reserve Fund Requirement

Date	Principal	Interest+LOC	TOTAL P+I
07/01/2010	-	-	-
07/01/2011	69,000.00	90,928.74	159,928.74
07/01/2012	80,000.00	90,088.64	170,088.64
07/01/2013	80,000.00	89,098.64	169,098.64
07/01/2014	80,000.00	87,888.64	167,888.64
07/01/2015	80,000.00	86,458.64	166,458.64
07/01/2016	85,000.00	84,808.64	169,808.64
07/01/2017	85,000.00	82,845.14	167,845.14
07/01/2018	85,000.00	80,741.38	165,741.38
07/01/2019	90,000.00	78,497.38	168,497.38
07/01/2020	90,000.00	75,972.88	165,972.88
07/01/2021	95,000.00	73,324.64	168,324.64
07/01/2022	100,000.00	70,424.76	170,424.76
07/01/2023	100,000.00	67,317.26	167,317.26
07/01/2024	105,000.00	64,127.26	169,127.26
07/01/2025	105,000.00	60,720.00	165,720.00
07/01/2026	110,000.00	57,255.00	167,255.00
07/01/2027	115,000.00	53,322.50	168,322.50
07/01/2028	120,000.00	49,211.26	169,211.26
07/01/2029	125,000.00	44,921.26	169,921.26
07/01/2030	130,000.00	40,452.50	170,452.50
07/01/2031	130,000.00	35,805.00	165,805.00
07/01/2032	135,000.00	30,800.00	165,800.00
07/01/2033	140,000.00	25,602.50	165,602.50
07/01/2034	150,000.00	20,212.50	170,212.50
07/01/2035	375,000.00	14,437.50	389,437.50
Total	**$2,859,000.00**	**$1,555,262.66**	**$4,414,262.66**

$2,859,000.00

City of Monett, Missouri
Recovery Zone Economic Development Bonds
Certificates of Participation, Series 2010

Proof of Reserve Fund Requirement

PROOF OF RESERVE FUND

MAXIMUM PERIODIC DEBT SERVICE

Omit First Period?	Yes
100 % of the Maximum Periodic Debt Service	389,437.50

AVERAGE PERIODIC DEBT SERVICE

Total P+I	4,414,262.66
Bond Years (Delivery Date)	25.00
125 % of the Average Periodic Debt Service	220,688.61

PERCENT OF PAR

10 % of Par	285,900.00

FIXED DOLLAR AMOUNT

DSR Fixed Dollar Amount	220,000.00

RESERVE REQUIREMENT

Computed Requirement	220,000.00
Proof's Requirement	220,000.00

EXHIBIT B

IRS FORM 8038-B

Form **8038-B**
(January 2010)
Department of the Treasury
Internal Revenue Service

Information Return for Build America Bonds and Recovery Zone Economic Development Bonds

▶ Under Internal Revenue Code section 149(e)
▶ See separate instructions.

OMB No. 1545-2161

Part I Reporting Authority

Check if **Amended Return** ▶ ☐

1 Issuer's name
City of Monett, Missouri

2 Issuer's employer identification number (EIN)
44-6000225

3 Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)
Rick McConnell

4 Report number (For IRS Use Only)
1

5 Number and street (or P.O Box if mail is not delivered to street address)
2405 Grand Boulevard, Suite 1100

6 City, town, or post office, state, and ZIP code
Kansas City, MO 64108

7 Date of issue (MM/DD/YYYY)
06/30/2010

8 Name of issue
Taxable Certificates of Participation (Recovery Zone Economic Development Bonds), Series 2010

9 CUSIP number
609308 AS0

10 Name and title of officer of issuer whom the IRS may call for more information (see instructions)

11 Telephone number of officer or other person (see instructions)
816-221-1000

Part II Type of Bonds (see instructions, if the box on line 1b or 1c is checked, complete lines 2 and 3)

1a Build America bonds (Tax Credit) (section 54AA(a)) ☐
b Build America bonds (Direct Payment) (sections 54AA(g) and 6431) ☐
c Recovery zone economic development bonds (Direct Payment) (sections 1400U-2 and 6431) ☑
2 Enter the first interest payment date (MM/DD/YYYY) ▶ 01/01/2011
3 Interest payment date frequency: (Check box) (see instructions and attach debt service schedule)
a ☐ annual,
b ☑ semi-annual,
c ☐ quarterly,
d ☐ monthly, or
e ☐ other
f If line 3e above is checked, please describe the payment frequency:

Part III Purpose of Issue

			Amount (Whole Dollars)
1	For a build America bond, identify the purpose of issue and enter the issue price. (see instructions and attach schedule)		
a	Education	1a	
b	Health and hospital	1b	
c	Transportation	1c	
d	Public safety	1d	
e	Environment (including sewage bonds)	1e	
f	Housing	1f	
g	Utilities	1g	
h	Other description ▶	1h	
2	For a recovery zone economic development bond, identify the purpose of issue and enter the issue price. (see instructions and attach schedule)		
a	Capital expenditures relating to property located in the zone	2a	2,859,000
b	Public infrastructure and construction of public facilities	2b	
c	Job training and educational programs	2c	
d	Other description	2d	
3	Total issue price (Part III, lines 1a through 1h or lines 2a through 2d)	3	2,859,000

4 If obligations are TANs or RANs, check only box **4a** ▶ ☐ If obligations are BANs, check only box **4b** ▶ ☐
5 If obligations are in the form of a lease or installment sale, check box ▶ ☐

Part IV Description of Obligations (Complete for the entire issue for which this form is being filed.)

1	Stated redemption price at maturity	1	2,859,000
2	Final maturity date (MM/DD/YYYY)		07/01/2035
3	Weighted average maturity		15.39 years
4	Yield		03.4896 %

5 If the issue is a variable rate issue, check box **5a** ▶ ☐ Please indicate the frequency rates are reset **5b** ▶

Part V Use of Proceeds of Issue

			Amount (Whole Dollars)
1	Sales proceeds	1	2,859,000
2	Expected investment proceeds	2	4,412
3	Proceeds used for accrued interest	3	0
4	Proceeds used for bond issuance cost (including underwriter's discount)	4	57,180
5	Proceeds used for credit enhancement	5	0
6	Proceeds allocated to a reasonably required reserve fund	6	220,000
7	Proceeds used for capital expenditures	7	2,586,232
8	Proceeds used for working capital expenditures	8	0
9	Proceeds used to currently refund prior issues	9	0
10	Proceeds used to advance refund prior issues	10	0

Part VI Description of Refunded Bonds (complete this part only for refunding bonds)

1 Enter the remaining weighted average maturity of the bonds to be currently refunded _____ years

2 Enter the remaining weighted average maturity of the bonds to be advance refunded _____ years

3 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) / /

4 Enter the date the refunded bonds were issued (if more than one date of issue, attach a schedule) (MM/DD/YYYY) (see instructions) / /

Part VII Miscellaneous

1	Enter the amount of the volume cap allocated to the issue (see instructions) (attach volume cap certification)	1	2,859,850
2a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC)	2a	0
b	Enter the final maturity date of the GIC (MM/DD/YYYY) ▶ / /		
c	Enter the name of the GIC provider ▶		
3	Proceeds of this issue that are to be used to make loans to other governmental units	3	0

4a If this issue is a loan made from the proceeds of another issue, check box ▶ ☐ and enter the following information:

b Enter the issue date of the master pool obligation (MM/DD/YYYY) ▶ / /

c Enter the EIN of the issuer of the master pool obligation ▶

d Enter the name of the issuer of the master pool obligation ▶

5a If the issuer entered into a hedge, check box ▶ ☐ and enter the following information:

b Name of hedge provider ▶

c Type of hedge ▶

d Term of hedge ▶

6 If the issuer has superintegrated the hedge, check box ▶ ☐

7 If the issuer elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

8 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated in accordance with the requirements under Regulations section 1.141-12, check box ▶ ☑

9 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ ☑

Signature and Consent

Under penalties of perjury, I declare that I have examined this return, and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process the return, to the person(s) that I have authorized above.

▶ James Orr | 8/3/10 ▶ James Orr, Mayor

Signature of issuer's authorized representative | Date | Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶	Date 8/2/2010	Check if self-employed ☐	Preparer's SSN or PTIN P01062537
Firm's name (or yours if self-employed), address, and ZIP code ▶	Gilmore & Bell, P.C. 2405 Grand Boulevard, Suite 1100, Kansas City, Missouri 64108	EIN 43-1611738	Phone no. (816)221-1000

Part VIII Consent to Disclosure of Certain Information from this Return

1 For build America bonds that provide a tax credit to bondholders, does the issuer give the IRS consent to publish, through a website or in a publication, its name and address, employer identification number, name and description of bond issue, date of issuance, CUSIP number, issue price, final maturity date, and stated redemption price at maturity, to assist in the proper reporting of interest, tax credits, or other benefits under section 6049 and Regulations thereunder? ▶ ☐ Yes ☐ No

Under penalties of perjury, I declare that I am an officer of the above named issuer and that I am authorized to give consent on behalf of the above named issuer for the IRS to publish the items of information described in line 1 of Part VIII of this form to assist in the reporting obligations under section 6049.

Sign Here ▶ Signature | Date ▶ Type or print name and title

ATTACHMENT 1 TO FORM 8038-B
$2,859,000
City of Monett, Missouri
Taxable Certificates of Participation
(Recovery Zone Economic Development Bonds), Series 2010

Reporting Authority

Issuer's Name	City of Monett, Missouri
Issuer's EIN	44-6000225
Date of Issue	6/30/2010

CUSIP Numbers

Maturity Date 1-Jul	CUSIP (609308)	Maturity Date 1-Jul	CUSIP (609308)
2011	AA9	2030	AR2
2012	AB7	2035	AS0
2013	AC5		
2014	AD3		
2015	AE1		
2016	AF8		
2017	AG6		
2018	AH4		
2019	AJ0		
2020	AK7		
2021	AL5		
2022	AM3		
2023	AN1		
2024	AP6		
2025	AQ4		

ATTACHMENT 2 TO FORM 8038-B
$2,859,000
City of Monett, Missouri
Taxable Certificates of Participation
(Recovery Zone Economic Development Bonds), Series 2010

Reporting Authority

Issuer's Name City of Monett, Missouri
Issuer's EIN 44-6000225
Date of Issue 6/30/2010

Fixed Rate Bond - Debt Service Schedule

Date	Principal	Coupon	Interest	Subsidy Payment	Net Total Payments	Bond Balance	Fiscal Total
6/30/2010	-	-	-	-	-	2,859,000.00	-
7/1/2010	-	-	-	-	-	2,859,000.00	-
1/1/2011	-	-	82,891.46	(37,301.15)	45,590.31	2,859,000.00	-
7/1/2011	69,000.00	1.550%	82,433.50	(37,095.07)	114,338.43	2,790,000.00	159,928.74
1/1/2012	-	-	81,898.75	(36,854.43)	45,044.32	2,790,000.00	-
7/1/2012	80,000.00	2.250%	81,898.75	(36,854.43)	125,044.32	2,710,000.00	170,088.64
1/1/2013	-	-	80,998.75	(36,449.43)	44,549.32	2,710,000.00	-
7/1/2013	80,000.00	2.750%	80,998.75	(36,449.43)	124,549.32	2,630,000.00	169,098.64
1/1/2014	-	-	79,898.75	(35,954.43)	43,944.32	2,630,000.00	-
7/1/2014	80,000.00	3.250%	79,898.75	(35,954.43)	123,944.32	2,550,000.00	167,888.64
1/1/2015	-	-	78,598.75	(35,369.43)	43,229.32	2,550,000.00	-
7/1/2015	80,000.00	3.750%	78,598.75	(35,369.43)	123,229.32	2,470,000.00	166,458.64
1/1/2016	-	-	77,098.75	(34,694.43)	42,404.32	2,470,000.00	-
7/1/2016	85,000.00	4.200%	77,098.75	(34,694.43)	127,404.32	2,385,000.00	169,808.64
1/1/2017	-	-	75,313.75	(33,891.18)	41,422.57	2,385,000.00	-
7/1/2017	85,000.00	4.500%	75,313.75	(33,891.18)	126,422.57	2,300,000.00	167,845.14
1/1/2018	-	-	73,401.25	(33,030.56)	40,370.69	2,300,000.00	-
7/1/2018	85,000.00	4.800%	73,401.25	(33,030.56)	125,370.69	2,215,000.00	165,741.38
1/1/2019	-	-	71,361.25	(32,112.56)	39,248.69	2,215,000.00	-
7/1/2019	90,000.00	5.100%	71,361.25	(32,112.56)	129,248.69	2,125,000.00	168,497.38
1/1/2020	-	-	69,066.25	(31,079.81)	37,986.44	2,125,000.00	-
7/1/2020	90,000.00	5.350%	69,066.25	(31,079.81)	127,986.44	2,035,000.00	165,972.88
1/1/2021	-	-	66,658.75	(29,996.43)	36,662.32	2,035,000.00	-
7/1/2021	95,000.00	5.550%	66,658.75	(29,996.43)	131,662.32	1,940,000.00	168,324.64
1/1/2022	-	-	64,022.50	(28,810.12)	35,212.38	1,940,000.00	-
7/1/2022	100,000.00	5.650%	64,022.50	(28,810.12)	135,212.38	1,840,000.00	170,424.76
1/1/2023	-	-	61,197.50	(27,538.87)	33,658.63	1,840,000.00	-
7/1/2023	100,000.00	5.800%	61,197.50	(27,538.87)	133,658.63	1,740,000.00	167,317.26
1/1/2024	-	-	58,297.50	(26,233.87)	32,063.63	1,740,000.00	-
7/1/2024	105,000.00	5.900%	58,297.50	(26,233.87)	137,063.63	1,635,000.00	169,127.26
1/1/2025	-	-	55,200.00	(24,840.00)	30,360.00	1,635,000.00	-
7/1/2025	105,000.00	6.000%	55,200.00	(24,840.00)	135,360.00	1,530,000.00	165,720.00
1/1/2026	-	-	52,050.00	(23,422.50)	28,627.50	1,530,000.00	-
7/1/2026	110,000.00	6.500%	52,050.00	(23,422.50)	138,627.50	1,420,000.00	167,255.00

Fixed Rate Bond - Debt Service Schedule

Date	Principal	Coupon	Interest	Subsidy Payment	Net Total Payments	Bond Balance	Fiscal Total
1/1/2027	-	-	48,475.00	(21,813.75)	26,661.25	1,420,000.00	-
7/1/2027	115,000.00	6.500%	48,475.00	(21,813.75)	141,661.25	1,305,000.00	168,322.50
1/1/2028	-	-	44,737.50	(20,131.87)	24,605.63	1,305,000.00	-
7/1/2028	120,000.00	6.500%	44,737.50	(20,131.87)	144,605.63	1,185,000.00	169,211.26
1/1/2029	-	-	40,837.50	(18,376.87)	22,460.63	1,185,000.00	-
7/1/2029	125,000.00	6.500%	40,837.50	(18,376.87)	147,460.63	1,060,000.00	169,921.26
1/1/2030	-	-	36,775.00	(16,548.75)	20,226.25	1,060,000.00	-
7/1/2030	130,000.00	6.500%	36,775.00	(16,548.75)	150,226.25	930,000.00	170,452.50
1/1/2031	-	-	32,550.00	(14,647.50)	17,902.50	930,000.00	-
7/1/2031	130,000.00	7.000%	32,550.00	(14,647.50)	147,902.50	800,000.00	165,805.00
1/1/2032	-	-	28,000.00	(12,600.00)	15,400.00	800,000.00	-
7/1/2032	135,000.00	7.000%	28,000.00	(12,600.00)	150,400.00	665,000.00	165,800.00
1/1/2033	-	-	23,275.00	(10,473.75)	12,801.25	665,000.00	-
7/1/2033	140,000.00	7.000%	23,275.00	(10,473.75)	152,801.25	525,000.00	165,602.50
1/1/2034	-	-	18,375.00	(8,268.75)	10,106.25	525,000.00	-
7/1/2034	150,000.00	7.000%	18,375.00	(8,268.75)	160,106.25	375,000.00	170,212.50
1/1/2035	-	-	13,125.00	(5,906.25)	7,218.75	375,000.00	-
7/1/2035	375,000.00	7.000%	13,125.00	(5,906.25)	382,218.75	-	389,437.50
Total	$ 2,859,000.00		$ 2,827,749.96	$ (1,272,487.30)	$ 4,414,262.66		$ 4,414,262.66

First Optional Redemption Date: **7/1/2020**

Attachment 3 to Form 8038-B
Issuer: City of Monett, Missouri
Issuer EIN: 44-6000225

RESOLUTION NO. 12-03-2009

A RESOLUTION OF THE COUNTY COMMISSION OF BARRY COUNTY, MISSOURI, ASSIGNING RECOVERY ZONE BOND ALLOCATION TO THE CITY OF MONETT, MISSOURI, AND DESIGNATING THE PORTION OF THE CITY OF MONETT, MISSOURI THAT IS WITHIN BARRY COUNTY, MISSOURI, AS A RECOVERY ZONE FOR THE PURPOSE OF ISSUING RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS, ALL PURSUANT TO THE AMERICAN RECOVERY AND REINVESTMENT TAX ACT OF 2009.

WHEREAS, Barry County, Missouri (the "Assignor") has received an allocation of the national Recovery Zone Economic Development Bonds limitation in the amount of $1,571,000 (the "Allocation"), pursuant to the American Recovery and Reinvestment Tax Act of 2009, codified in Title 26 of the United States Code and Internal Revenue Service, Notice 2009-50, issued on June 12, 2009; and

WHEREAS, Assignor desires to assign $972,470 of the Allocation (the "Assigned Allocation") to the City of Monett, Missouri (the "Assignee"); and

WHEREAS, the Assignor understands that the Assignee will use the Assigned Allocation to issue Recovery Zone Economic Development Bonds (the "Bonds") pursuant to Section 1400U-2 of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Assignor understands that the Bonds will be issued in order to finance expenditures for qualified economic development purposes (the "Recovery Zone Project"), within the meaning of Code Section 1400U-2(c), with respect to the area described in Section 2 that, prior to the issuance of the Bonds, the Assignee, as the issuer of the Bonds, and the Assignor must designate as a "Recovery Zone" under the Code due to a significant level of poverty, unemployment, home foreclosures, or general distress as described in the Code (each a "Distress Factor"); and

WHEREAS, the Assignor desires to designate the area described in Section 2 as a "Recovery Zone" to provide for the possible issuance of the Bonds (such area being referred to herein as the "Recovery Zone") based on the Distress Factor set forth in Section 1; and

WHEREAS, the Recovery Zone Project is located within, or attributable to, both the jurisdiction of the Assignor and the jurisdiction of the Assignee; and

WHEREAS, the Assignor is authorized by applicable federal, state and local law to assign the Assigned Allocation, in whole or in part, to the Assignee for the purposes provided herein; and

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COMMISSION OF BARRY COUNTY, MISSOURI, AS FOLLOWS:

Section 1. Finding of Distress Factor. The County Commission hereby finds and determines that the Recovery Zone identified in Section 2 is suffering a significant level of general distress due to increased unemployment in calendar years 2008 and 2009 in Barry County, Missouri, and Lawrence County, Missouri, and a recent decrease in taxable sales within the Assignee's boundaries as evidenced by a decrease in sales tax revenues between fiscal years 2008 and 2009 of Assignee.

Section 2. Designation of Recovery Zone. Based upon the findings and determinations set forth in Section 1, the County Commission hereby designates the area within the city limits of the Assignee that also lies within the boundaries of the Assignor as a Recovery Zone.

Section 3. Assignment of Recovery Zone Economic Development Bond Allocation. Based on the foregoing, the County Commission of the Assignor in good faith hereby assigns and transfers the Assigned Allocation to the Assignee in order that the Assignee may issue Recovery Zone Economic Development Bonds.

Section 4. Further Authority. The appropriate staff and officers of the Assignor are authorized and directed to take all necessary steps and do such acts to execute, acknowledge and deliver all such documents as may in their discretion be deemed necessary or desirable in order to carry out or comply with the terms and provisions of this Resolution in connection with assigning the Assigned Allocation.

Adopted by the County Commission of Barry County, Missouri, this 3 day of December 2009.

BARRY COUNTY, MISSOURI

Presiding Commissioner

(Seal)

ATTEST:

County Clerk

This is a certified copy of the original Barry County Resolution No. 12-03-2009.

Gary Youngblood, Barry County Clerk

6-21-10
(date)

Attachment 3 to Form 8038-B
Issuer. City of Monett, Missouri
Issuer EIN· 44-6000225

RESOLUTION NO. 112509

A RESOLUTION OF THE COUNTY COMMISSION OF LAWRENCE COUNTY, MISSOURI, ASSIGNING RECOVERY ZONE BOND ALLOCATION TO THE CITY OF MONETT, MISSOURI, AND DESIGNATING THE PORTION OF THE CITY OF MONETT, MISSOURI THAT IS WITHIN LAWRENCE COUNTY, MISSOURI, AS A RECOVERY ZONE FOR THE PURPOSE OF ISSUING RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS, ALL PURSUANT TO THE AMERICAN RECOVERY AND REINVESTMENT TAX ACT OF 2009.

WHEREAS, Lawrence County, Missouri (the "Assignor") has received an allocation of the national Recovery Zone Economic Development Bonds limitation in the amount of $1,942,000 (the "Allocation"), pursuant to the American Recovery and Reinvestment Tax Act of 2009, codified in Title 26 of the United States Code and Internal Revenue Service, Notice 2009-50, issued on June 12, 2009; and

WHEREAS, Assignor desires to assign $1,887,380 of the Allocation (the "Assigned Allocation") to the City of Monett, Missouri (the "Assignee"); and

WHEREAS, the Assignor understands that the Assignee will use the Assigned Allocation to issue Recovery Zone Economic Development Bonds (the "Bonds") pursuant to Section 1400U-2 of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Assignor understands that the Bonds will be issued in order to finance expenditures for qualified economic development purposes (the "Recovery Zone Project"), within the meaning of Code Section 1400U-2(c), with respect to the area described in Section 2 that, prior to the issuance of the Bonds, the Assignee, as the issuer of the Bonds, and the Assignor must designate as a "Recovery Zone" under the Code due to a significant level of poverty, unemployment, home foreclosures, or general distress as described in the Code (each a "Distress Factor"); and

WHEREAS, the Assignor desires to designate the area described in Section 2 as a "Recovery Zone" to provide for the possible issuance of the Bonds (such area being referred to herein as the "Recovery Zone") based on the Distress Factor set forth in Section 1; and

WHEREAS, the Recovery Zone Project is located within, or attributable to, both the jurisdiction of the Assignor and the jurisdiction of the Assignee; and

WHEREAS, the Assignor is authorized by applicable federal, state and local law to assign the Assigned Allocation, in whole or in part, to the Assignee for the purposes provided herein; and

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COMMISSION OF LAWRENCE COUNTY, MISSOURI, AS FOLLOWS:

Section 1. Finding of Distress Factor. The County Commission hereby finds and determines that the Recovery Zone identified in Section 2 is suffering a significant level of general distress due to increased unemployment in calendar years 2008 and 2009 in Lawrence County, Missouri, and Barry County, Missouri, and a recent decrease in taxable sales within the Assignee's boundaries as evidenced by a decrease in sales tax revenues between fiscal years 2008 and 2009 of Assignee.

Section 2. Designation of Recovery Zone. Based upon the findings and determinations set forth in Section 1, the County Commission hereby designates the area within the city limits of the Assignee that also lies within the boundaries of the Assignor as a Recovery Zone.

Section 3. Assignment of Recovery Zone Economic Development Bond Allocation. Based on the foregoing, the County Commission of the Assignor in good faith hereby assigns and transfers the Assigned Allocation to the Assignee in order that the Assignee may issue Recovery Zone Economic Development Bonds.

Section 4. Further Authority. The appropriate staff and officers of the Assignor are authorized and directed to take all necessary steps and do such acts to execute, acknowledge and deliver all such documents as may in their discretion be deemed necessary or desirable in order to carry out or comply with the terms and provisions of this Resolution in connection with assigning the Assigned Allocation.

Adopted by the County Commission of Lawrence County, Missouri, this 25TH day of NOVEMBER, 2009.

LAWRENCE COUNTY, MISSOURI

Sam Goodman
Presiding Commissioner

(Seal)

ATTEST:

Gary E
County Clerk

Attachment 3 to Form 8038-B
Issuer: City of Monett, Missouri
Issuer EIN: 44-6000225

CERTIFICATION OF CITY DOCUMENTS

I hereby certify the attachment hereto is a true copy of an original ordinance number 7958 dated 12-21-09 found in the Monett City records in the City Clerk's office at Monett, Missouri.

Dated this 18 day of June, 2010.

Janie Knight

Janie Knight City Clerk

Attachment 3 to Form 8038-B
Issuer: City of Monett, Missouri
Issuer EIN: 44-6000225

BILL NO. 7958 ORDINANCE NO. 7958

AN ORDINANCE DESIGNATING A RECOVERY ZONE PURSUANT TO THE AMERICAN RECOVERY AND REINVESTMENT TAX ACT OF 2009 FOR THE PURPOSE OF ISSUING RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS AND RECOVERY ZONE FACILITY BONDS.

WHEREAS, the City of Monett, Missouri (the "City") anticipates receiving one or more allocations of Recovery Zone Economic Development Bonds or Recovery Zone Facility Bonds pursuant to the American Recovery and Reinvestment Tax Act of 2009, codified in Title 26 of the United States Code (the "Act") and Internal Revenue Service, Notice 2009-50, issued on June 12, 2009 (collectively, the "Allocations"); and

WHEREAS, the City understands that any such Allocations that it has or will receive are to be used for the issuance of Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds pursuant to Section 1400U-2 or 1400U-3, respectively, of the Internal Revenue Code of 1986, as amended (the "Code"), which are referred to collectively as "Recovery Zone Bonds"; and

WHEREAS, the City understands that Recovery Zone Bonds are to be issued with respect to or to finance certain expenditures located in or attributable to an area within the jurisdiction of the City that the City determines has a significant level of one or more of the following factors: poverty, unemployment, home foreclosures, or general distress (each a "Distress Factor"); and

WHEREAS, the City initially expects that it will issue Recovery Zone Economic Development Bonds for the purpose of funding waterline, well house and related improvements to the water system of the City and, if sufficient proceeds of the Recovery Zone Economic Development Bonds are available, repairs and improvements to the City Hall Auditorium and Park Casino owned by the City (collectively, the "Initial Recovery Zone Project"); and

WHEREAS, the City will also investigate the use of other funding sources for the Initial Recovery Zone Project as described in Section 3 and Section 4; and

WHEREAS, the City desires to designate the area described in Section 2 as a "Recovery Zone" to provide for the possible issuance of Recovery Zone Bonds (such area being referred to herein as the "Recovery Zone");

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF MONETT, MISSOURI, AS FOLLOWS:

Section 1. Finding of Distress Factor. The City Council of the City (the "City Council") hereby finds and determines that the Recovery Zone identified in Section 2 suffers from a significant level of general distress due to increased unemployment in calendar years 2008 and 2009 in Barry County, Missouri, and Lawrence County, Missouri, and a recent decrease in taxable sales within the City's boundaries as evidenced by a decrease in sales tax revenues between fiscal years 2008 and 2009 of City.

Section 2. Designation of Recovery Zone. Based upon the findings and determinations set forth in Section 1, the City Council hereby designates the entire area within the jurisdictional boundaries of the City as the "Recovery Zone" for the City.

Section 3. Reimbursement of Expenditures; Additional Funding Sources. The City expects to make expenditures on and after the date of adoption of this Ordinance in connection with the Initial Recovery Zone Project, and the City intends to reimburse itself for such expenditures with the proceeds of the Recovery Zone Bonds. The maximum principal amount of Recovery Zone Economic Development Bonds expected to be issued in the form of certificates of participation for the Initial Recovery Zone Project is $2,859,850. The City may pursue additional financing for the Initial Recovery Zone Project in the approximate amount of $430,000 through the issuance of taxable certificates of participation, and will also evaluate the availability of other funds of the City for use in financing the Initial Recovery Zone Project.

Section 4. Further Action. The appropriate staff and officers of the City are authorized and directed to take all necessary steps to indentify appropriate projects for which the issuance of bonds will further the goals established for Recovery Zone Bonds in order to cure the Distress Factor identified with Section 1 within the Recovery Zone; to identify other economic development incentives and programs which may be available under Federal or Missouri laws for such projects which will further the goals established for Recovery Zone Bonds; and to work with Barry County, Missouri, Lawrence County, Missouri and the Missouri Department of Economic Development as applicable to plan for the issuance of Recovery Zone Bonds for identified projects.

PASSED by the City Council of Monett, Missouri and **APPROVED** by the Mayor this 21st day of December, 2009.

Mayor

(Seal)

ATTEST:

City Clerk

Print page | Close

FedEx

Detailed Results

Tracking no.: 931850642530 Select time format: **12H**

Delivered

Delivered
Signed for by: M.CKENNEY

Shipment Dates	Destination
Ship date Aug 6, 2010	OGDEN, UT
Delivery date Aug 9, 2010 10:22 AM	Signature Proof of Delivery

Shipment Facts

Service type	FedEx 2Day Envelope	Delivered to	Shipping/Receiving
Weight	0.5 lbs/.2 kg	Reference	600478.005
		Invoice number	600478.005

Shipment Travel History

Select time zone: Local Scan Time

All shipment travel activity is displayed in local time for the location

Date/Time	Activity	Location	Details
Aug 9, 2010 10:22 AM	**Delivered**	OGDEN, UT	
Aug 9, 2010 8:34 AM	On FedEx vehicle for delivery	OGDEN, UT	
Aug 9, 2010 7:22 AM	At local FedEx facility	OGDEN, UT	
Aug 9, 2010 5:30 AM	At dest sort facility	SALT LAKE CITY, UT	
Aug 8, 2010 7:22 PM	Departed FedEx location	MEMPHIS, TN	
Aug 7, 2010 9:40 AM	Arrived at FedEx location	MEMPHIS, TN	
Aug 6, 2010 8:46 PM	Left FedEx origin facility	KANSAS CITY, MO	
Aug 6, 2010 4:34 PM	Picked up	KANSAS CITY, MO	
Aug 6, 2010 10:30 AM	Shipment information sent to FedEx		

GILMORE & BELL
A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
2405 GRAND BOULEVARD, SUITE 1100
KANSAS CITY, MISSOURI 64108-2521

816-221-1000
FAX: 816-221-1018
WWW.GILMOREBELL.COM

ST. LOUIS, MISSOURI
WICHITA, KANSAS
LINCOLN, NEBRASKA

August 6, 2010

FEDERAL EXPRESS

Internal Revenue Service Center
Ogden, UT 84201

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

Ladies and Gentlemen:

In accordance with Internal Revenue Code, Section 149(e), we enclose Form 8038-B and all attachments for filing in connection with the above-referenced bond issue.

Please call if you have any questions.

Thank you.

Very truly yours,

Jennifer DeMoss

Jennifer DeMoss
Legal Assistant

Enclosures

Ref 600478 005	Date: 06Aug10		SHIPPING	9.49
Dep:	Wgt: 0.5 LBS		SPECIAL:	0.71
			HANDLING:	0 00
	DV:	0 00	TOTAL	10.20

Svcs: ** 2DAY **
TRCK: 9318 5064 2530

GILMORE & BELL
A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW

816-221-1000
FAX: 816-221-1018
WWW.GILMOREBELL.COM

2405 GRAND BOULEVARD, SUITE 1100
KANSAS CITY, MISSOURI 64108-2521

ST. LOUIS, MISSOURI
WICHITA, KANSAS
LINCOLN, NEBRASKA

August 2, 2010

Ms. Janie Knight
City Clerk
City of Monett
217 5th Street
Monett, Missouri 65708

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

Dear Janie:

Enclosed are a completed Internal Revenue Service ("IRS") Form 8038-B (Information Return for Build America Bonds and Recovery Zone Economic Development Bonds) including all required attachments and schedules. An "Issuer Copy" is also included for your records. A completed copy of the return and evidence of filing will be included in the Bond Transcript.

Please sign the Form 8038-B and return it to us along with the "acknowledgement copy" of this letter in the return envelope we have provided. We must file Form 8038-B on or before August 15, 2010, so please sign and return the form promptly. **Failure to file the Form 8038-B by this date could prevent the issuer from filing for, and receiving its first interest subsidy payment for the bonds on time.**

As you know, in order to receive interest subsidy payments on the Bonds, much of the information required to be included on each Form 8038-CP must be identical to the information reported on Form 8038-B. Therefore, the City may wish to keep these documents in a safe but easily accessible place.

If you have any questions, please call me.

Very truly yours,

Jacob Lowry

JSL:jld
Enclosures

Acknowledgement Copy:

We acknowledge receipt of a completed "Issuer Copy" of IRS Form 8038-B prior to filing.

James Ou

By:
Title:

$2,859,000
City of Monett, Missouri
Recovery Zone Economic Development Bonds
Certificates of Participation, Series 2010

Determination of Permitted/Required Filing Dates for
IRS Forms 8038-B and 8038-CP

Form 8038-B Due Dates

Bond Issue Date:		Form 8038-B
From	**To**	**Due Date**
1-Jan	31-Mar	15-May
1-Apr	30-Jun	15-Aug
1-Jul	30-Sep	15-Nov
1-Oct	31-Dec	15-Feb

Issue Date:	6/30/2010
Latest Date Form 8038-B can be Filed:	**11/15/2010**
1st Bond Interest Payment Date:	1/1/2011

First Form 8038-CP Filing Date

The Issuer should file IRS Form 8038-CP no earlier than 90 days and no later than 45 days before the each interest payment date on the Bonds, in order for the Issuer to timely receive BAB Interest Subsidy Payments.

Earliest Date the 1st Form 8038-CP can be Filed:	**10/3/2010**
Latest Date the 1st Form 8038-CP can be Filed:	**11/17/2010**

Form 8038-B Filing Date

The Form 8038-B can be filed anytime after the issue date. IRS procedures require Form 8038-B to be filed at least 30 days **before** the first IRS Form 8038-CP is filed.

EXHIBIT C

DESCRIPTION OF PROPERTY COMPRISING THE FINANCED FACILITY

EXHIBIT C TO TAX COMPLIANCE AGREEMENT

Description of Property Comprising the Financed Facility

Series 2010 Bonds

Asset Description	Original Economic Life	Cost	Cost Paid from Certificate Proceeds [1]	Cost Paid from Other Sources	Economic Life x Financed Cost
Barry County					
Well #15 to Eisenhower, north on Eisenhower to Well #21 (5,000 LF of 12" DIP water main expansion	25	367,000	363,088	3,912	9,077,189
Well #21 at Jack Henry Complex (700LF of 36" C-900 PVC Chlorine Detention for Well #21, 50 LF of 12" water to connect to existing water system)	25	130,700	129,307	1,393	3,232,667
Well #21 at Jack Henry Complex (wellhouse with security fencing)	25	150,600	148,995	1,605	3,724,863
Lawrence County					
Chapel/Cleveland to FR 2230 to Rte H to Rte 37 to Eisenhower to Rutherford Farm (20, 100 LF of 16" DIP water main expansion with Booster Pump Station)	25	1,715,800	1,697,509	18,291	42,437,715
Other					
Engineering	25	250,000	247,335	2,665	6,183,371
		2,614,100	2,586,232	27,868	64,655,806
Less land costs			-		
Net costs, excluding land			2,586,232		
Average, Reasonably Expected Economic Life:		25.00			
120% of Expected Economic Life of Financed Facility:	120%	**30.00**	**years**		

(1) Costs of the Financed Facility ($2,586,232.22) paid from Certificate proceeds is equal to sale proceeds of ($2,581,820.00) plus expected investment earnings ($4,412.22).

EXHIBIT D-1

ORDINANCE OF THE CITY DESIGNATING A RECOVERY ZONE

CERTIFICATION OF CITY DOCUMENTS

I hereby certify the attachment hereto is a true copy of an original ordinance number 7958 dated 12-21-09 found in the Monett City records in the City Clerk's office at Monett, Missouri.

Dated this 18 day of June, 2010.

Janie Knight

Janie Knight City Clerk

BILL NO. 7953 ORDINANCE NO. 7958

AN ORDINANCE DESIGNATING A RECOVERY ZONE PURSUANT TO THE AMERICAN RECOVERY AND REINVESTMENT TAX ACT OF 2009 FOR THE PURPOSE OF ISSUING RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS AND RECOVERY ZONE FACILITY BONDS.

WHEREAS, the City of Monett, Missouri (the "City") anticipates receiving one or more allocations of Recovery Zone Economic Development Bonds or Recovery Zone Facility Bonds pursuant to the American Recovery and Reinvestment Tax Act of 2009, codified in Title 26 of the United States Code (the "Act") and Internal Revenue Service, Notice 2009-50, issued on June 12, 2009 (collectively, the "Allocations"); and

WHEREAS, the City understands that any such Allocations that it has or will receive are to be used for the issuance of Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds pursuant to Section 1400U-2 or 1400U-3, respectively, of the Internal Revenue Code of 1986, as amended (the "Code"), which are referred to collectively as "Recovery Zone Bonds"; and

WHEREAS, the City understands that Recovery Zone Bonds are to be issued with respect to or to finance certain expenditures located in or attributable to an area within the jurisdiction of the City that the City determines has a significant level of one or more of the following factors: poverty, unemployment, home foreclosures, or general distress (each a "Distress Factor"); and

WHEREAS, the City initially expects that it will issue Recovery Zone Economic Development Bonds for the purpose of funding waterline, well house and related improvements to the water system of the City and, if sufficient proceeds of the Recovery Zone Economic Development Bonds are available, repairs and improvements to the City Hall Auditorium and Park Casino owned by the City (collectively, the "Initial Recovery Zone Project"); and

WHEREAS, the City will also investigate the use of other funding sources for the Initial Recovery Zone Project as described in Section 3 and Section 4; and

WHEREAS, the City desires to designate the area described in Section 2 as a "Recovery Zone" to provide for the possible issuance of Recovery Zone Bonds (such area being referred to herein as the "Recovery Zone");

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF MONETT, MISSOURI, AS FOLLOWS:

Section 1. Finding of Distress Factor. The City Council of the City (the "City Council") hereby finds and determines that the Recovery Zone identified in Section 2 suffers from a significant level of general distress due to increased unemployment in calendar years 2008 and 2009 in Barry County, Missouri, and Lawrence County, Missouri, and a recent decrease in taxable sales within the City's boundaries as evidenced by a decrease in sales tax revenues between fiscal years 2008 and 2009 of City.

Section 2. Designation of Recovery Zone. Based upon the findings and determinations set forth in Section 1, the City Council hereby designates the entire area within the jurisdictional boundaries of the City as the "Recovery Zone" for the City.

Section 3. Reimbursement of Expenditures; Additional Funding Sources. The City expects to make expenditures on and after the date of adoption of this Ordinance in connection with the Initial Recovery Zone Project, and the City intends to reimburse itself for such expenditures with the proceeds of the Recovery Zone Bonds. The maximum principal amount of Recovery Zone Economic Development Bonds expected to be issued in the form of certificates of participation for the Initial Recovery Zone Project is $2,859,850. The City may pursue additional financing for the Initial Recovery Zone Project in the approximate amount of $430,000 through the issuance of taxable certificates of participation, and will also evaluate the availability of other funds of the City for use in financing the Initial Recovery Zone Project.

Section 4. Further Action. The appropriate staff and officers of the City are authorized and directed to take all necessary steps to indentify appropriate projects for which the issuance of bonds will further the goals established for Recovery Zone Bonds in order to cure the Distress Factor identified with Section 1 within the Recovery Zone; to identify other economic development incentives and programs which may be available under Federal or Missouri laws for such projects which will further the goals established for Recovery Zone Bonds; and to work with Barry County, Missouri, Lawrence County, Missouri and the Missouri Department of Economic Development as applicable to plan for the issuance of Recovery Zone Bonds for identified projects.

PASSED by the City Council of Monett, Missouri and **APPROVED** by the Mayor this 21ST day of December, 2009.

Mayor

(Seal)

ATTEST:

City Clerk

DECEMBER 21, 2009

The Monett City Council met in regular session, Monday, December 21, 2009 at 9:30 a.m. in the Monett City Hall Council room. The following persons were present: Mayor-James Orr, Commissioners-Jerry Dierker and Mike Brownsberger, City Administrator-Dennis Pyle, Airport Superintendent-Howard Frazier, Street Superintendent-Russ Balmas, Fire Chief-Tom Jones, Police Chief-Tim Schweder, Suzy McElmurray-Chamber Director, Mike Waller of Bucher, Willis and Ratliff Engineering Firm, interested citizens, and City Clerk-Janie Knight.

Mayor Orr called the meeting to order, and the minutes of two previous sessions dated November 20, and December 3, 2009 were approved as written with a motion from Commissioner Brownsberger and a second from Commissioner Dierker. The following vote was taken: Orr-yes, Dierker-yes, and Brownsberger-yes.

Monthly expenses were presented for payment. The total of the expenditures was $1,713,858.71. Commissioner Dierker made a motion to authorize payment of the expenses. Commissioner Brownsberger seconded the motion, and the following vote was taken: Orr-yes, Dierker-yes, and Brownsberger-yes.

MONETT PARTICIPATION BARRY COUNTY ENHANCED ENTERPRISE ZONE

The Council was presented with information regarding a proposed Barry County Enhanced Enterprise Zone, and Monett's participation. Dennis Pyle offered a brief report on his attendance at a meeting relating to the matter. Upon completion of the discussion, Commissioner Brownsberger made a motion that Mr. Pyle draft a letter declining participation on behalf of the City. Commissioner Dierker seconded the motion, and the following vote was taken: Orr-yes, Dierker-yes, and Brownsberger-yes.

BILL 7959 WASTE DISPOSAL CONTRACT

Mayor Orr called for a suspension of the rules of procedure in consideration of Bill 7958 and 7959 deeming each an emergency legislation. Council consented to the suspension. Bill 7959 was presented for an ordinance authorizing the execution of a contract with Waste Corporation of Missouri for the disposal of non-hazardous waste. The seven year contract offered a two percent cap on any annual increase. The contract also held a 90 day termination by either party. Russ Balmas, Street Superintendent commented that the Verona Transfer Station offered convenient reasonable service for the City. Commissioner Dierker made the motion to approve the contract, and Commissioner Brownsberger seconded the motion. The following vote was taken: Orr-yes, Dierker-yes, Brownsberger-yes. Motion having been made and seconded, and the vote taken, the bill was duly adopted and signed by the Mayor and City Clerk.

BILL 7958 RECOVERY ZONE BONDS

Bill 7958 was presented for an ordinance designating a recovery zone pursuant to the American Recovery and Reinvestment Tax Act of 2009 for the purpose of issuing Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds. The ordinance cited the purpose of funding allocations, designation of the Recovery Zone, and the distress factor of unemployment. Commissioner Dierker made a motion to approve the ordinance. Commissioner Brownsberger seconded the motion, and the following vote was taken: Orr-yes, Dierker-yes, and Brownsberger-yes. Motion having been made and seconded, and the vote taken, the bill was duly adopted and signed by the Mayor and attested to by the City Clerk.

BILL 7949 THIRD READING WOOD BURNING FURNACE REGULATIONS

Bill 7949 was read for the third and final reading amending the City Code by adding regulations for the placement of outdoor wood burning furnaces. Mayor Orr revealed that the Council would possibly still pursue some additions to the current modeled ordinance at a later date. He then opened the floor for a motion to approve or disapprove. Commissioner Brownsberger made a motion to approve the bill, and Commissioner Dierker seconded the motion. The following vote was taken: Orr-yes, Dierker-yes, and Brownsberger-yes. Motion having been made and seconded, and the vote taken, the bill was duly adopted and became an ordinance of the city. The bill was signed by the Mayor and attested to by the City Clerk.

A resident was in attendance to request a review by the Council of the regulations set by the City Code for owning and raising chickens. Mr. Anthony Arndt of 500 County Road asked that Council review the ordinances and possibly alter the allowance footage for chickens next to resident dwellings. Council responded that they would take the matter under advisement.

AIRPORT MASTER PLAN PRESENTATION

Mike Waller a representative of Bucher, Willis, and Ratliff Engineering Firm presented the council and those in attendance with a 20 year Master Plan for the Monett Municipal Airport. Mr. Waller demonstrated the needs for alternative developments with the growth of the operations of the Monett Airport. Council expressed appreciation to Mr. Waller for his and his firm's work on the project. Mayor Orr also offered thanks to Howard Frazier for his work at the airport and his ability to make the current facility operations a success.

Department Heads in attendance gave monthly reports to Council.

Having no further business, the meeting was adjourned with a motion by Commissioner Dierker and a second by Commissioner Brownsberger. The following vote was taken: Orr-yes, Dierker-yes, and Brownsberger-yes.

Janie Knight

Janie Knight, City Clerk

EXHIBIT D-2

RESOLUTION OF BARRY COUNTY, MISSOURI ASSIGNING RECOVERY ZONE ECONOMIC DEVELOPMENT BOND ALLOCATION TO THE CITY

RESOLUTION NO. 12-03-2009

A RESOLUTION OF THE COUNTY COMMISSION OF BARRY COUNTY, MISSOURI, ASSIGNING RECOVERY ZONE BOND ALLOCATION TO THE CITY OF MONETT, MISSOURI, AND DESIGNATING THE PORTION OF THE CITY OF MONETT, MISSOURI THAT IS WITHIN BARRY COUNTY, MISSOURI, AS A RECOVERY ZONE FOR THE PURPOSE OF ISSUING RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS, ALL PURSUANT TO THE AMERICAN RECOVERY AND REINVESTMENT TAX ACT OF 2009.

WHEREAS, Barry County, Missouri (the "Assignor") has received an allocation of the national Recovery Zone Economic Development Bonds limitation in the amount of $1,571,000 (the "Allocation"), pursuant to the American Recovery and Reinvestment Tax Act of 2009, codified in Title 26 of the United States Code and Internal Revenue Service, Notice 2009-50, issued on June 12, 2009; and

WHEREAS, Assignor desires to assign $972,470 of the Allocation (the "Assigned Allocation") to the City of Monett, Missouri (the "Assignee"); and

WHEREAS, the Assignor understands that the Assignee will use the Assigned Allocation to issue Recovery Zone Economic Development Bonds (the "Bonds") pursuant to Section 1400U-2 of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Assignor understands that the Bonds will be issued in order to finance expenditures for qualified economic development purposes (the "Recovery Zone Project"), within the meaning of Code Section 1400U-2(c), with respect to the area described in Section 2 that, prior to the issuance of the Bonds, the Assignee, as the issuer of the Bonds, and the Assignor must designate as a "Recovery Zone" under the Code due to a significant level of poverty, unemployment, home foreclosures, or general distress as described in the Code (each a "Distress Factor"); and

WHEREAS, the Assignor desires to designate the area described in Section 2 as a "Recovery Zone" to provide for the possible issuance of the Bonds (such area being referred to herein as the "Recovery Zone") based on the Distress Factor set forth in Section 1; and

WHEREAS, the Recovery Zone Project is located within, or attributable to, both the jurisdiction of the Assignor and the jurisdiction of the Assignee; and

WHEREAS, the Assignor is authorized by applicable federal, state and local law to assign the Assigned Allocation, in whole or in part, to the Assignee for the purposes provided herein; and

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COMMISSION OF BARRY COUNTY, MISSOURI, AS FOLLOWS:

Section 1. Finding of Distress Factor. The County Commission hereby finds and determines that the Recovery Zone identified in Section 2 is suffering a significant level of general distress due to increased unemployment in calendar years 2008 and 2009 in Barry County, Missouri, and Lawrence County, Missouri, and a recent decrease in taxable sales within the Assignee's boundaries as evidenced by a decrease in sales tax revenues between fiscal years 2008 and 2009 of Assignee.

Section 2. Designation of Recovery Zone. Based upon the findings and determinations set forth in Section 1, the County Commission hereby designates the area within the city limits of the Assignee that also lies within the boundaries of the Assignor as a Recovery Zone.

Section 3. Assignment of Recovery Zone Economic Development Bond Allocation. Based on the foregoing, the County Commission of the Assignor in good faith hereby assigns and transfers the Assigned Allocation to the Assignee in order that the Assignee may issue Recovery Zone Economic Development Bonds.

Section 4. Further Authority. The appropriate staff and officers of the Assignor are authorized and directed to take all necessary steps and do such acts to execute, acknowledge and deliver all such documents as may in their discretion be deemed necessary or desirable in order to carry out or comply with the terms and provisions of this Resolution in connection with assigning the Assigned Allocation.

Adopted by the County Commission of Barry County, Missouri, this 3 day of December 2009.

BARRY COUNTY, MISSOURI

Presiding Commissioner

(Seal)

ATTEST:

Gary Youngblood
County Clerk

This is a certified copy of the original Barry County Resolution No. 12-03-2009.

Gary Youngblood, Barry County Clerk

6-21-10
(date)

EXHIBIT D-3

RESOLUTION OF LAWRENCE COUNTY, MISSOURI ASSIGNING RECOVERY ZONE ECONOMIC DEVELOPMENT BOND ALLOCATION TO THE CITY

RESOLUTION NO. 112509

A RESOLUTION OF THE COUNTY COMMISSION OF LAWRENCE COUNTY, MISSOURI, ASSIGNING RECOVERY ZONE BOND ALLOCATION TO THE CITY OF MONETT, MISSOURI, AND DESIGNATING THE PORTION OF THE CITY OF MONETT, MISSOURI THAT IS WITHIN LAWRENCE COUNTY, MISSOURI, AS A RECOVERY ZONE FOR THE PURPOSE OF ISSUING RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS, ALL PURSUANT TO THE AMERICAN RECOVERY AND REINVESTMENT TAX ACT OF 2009.

WHEREAS, Lawrence County, Missouri (the "Assignor") has received an allocation of the national Recovery Zone Economic Development Bonds limitation in the amount of $1,942,000 (the "Allocation"), pursuant to the American Recovery and Reinvestment Tax Act of 2009, codified in Title 26 of the United States Code and Internal Revenue Service, Notice 2009-50, issued on June 12, 2009; and

WHEREAS, Assignor desires to assign $1,887,380 of the Allocation (the "Assigned Allocation") to the City of Monett, Missouri (the "Assignee"); and

WHEREAS, the Assignor understands that the Assignee will use the Assigned Allocation to issue Recovery Zone Economic Development Bonds (the "Bonds") pursuant to Section 1400U-2 of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Assignor understands that the Bonds will be issued in order to finance expenditures for qualified economic development purposes (the "Recovery Zone Project"), within the meaning of Code Section 1400U-2(c), with respect to the area described in Section 2 that, prior to the issuance of the Bonds, the Assignee, as the issuer of the Bonds, and the Assignor must designate as a "Recovery Zone" under the Code due to a significant level of poverty, unemployment, home foreclosures, or general distress as described in the Code (each a "Distress Factor"); and

WHEREAS, the Assignor desires to designate the area described in Section 2 as a "Recovery Zone" to provide for the possible issuance of the Bonds (such area being referred to herein as the "Recovery Zone") based on the Distress Factor set forth in Section 1; and

WHEREAS, the Recovery Zone Project is located within, or attributable to, both the jurisdiction of the Assignor and the jurisdiction of the Assignee; and

WHEREAS, the Assignor is authorized by applicable federal, state and local law to assign the Assigned Allocation, in whole or in part, to the Assignee for the purposes provided herein; and

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COMMISSION OF LAWRENCE COUNTY, MISSOURI, AS FOLLOWS:

Section 1. Finding of Distress Factor. The County Commission hereby finds and determines that the Recovery Zone identified in Section 2 is suffering a significant level of general distress due to increased unemployment in calendar years 2008 and 2009 in Lawrence County, Missouri, and Barry County, Missouri, and a recent decrease in taxable sales within the Assignee's boundaries as evidenced by a decrease in sales tax revenues between fiscal years 2008 and 2009 of Assignee.

Section 2. Designation of Recovery Zone. Based upon the findings and determinations set forth in Section 1, the County Commission hereby designates the area within the city limits of the Assignee that also lies within the boundaries of the Assignor as a Recovery Zone.

Section 3. Assignment of Recovery Zone Economic Development Bond Allocation. Based on the foregoing, the County Commission of the Assignor in good faith hereby assigns and transfers the Assigned Allocation to the Assignee in order that the Assignee may issue Recovery Zone Economic Development Bonds.

Section 4. Further Authority. The appropriate staff and officers of the Assignor are authorized and directed to take all necessary steps and do such acts to execute, acknowledge and deliver all such documents as may in their discretion be deemed necessary or desirable in order to carry out or comply with the terms and provisions of this Resolution in connection with assigning the Assigned Allocation.

Adopted by the County Commission of Lawrence County, Missouri, this 25TH day of NOVEMBER, 2009.

LAWRENCE COUNTY, MISSOURI

Sam Goodman
Presiding Commissioner

(Seal)

ATTEST:

County Clerk

Commission Minutes

Date: November 25, 2009 Time: 8 a.m.
Commissioners present: Sam Goodman, Rodney Barnes, Joe Ruscha

1. Motion to approve Agenda:
J. Ruscha made a motion and R. Barnes seconded to approve the agenda.
Roll call vote was unanimous.

2. Motion to approve Minutes:
R. Barnes made a motion and J. Ruscha seconded to approve the minutes of November 18.
Roll call vote was unanimous.

OLD BUSINESS:

1. S. Goodman made a motion and R. Barnes seconded to sign the EWP agreement to extend the NRCS project # 3. Roll call vote was unanimous.

2. The Commission received two bids for the roof work for the Courthouse. J. Ruscha made a motion and R. Barnes seconded to reject all the bids and advertise again with better specifications. Roll call vote was unanimous.

3. J. Ruscha made a motion and R. Barnes seconded to accept the lowest bid from Boucher's Plant Farm in the amount of $6,026.04 for landscape work around the Justice Center. Four bids were received. Roll call vote was unanimous.

4. J. Ruscha made a motion and R. Barnes seconded to award the elevator maintenance contract to ThyssenKrupp Elevator Corp. in the amount of $272.00 per month payable quarterly. Roll call vote was unanimous. One other bid was received from Otis Elevator Company. Roll call vote was unanimous.

5. J. Ruscha made a motion and R. Barnes seconded to table the decision concerning the way the various entities will share the lawsuit costs of the TIF. Roll call vote was unanimous.

NEW BUSINESS:

1. J. Ruscha made a motion and R. Barnes seconded to approve the two year budget as presented by the Assessor. Roll call vote was unanimous.

2. J. Ruscha made a motion and S. Goodman seconded to request advance funds for the HPRP grant in the amount of $30,091.00 which will then be forwarded to the Lawrence County OACAC. Roll call vote was unanimous.

3. R. Barnes made a motion and S. Goodman seconded to approve Court Order #1341 concerning the establishment of a fund to hold the grant monies for the HPRP grant. Roll call vote was unanimous.

4. J. Ruscha made a motion and S. Goodman seconded to approve Court Order #1339 concerning the 2010 holiday schedule for the county. Roll call vote was unanimous.

5. R. Barnes made a motion and J. Ruscha seconded to approve the final invoice from Richard Werner in the amount of $ 20,625.00. Roll call vote was unanimous.

6. R. Barnes made a motion and J. Ruscha seconded to approve a resolution for recovery bond allocation for the City of Monett. Roll call vote was unanimous.

7. S. Goodman made a motion and R. Barnes seconded to approve the amendment to reduce the Core Public Health Functions contract by $2,700.00. Roll call vote was unanimous.

8. S. Goodman made a motion and R. Barnes seconded to approve Court Order #1340 concerning the distribution of funds to roads. Roll call vote was unanimous.

9. J. Ruscha made a motion and R. Barnes seconded to approve the LEPD agreements and grant applications as presented by Dave Compton. Roll call vote was unanimous.

Commission adjourned at 4:00 pm

EXHIBIT E

PROOF OF LIMIT ON CERTIFICATE PREMIUM

[See Spreadsheet]

EXHIBIT E TO FEDERAL TAX CERTIFICATE

$2,859,000
City of Monett, Missouri
Recovery Zone Economic Development Bonds
Certificates of Participation, Series 2010

LIMIT ON BOND PREMIUM

Bond Closing/Issue Date:				6/30/2010			
First scheduled maturity/mandatory redemption				3/1/2011			
1st Optional Redemption:			Date:	7/1/2020	Price:	100.000	
Maturity/ Mandatory Redemption Date	Principal	Bond Issue Price	Earlier of Optional Redemption Mandatory Redemption or Maturity Date	Number of Complete Years	Maximum Permitted Price	Maximum Permitted Premium	Price Check
Serial Bonds							
7/1/2011	69,000	100.000	7/1/2011	1	100.250	0.25	***Price is OK.***
7/1/2012	80,000	100.000	7/1/2012	2	100.500	0.50	***Price is OK.***
7/1/2013	80,000	100.000	7/1/2013	3	100.750	0.75	***Price is OK.***
7/1/2014	80,000	100.000	7/1/2014	4	101.000	1.00	***Price is OK.***
7/1/2015	80,000	100.000	7/1/2015	5	101.250	1.25	***Price is OK.***
7/1/2016	85,000	100.000	7/1/2016	6	101.500	1.50	***Price is OK.***
7/1/2017	85,000	100.000	7/1/2017	7	101.750	1.75	***Price is OK.***
7/1/2018	85,000	100.000	7/1/2018	8	102.000	2.00	***Price is OK.***
7/1/2019	90,000	100.000	7/1/2019	9	102.250	2.25	***Price is OK.***
7/1/2020	90,000	100.000	7/1/2020	10	102.500	2.50	***Price is OK.***
7/1/2021	95,000	100.000	7/1/2020	10	102.500	2.50	***Price is OK.***
7/1/2022	100,000	100.000	7/1/2020	10	102.500	2.50	***Price is OK.***
7/1/2023	100,000	100.000	7/1/2020	10	102.500	2.50	***Price is OK.***
7/1/2024	105,000	100.000	7/1/2020	10	102.500	2.50	***Price is OK.***
7/1/2025	105,000	100.000	7/1/2020	10	102.500	2.50	***Price is OK.***
Subtotal Serial Bonc	$ 1,329,000						
Term Bond 1		**Price 100.000**		***Price is OK.***			
7/1/2026	110,000		7/1/2020	10	102.500	2.50	2,750 00
7/1/2027	115,000		7/1/2020	10	102 500	2.50	2,875.00
7/1/2028	120,000		7/1/2020	10	102.500	2.50	3,000.00
7/1/2029	125,000		7/1/2020	10	102.500	2 50	3,125.00
7/1/2030	130,000		7/1/2020	10	102.500	2.50	3,250.00
Total Term Bond 1	$ 600,000						$ 12,250.00
Term Bond 1 Maximum Permitted Price					**102.500**	**2.500**	
Term Bond 2		**Price 100.000**		***Price is OK.***			
7/1/2031	130,000		7/1/2020	10	102.500	2.50	3,250.00
7/1/2032	135,000		7/1/2020	10	102.500	2.50	3,375.00
7/1/2033	140,000		7/1/2020	10	102.500	2.50	3,500.00
7/1/2034	150,000		7/1/2020	10	102.500	2.50	3,750.00
7/1/2035	375,000		7/1/2020	10	102.500	2.50	9,375.00
Total Term Bond 2	$ 930,000						$ 23,250.00
Term Bond 2 Maximum Permitted Price					**102.500**	**2.500**	
Grand Total	**$ 2,859,000**	**Price**					**$ 35,500.00**

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking dated June 30, 2010 (the "Continuing Disclosure Undertaking"), is executed and delivered by the **CITY OF MONETT, MISSOURI** (the "City"), in connection with the issuance by the City of $2,859,000 principal amount of Taxable Certificates of Participation (Recovery Zone Economic Development Bonds), Series 2010 (the "Certificates"). The City covenants and agrees as follows:

Section 1. Purpose of the Continuing Disclosure Undertaking. This Continuing Disclosure Undertaking is being executed and delivered by the City for the benefit of the holders and Beneficial Owners of the Certificates and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Declaration of Trust dated as of June 1, 2010, relating to the Certificates (the "Declaration of Trust"), which apply to any capitalized term used in this Continuing Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report provided by the City pursuant to, and as described in, **Sections 3** and **4** of this Continuing Disclosure Undertaking.

"Beneficial Owner" means any registered owner of any Certificates and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

"Business Day" means a day other than a Saturday, Sunday or holiday on which the Dissemination Agent is scheduled in the normal course of its operations to be open to the public for conduct of its operations.

"Dissemination Agent" means 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.

"EMMA" means the Electronic Municipal Market Access system for municipal securities disclosures operated by the MSRB, which can be accessed at www.emma.msrb.org.

"Material Events" means any of the events listed in **Section 5(a)** of this Continuing Disclosure Undertaking.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

"Participating Underwriter" means the original underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) Within 180 days after the end of each fiscal year of the City (which currently ends March 31), commencing with the fiscal year ending March 31, 2010, the City shall, or shall cause the Dissemination Agent to, provide to the MSRB via EMMA, each Participating Underwriter, and to each holder of Certificates who makes a request for such information, an Annual Report which is consistent with the requirements of **Section 4** of this Continuing Disclosure Undertaking. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in **Section 4**; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 5(c)**.

(b) Not later than 15 Business Days prior to said date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If the City is unable to provide an Annual Report to the MSRB by the date required in subsection (a), the City shall send a notice to the MSRB in substantially the form attached as **Exhibit A**.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the City), file a report with the City certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Undertaking, stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) The City's audited financial statements for the prior fiscal year, prepared in accordance with generally accepted accounting principles. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to **Section 3(a)**, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement dated June 21, 2010 (the "**Official Statement**"), relating to the Certificates, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Information relating to the City and its operations set forth in Appendix A to the Official Statement, relating to the Certificates, set forth in the tables under the sections captioned:

DEBT STRUCTURE OF THE CITY:
- **Current Indebtedness of the City**
- **Debt Summary**
- **Overlapping Indebtedness**
- **Other Obligations**

THE WATERWORKS PORTION OF THE CITY'S SYSTEM
- **Customers**
- **Gallons Sold**

FINANCIAL INFORMATION CONCERNING THE CITY:

Property Valuations:

Current Assessed Valuation

History of Property Valuation

Tax Rates:

Major Property Taxpayers

Sales Tax Collections

Any or all of the items listed above may be incorporated by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB via EMMA. The City shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Material Events.

(a) Pursuant to the provisions of this Section, the City shall give, or cause to be given to the MSRB, via EMMA, notice of the occurrence of any of the following events with respect to the Certificates, if material (**"Material Events"**):

(1) principal and interest payment delinquencies;
(2) non-payment related defaults;
(3) modifications to rights of Certificate owners;
(4) optional, contingent or unscheduled calls;
(5) defeasances;
(6) rating changes;
(7) adverse tax opinions or events affecting the tax status of the Certificates;
(8) unscheduled draws on debt service reserves reflecting financial difficulties;
(9) unscheduled draws on credit enhancements reflecting financial difficulties;
(10) substitution of credit or liquidity providers, or their failure to perform; or
(11) release, substitution or sale of property securing repayment of the Certificates.

(b) Whenever the City obtains knowledge of the occurrence of a Material Event, the City shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the City determines that knowledge of the occurrence of a Material Event would be material under applicable federal securities laws, the City shall promptly file a notice of such occurrence with the MSRB via EMMA. Notwithstanding the foregoing, notice of Material Events described in subsections (a) (8) and (9) of this **Section 5** need not be given any earlier than the notice, if any, of the underlying event is given to holders of affected Certificates pursuant to the Declaration of Trust.

Section 6. Termination of Reporting Obligation. The City's obligations under this Continuing Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the City shall give notice of such termination in the same manner as for a Material Event under **Section 5(a)**.

Section 7. Dissemination Agent and Other Designated Agents.

(a) The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Continuing Disclosure Undertaking. The initial Dissemination Agent shall be the City.

(b) The City may, from time to time, appoint or designate one or more agents (each, a "designated agent") to submit Annual Reports, notices of Material Events and other notices or reports with the MSRB via EMMA. The City hereby appoints Gilmore & Bell, P.C. as a designated agent of the City solely for the purpose of submitting City-approved Annual Reports, notices of Material Events and other notices or reports to the MSRB via EMMA. The City may revoke this designation at any time upon written notice to the designated agent, and may designate one or more additional designated agents for purposes of this **Section 7(b)** from time to time by written designation to the newly appointed designated agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Undertaking, the City may amend this Continuing Disclosure Undertaking, and any provision of this Continuing Disclosure Undertaking may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of **Sections 3(a), 4,** or **5(a),** it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Certificates, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the holders of the Certificates in the same manner as provided in the Declaration of Trust for amendments to such Declaration of Trust with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or Beneficial Owners of the Certificates.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Undertaking, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Material Event under **Section 5(a)**, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Continuing Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Continuing Disclosure Undertaking. If the City chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Continuing Disclosure Undertaking, the City shall have no obligation under this Continuing Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 10. Default. If the City fails to comply with any provision of this Continuing Disclosure Undertaking, any holder or Beneficial Owner of Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Continuing Disclosure Undertaking. A default under this Continuing Disclosure Undertaking shall not be deemed a default under the Declaration of Trust and the sole remedy under this Continuing Disclosure Undertaking in the event of any failure of the City to comply with this Continuing Disclosure Undertaking shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Undertaking, and the City, to the extent permitted by law, agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates.

Section 12. Beneficiaries. This Continuing Disclosure Undertaking shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the holders and Beneficial Owners of the Certificates, and shall create no rights in any other person or entity.

Section 13. Severability. If any provision in this Continuing Disclosure Undertaking shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

[Remainder of page intentionally blank.]

CITY OF MONETT, MISSOURI

By: _____
Mayor

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of City: City of Monett, Missouri

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

Date of Issuance: June 30, 2010

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Certificates as required by the Continuing Disclosure Undertaking dated June 30, 2010, executed and delivered by the City of Monett, Missouri. The City anticipates that the Annual Report will be filed by _____ __, 20__.

Dated: _____ ___, 20___.

CITY OF MONETT, MISSOURI

By:_____
Title:_____

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances may this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor may there be any sale of these securities in any jurisdictions in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 9, 2010

NEW ISSUE - BOOK - ENTRY ONLY

S&P Rating – "A"
See "RATING" herein.

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

$2,859,000*

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

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

Dated: Date of Delivery **Due: July 1, as shown on the inside cover**

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

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

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

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

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

UMB

* Preliminary; subject to change.

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

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

MATURITY SCHEDULE*

$1,329,000 Series Certificates

Due (July 1)	Principal Amount	Interest Rate	Price	Yield
2011	$69,000			
2012	80,000			
2013	80,000			
2014	80,000			
2015	80,000			
2016	85,000			
2017	85,000			
2018	85,000			
2019	90,000			
2020	90,000			
2021	95,000			
2022	100,000			
2023	100,000			
2024	105,000			
2025	105,000			

Term Certificates

$600,000 _____% Term Certificates due July 1, 2030, Price or Yield _____%, CUSIP _____
$930,000 _____% Term Certificates due July 1, 2035, Price or Yield _____%, CUSIP _____

(plus accrued interest, if any)

*Preliminary, subject to change.

CITY OF MONETT, MISSOURI
P.O. Box 110
Monett, Missouri 65708
(417) 235-3763

MAYOR

James Orr

COMMISSIONERS

Jerry Dierker
Mike Brownsberger

ADMINISTRATION

Dennis Pyle – City Administrator
Janie Knight – City Clerk

BOND COUNSEL

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

CERTIFIED PUBLIC ACCOUNTANTS

The CPA Group, P.C.
Monett, Missouri

FINANCIAL ADVISOR

Piper Jaffray & Co.
Leawood, Kansas

UNDERWRITER

UMB Bank, N.A.
Kansas City, Missouri

REGARDING USE OF THIS OFFICIAL STATEMENT

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

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

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

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

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

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

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APPENDIX A: General, Economic and Financial Information

APPENDIX B: Annual Financial Report for the City of Monett, Missouri for the Fiscal Year Ended March 31, 2009; Unaudited Six Month Review for the Period April 1, 2009 through September 30, 2009

APPENDIX C: Book-Entry Only System

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APPENDIX E: Proposed Form of Opinion of Special Tax Counsel

OFFICIAL STATEMENT

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

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

INTRODUCTION

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

General

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

Plan of Financing

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

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

The leased property is comprised solely of water lines, fire hydrants, a backhoe, a well house with security fencing and other equipment and furnishings related to improvements to waterworks portion of the City's System (the **"Leased Property"**). The water lines consist of approximately 20,100 linear feet of 16 inch water line, 5,050 feet of 12 inch waterline and 700 linear feet of 36 inch waterline. The acquisition cost

* Preliminary; subject to change.

of the Leased Property (not including labor and professional services related to installation) is estimated by the City to be $2,371,080. The City currently intends to perform installation of the Leased Property with its own employees. The Trustee will retain a security interest in such personal property as security for the Certificate Owners, but will not have a lien on the real estate on which the equipment will be installed.

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

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

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

Annual Appropriation Lease

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

Financial Statements

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

Continuing Disclosure Information

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

Definitions and Descriptions; Inspection of Documents

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

THE CERTIFICATES

General Provisions

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

Payment of Basic Rent Payments and Prepayment Price

The Certificates are payable in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debt. The Certificates will be delivered in the denomination of $5,000 or any integral multiple thereof (provided that one Certificate may be in the amount of $1,000 or any multiple thereof). Each Certificate represents a proportionate interest in the Principal Portions and Interest Portions of the Basic Rent Payments to be paid by the City to the Trustee for the benefit of the Certificate Owners. Principal Portions of Basic Rent Payments will be payable on July 1 in the years set forth on the inside cover hereof. Interest Portions of Basic Rent Payments shall be payable semiannually on January 1 and July 1 of each year, beginning on January 1, 2011, to and including the date of maturity or prepayment, whichever is earlier.

Under the Declaration of Trust, the Trustee is designated as the initial paying agent for the Certificates. Principal Portions of Basic Rent Payments represented by the Certificates shall be payable on the dates shown on the inside cover page hereof, upon presentation and surrender thereof at the principal office of the Trustee in Kansas City, Missouri (or such other office as may be designated by the Trustee). Interest Portions of Basic Rent Payments represented by the Certificates shall be payable by check or draft of the Trustee mailed to the Certificate Owners at the address of each Certificate Owner shown on the registration books maintained by the Trustee as of the close of business on the fifteenth day of the month next preceding

each interest Payment Date, or at the written request of any Owner of Certificates in the aggregate Principal Portion of at least $500,000, by electronic transfer to the bank for credit to the ABA routing number and account number filed with the Trustee no later than 15 days prior to the record date.

Prepayment

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

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

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

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

Term Certificates Maturing 7/1/2030		**Term Certificates Maturing 7/1/2035**	
Year	**Principal****	**Year**	**Principal****
2026	$110,000	2031	$130,000
2027	115,000	2032	135,000
2028	120,000	2033	140,000
2029	125,000	2034	150,000
2030*	130,000	2035*	375,000

* Final Maturity
** Preliminary; subject to change

At its option, to be exercised on or before the 45th day next preceding any mandatory prepayment date, the City may: (1) deliver to the Trustee for cancellation Term Certificates in any aggregate principal

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

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

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

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

SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

Limited Obligations

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

Upon termination of the Lease, the Certificates will be payable solely from moneys, if any, held by the Trustee under the Declaration of Trust, and any amounts resulting from a sale or subleasing of the Trustee's leasehold interest in the Leased Property pursuant to the Lease and the Declaration of Trust. The obligation of

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

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

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

Available Revenues - Unconditional Obligations

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

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

Anticipated Sources of Repayment

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

Based on projected debt service and increased operation and maintenance expenses necessitated by the identified improvements, the rate increases were designed to generate approximately $1,255,000 in additional revenue for the City based on 2007 usage. 2010 usage is estimated by the City to be 1,080,000,000 gallons, a 5.9% increase. Based on these numbers, for FY 2011 (the first year that the rate increase will be fully implemented) the rate increase would result in an additional $1,328,400 of revenue from water user fees. Debt

service in the study was projected based on potential participation by the City in the Missouri State Revolving Fund program, which would likely result in lower effective interest rates than other financing sources because of subsidies provided by the program. The revenues of the City's System are subject to a prior pledge for repayment of revenue bonds. For additional information about the City's water system and existing revenue bond debt, see **"APPENDIX A – DEBT STRUCTURE OF THE CITY"** and **"- THE WATERWORKS PORTION OF THE CITY'S SYSTEM."**

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

Nonappropriation

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

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

THE TRUSTEE

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

RISK FACTORS

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

Nonappropriation

The Certificates, the Basic Rent Payments and other amounts due under the Lease do not constitute an obligation of the City in any Fiscal Year subsequent to a Fiscal Year as to which the City has appropriated

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

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

Results of a Nonappropriation

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

Upon termination of the Lease, the Trustee may take possession of or sell its interest in the Leased Property. The net proceeds received from such sale, together with other moneys then held by the Trustee under the Declaration of Trust (with certain exceptions as provided in the Lease and the Declaration of Trust), are required to be used to pay the Certificates, to the extent of such moneys.

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

Upon the occurrence of an Event of Default under the Lease which includes an Event of Nonappropriation, the Trustee may terminate the Lease or, with or without terminating the Lease, enter the property where the Leased Property is located and retake possession of the Leased Property or require the City at the City's expense to promptly return any or all of such equipment to the possession of the Trustee at a place specified by the Trustee. The Trustee may sell or lease the Leased Property or, for the account of the City, sublease the Leased Property continuing to hold the City liable for the difference between (a) the Basic Rent Payments payable by the City under the Lease for then current term, and (b) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the Trustee in exercising its remedies under the Lease). Exercise of the remedies available to the Trustee may interfere with the City's ability to operate certain

portions of the waterworks portion of its System. Because the Trustee will not have a lien on the underlying real estate, however, the Trustee will not be able to foreclose on any real estate interest or exercise any of the remedies normally available to a mortgage trustee under a deed of trust.

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

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

Recovery of Leased Property

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

Possible Insufficiency of Casualty Insurance Proceeds

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

Inability to Liquidate

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

Debt Service Reserve Fund

At the time of delivery of the Certificates, the Debt Service Reserve Fund will be funded in an amount equal to $220,000* (the "Debt Service Reserve Requirement"). There can be no assurance that the amounts on

* Preliminary, subject to change.

deposit in the Debt Service Reserve Fund will be available if needed for payment of the Certificates in the full amount of the Debt Service Reserve Requirement because (1) of fluctuations in the market value of the securities deposited therein and/or (2) if funds are transferred to the Lease Revenue Fund, sufficient revenues may not be available or appropriated to replenish the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

Secondary Market Not Established

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

Federal Subsidy Payment

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

The priority of the U.S. Treasury making the cash subsidy payment is the same as the U.S. Treasury refunding overpayments of tax. In the event that the City does not receive the cash subsidy payment from the U.S. Treasury in a timely fashion to pay 45% of the stated interest on each Interest Payment Date for the Certificates, then, subject to annual appropriation, the City is obligated to pay such amounts from other legally available funds.

Risk of Audit

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

Prior Pledge of Water Revenues

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

THE PROJECT AND THE LEASED PROPERTY

The Project

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

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

The Leased Property

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

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

ESTIMATED SOURCES AND USES OF FUNDS*

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

Source of Funds:	
Principal Amount of the Certificates	$2,859,000.00
Contribution from the City	.00
Total Sources of Funds	$.00
Uses of Funds:	
Acquisition Fund	$.00
Reserve Fund	.00
Costs of Issuance, including Underwriter's Discount	.00
Total Uses of Funds	$.00

* Preliminary; subject to change.

TAX MATTERS

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

Opinion of Special Tax Counsel Regarding the Certificates

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

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

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

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

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

Federal Income Tax Consequences to Owners of the Certificates

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

Other Federal Income Tax Consequences Applicable to Owners of Certificates

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

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

LEGAL MATTERS

Legal Proceedings

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

Approval of Legality

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

RATING

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

MISCELLANEOUS

Underwriting

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

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

Certain Relationships

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

Continuing Disclosure

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

Certification and Other Matters Regarding Official Statement

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

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

The form of this Official Statement, and its distribution and use by the Underwriter, has been approved by the City. Neither the City nor any of its officers, directors or employees, in either their official or personal capacities, has made any warranties, representations or guarantees regarding the financial condition of the City or the City's ability to make payments required of it; and further, neither the City nor its officers,

directors or employees assumes any duties, responsibilities or obligations in relation to the issuance of the Certificates other than those either expressly or by fair implication imposed on the City by the Lease.

Additional Information

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

CITY OF MONETT, MISSOURI

By: _____
Mayor

APPENDIX A

CITY OF MONETT, MISSOURI

GENERAL, ECONOMIC AND FINANCIAL INFORMATION

APPENDIX A

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

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THE CITY

General

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

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

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

Municipal Services and Utilities

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

Transportation and Communication Facilities

U.S. Highway 60 and State Highway 37 serve the City, with access to Interstate 44 (a major east-west artery across the State of Missouri) by traveling approximately 20 miles north on State Highway 37. Joplin Regional Airport and the Springfield/Branson National Airport (SGF) are both located approximately 43 miles from the City. The Frisco branch of the Burlington-Northern/Santa Fe Railroad provide services to the City. The Monett Municipal Airport serves the City and Barry County and is owned by the City. The paved runway extends 5,000 feet. The airport includes a parallel taxiway which runs along the runway. The facility is at an elevation of 1.315 feet at a distance of 5 miles from the City. There are over 25 hanger rental units located on site. The City is served by television, radio stations and telecable systems. Local newspaper coverage is provided by the *Monett Times* published daily with a circulation of approximately 3,976 copies.

Educational Institutions and Facilities

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

Recreational and Religious Facilities

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

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

Economy

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

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

ECONOMIC INFORMATION CONCERNING THE CITY

Commerce and Industry

Some major employers in the City, include:*

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

Source: Monett Chamber of Commerce
*As of March 31, 2009

General and Demographic Information

The following tables set forth certain population information.

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

Source: U. S. Department of Commerce, Economics and Statistics Administration, Bureau of the Census
*2008 Population Estimates
**2009 Population Estimates

Population Distribution by Age

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

Source: U. S. Department of Commerce, Economics and Statistics Administration, Bureau of the Census
*Based on 2000 Census
**Based on 2008 Population Estimates

Employment

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

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

Source: Missouri Economic Research and Information Center

Income Statistics

The following table sets forth income figures from Census 2000:

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

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

Housing Structures

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

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

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

	Median Value
City	$67,700
Barry County	70,600
Lawrence County	65,500
State of Missouri	89,900

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

Building Construction

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

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

Source: City.

DEBT STRUCTURE OF THE CITY

Current Indebtedness of the City

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

Debt Summary

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

[1] Includes amounts authorized but unissued pursuant to a NID Petition and the NID Act.
[2] Includes amounts authorized but unissued with respect to certain political subdivisions. See "Overlapping Indebtedness" below.

Overlapping Indebtedness

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

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

Other Obligations

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

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

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

Legal Debt Capacity

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

THE WATERWORKS PORTION OF THE CITY'S SYSTEM

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

Customers

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

2005	2006	2007	2008	2009
3,864	4,073	4,053	4,008	4,046

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

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

Gallons Sold

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

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

FINANCIAL INFORMATION CONCERNING THE CITY

Accounting, Budgeting and Auditing Procedures

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

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

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

Sources of Revenue

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

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

Property Valuations

Assessment Procedure:

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

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

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

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

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

Current Assessed Valuation:

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

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

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

History of Property Valuation:

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

Barry County

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

Lawrence County

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

Property Tax Levies and Collections

Tax Collection Procedure:

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

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

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

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

Tax Rates

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

Major Property Taxpayers:

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

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

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Sales Tax Collections

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

Barry County and Lawrence County

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

APPENDIX B

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

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED MARCH 31, 2009

CITY OF MONETT,

MISSOURI

ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED
MARCH 31, 2009

CITY OF MONETT, MISSOURI

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INTRODUCTION SECTION

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

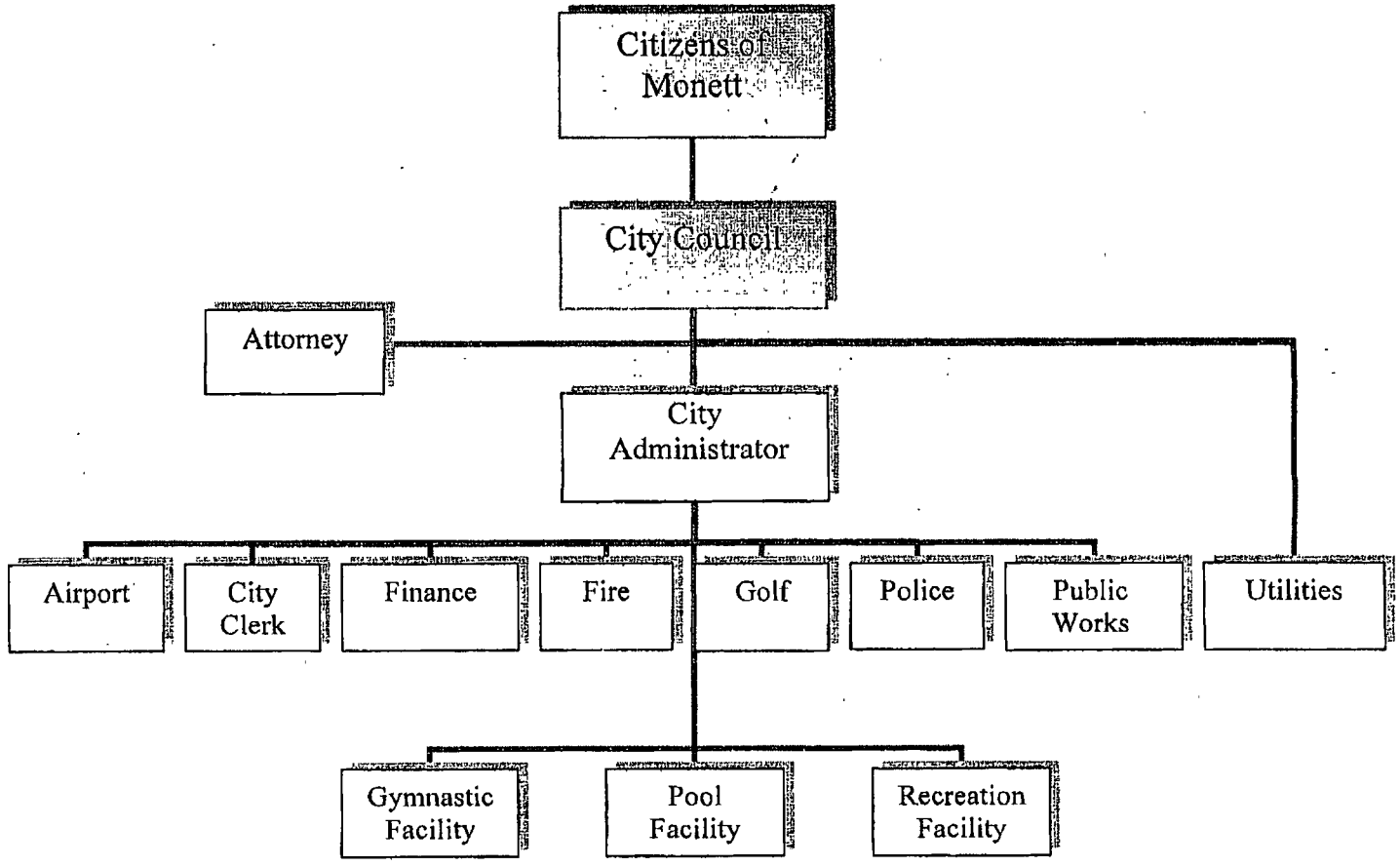
Elected Officials

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

City of Monett, Missouri
Organization Chart



City of Monett, Missouri

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

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

September 1, 2009

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

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

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

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

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

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

internal controls and legal requirements involving the administration of federal awards

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

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

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

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

Profile of the Government

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

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

The City of Monett provides a full range of services normally associated with a municipality, including police and fire protection, emergency communication center, public works services, municipal airport, parks and other recreation facilities, and general administrative services. The City also operates water, electric, sewer, sanitation and fiber optic services, all of which are accounted for in the financial statements as business-type funds.
This report presents data for the financial reporting entity, which includes all departments, funds, boards, and commissions of the primary government (the City, as legally defined), as well as all

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

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

Factors Affecting Financial Condition

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

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

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

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

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

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

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

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

Acknowledgements

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

Respectfully submitted,

James Orr, Mayor

INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Monett, Missouri as of and for the year ended March 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Monett, Missouri's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

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

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

THE CPA GROUP, P.C.

Monett, Missouri
September 21, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Monett, Missouri

THIRD CLASS CITY - COMMISSION FORM OF GOVERNMENT
James Orr, Mayor • Michael Brownsberger, Commissioner • Jerry Dierker, Commissioner
217 Fifth Street • P.O. Box 110 • Monett, Missouri 65708
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Council - (417) 235-3355
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Management's Discussion and Analysis

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

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $31,400,546 *(net assets)*. Of this amount, $3,505,326 *(unrestricted net assets)* may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's total net assets increased $1,519,562. Of this amount, $1,648,423 was from the City's "governmental activities" with a decrease in net assets of $128,861 from the "business-type activities". Additionally, a prior period adjustment was recorded in the amount of $702,933 for the "business-type activities" to reflect a change in the accounting for supplies held as inventories to maintain operational effectiveness.

- The City total debt decreased by $1,404,253 during the current fiscal year. The City's fiscal year started with existing debt of $28,539,170, principal payments of $2,046,416 were made during the year, also, new debt issuance of $642,163, which created ending fiscal year debt balance of $27,134,917. The debt increase was due to $86,024 relating to police cars and $556,139 for tax increment financing developer agreements.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

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

NET ASSETS

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

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

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

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

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

Change in Net Assets

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

City of Monett Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	$ 991,382	$ 1,360,178	$ 21,791,322	$ 22,128,935	$ 22,782,704	$ 23,489,113
Capital grants and contributions	1,303,457	1,492,579	-	-	1,303,457	1,492,579
General revenues:						
Sales taxes	2,892,812	2,726,868	-	-	2,892,812	2,726,868
TIF taxes	1,202,033	1,304,998	-	-	1,202,033	1,304,998
Franchise fees	423,246	295,305	-	-	423,246	295,305
Other taxes	121,023	126,130	-	-	121,023	126,130
Other revenues	234,011	262,273	422,917	404,876	656,928	667,149
Total revenues	7,167,964	7,568,331	22,214,239	22,533,811	29,382,203	30,102,142
Expenses:						
Policy development and administration	628,863	737,943	-	-	628,863	737,943
Public works	1,581,321	3,101,434	-	-	1,581,321	3,101,434
Public safety	3,501,412	1,563,160	-	-	3,501,412	1,563,160
Parks and recreation	1,035,047	1,077,859	-	-	1,035,047	1,077,859
Interest on long-term debt	921,817	603,927	-	-	921,817	603,927
Airport	442,779	439,608	-	-	442,779	439,608
Waterworks	-	-	1,784,867	1,568,458	1,784,867	1,568,458
Electric	-	-	14,739,071	15,116,987	14,739,071	15,116,987
Wastewater-sewer	-	-	2,813,032	2,680,219	2,813,032	2,680,219
Sanitation	-	-	503,868	526,084	503,868	526,084
Fiber optics	-	-	94,695	99,704	94,695	99,704
Total expenses	8,111,239	7,523,932	19,935,533	19,991,452	28,046,772	27,515,383
Gain(Loss) Sale of Assets	(12,243)	-	-	-	(12,243)	-
Settlement	196,374	-	-	-	196,374	-
Other Sources	184,131	-	-	-	184,131	-
Increase in net assets before transfers	(759,144)	44,399	2,278,706	2,542,359	1,519,562	2,586,759
Transfers - Payments in lieu of taxes	2,107,567	2,110,984	(2,107,567)	(2,110,984)	-	-
Transfers	300,000	150,000	(300,000)	(150,000)	-	-
Total transfers	2,407,567	2,260,984	(2,407,567)	(2,260,984)	-	-
Increase in net assets	1,648,423	2,305,383	(128,861)	281,375	1,519,562	2,586,759
Net assets, beginning	11,191,208	8,885,825	17,986,843	17,734,345	29,178,051	26,620,170
Prior period adjustment	-	-	702,933	(28,877)	702,933	(28,877)
Net assets, ending	$ 12,839,631	$ 11,191,208	$ 18,560,915	$ 17,986,843	$ 31,400,546	$ 29,178,051

Governmental Activities

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

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

Net Cost of City of Monett Governmental Activities

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

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

Business-type Activities

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

- The water recorded net loss of $44,646 for the year. Revenues relating to charges for services increased $181,462. Operating expenses increased $218,655 compared to prior year expenses due to increases in repairs and maintenance expense.

- The electric recorded net income of $590,762 for the year. Revenues relating to charges for services increased $47,158. Operating expenses decreased $377,917 due to storm related expenditures incurred in the prior year.

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

Financial Analysis of the City's Funds

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

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

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

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

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

General Fund Budgetary Highlights

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

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

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

Capital Assets and Debt Administration Capital Assets

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

Capital events during the current fiscal year included the following:

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

- Golf chlorine contact basin $26,984 and tractor $22,031.
- North Park mower $14,692.
- Police station building $602,292, (8) computers for vehicles $22,840, surveillance equipment $127,650, 200' communication tower $267,918, security system $44,145, mobile filing $124,523, E-911 workstations $51,074, (4) computer server/computer rack $28,650, ice maker $1,348, refrigerator $1,614, phone system $20,049, furniture $97,525, and (3) 2009 Dodge Charger police cars $86,024.
- Recreation roof at 205 Euclid $53,420.
- Sewer chlorine basin $26,984, portable generator $66,363, camera system $56,126, and flow meter package $38,250.
- South Park festival of lights $5,058 and resurface (4) tennis courts $20,430.
- Streets department wheel loader $112,341, overhead calcium equipment $8,110, roller screed $6,200, infrastructure – Clear Creek $325,990, Eisenhower Bridge $1,239916, Greenway Project $49,630, Cleveland overlay $152,991, TIF 1 infrastructure $7,913,911.
- Water Scada system $8,186.

(net of accumulated depreciation)

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

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

Debt Administration

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

City of Monett Outstanding Debt

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

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

Total fund balance - total governmental funds		$ 3,704,162
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the governmental funds.		
Governmental capital assets	$ 40,976,468	
Less accumulated depreciation	(13,254,437)	
		27,722,031
Long-term liabilities; including certificates of participation, capital lease obligations, and accrued compensated absences, are not due and payable in the current period, and therefore, are not reported as liabilities in the governmental funds.		
General obligation bonds	(108,954)	
Revenue bonds	(13,655,000)	
Notes payable	(50,000)	
Capital lease obligations	(3,847,049)	
Developers' agreements	(549,155)	
Accounts payable - capital work in progress	(110,384)	
Accrued compensated absences	(380,989)	
Unamortized issuance cost of bonds	400,465	
Accrued interest liability	(285,496)	
		(18,586,562)
Net assets of governmental activities		$ 12,839,631

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
Displayed as:						
Cash and cash equivalents	$ -	$ 1,400,826	$ -	$ 233,436	$ 4,710	$ 1,638,971
Restricted - cash and cash equivalents	369,310	326,805	2,532,086	-	-	3,228,201
Total cash, cash equivalents, and investments	$ 369,310	$ 1,727,631	$ 2,532,086	$ 233,436	$ 4,710	$ 4,867,172
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	$ (43,065)	$ 2,481,706	$ (528,566)	$ 63,534	$ 70,627	$ 2,044,236
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	257,246	166,914	1,019,051	82,925	31,566	1,557,702
Amortization	-	-	(231,371)	-	-	(231,371)
Miscellaneous revenue	108,565	74,841	1,022	3,538	18,648	206,614
(Increase) decrease in accounts receivable	955	227,886	285,701	5,035	(2,826)	516,751
(Increase) decrease in prepaid sales tax	-	63,437	-	-	-	63,437
(Increase) decrease in inventory	(38,377)	(126,080)	(5,284)	-	(5,991)	(175,732)
Increase (decrease) in workmen's compensation	(6,241)	(13,999)	(3,723)	(7,097)	-	(31,060)
Increase (decrease) in accounts payable	(22,147)	1,974	(11,966)	(16,449)	-	(48,588)
Increase (decrease) in accrued payroll	3,609	5,916	4,454	1,405	-	15,384
Increase (decrease) in customer deposits	(90)	6,830	-	-	-	6,740
Increase (decrease) in accrued compensated absences	(8,857)	3,419	(4,495)	1,221	-	(8,712)
Net cash provided by (used in) operating activities	$ 251,598	$ 2,892,844	$ 524,823	$ 134,112	$ 112,024	$ 3,915,401
NONCASH CAPITAL FINANCING ACTIVITES						
Supplemental information						
Interest paid	$ 17,677.00	$ -	$ 474,762.00	$ 5,109.00	$ -	$ 497,548.00

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Reporting Entity

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

The financial reporting entity consists of the primary government and its component units, which are entities that the government is considered financially accountable for. The determination of financial accountability includes consideration of a number of criteria, including: (l) 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 Assets and the Statement of Activities) and fund financial statements.

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

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

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

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

The City reports the following fund types:

Internal Service Funds — These funds account for the costs of the Hazardous Material, Safety, and Mechanic Funds on a cost-reimbursement basis.

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

a. Deposits and Investments

City monies are deposited in FDIC-insured banks. Funds in excess of FDIC insurable limits are secured with collateral pledged by the banks. Permissible investments include obligations of the U.S. Government, State of Missouri, bonds, bills or notes guaranteed by the U.S., state or city governments, certificates of deposit, repurchase agreements, bankers acceptances, and commercial paper. The City purchases investments from SEC-registered broker-dealers and banks. Investments are carried at cost, less purchase premiums which are amortized over the life of the investment. Cost approximates fair market value at year end.

b. Receivables and Payables

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

c. Inventories and Prepaid Items

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

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

d. Restricted Assets

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

e. Assessment Receivable

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

f. Capital Assets

Capital assets include land, construction in progress, buildings and improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of $5,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

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

g. Compensated Absences

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

h. Long-Term Obligations

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

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

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

i. Fund Balances

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

j. Capitalization of Interest

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

k. Interfund and Related Party Transactions

Transactions between the City's various funds are accounted for as revenues and expenditures or expenses in the funds involved if they are similar to transactions with organizations external to City government. Certain transactions between City Utilities and the City are also treated in this manner. The operations of City Utilities for the year ended March 31, 2009 reflect payments in lieu of taxes (PILOTS) to the City of $2,107,568.

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

l. Net Assets

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

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

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

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

m. Use of Estimates

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

(2) DETAILED NOTES ON ALL FUNDS

(A) Deposits

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

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

(B) Investments

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

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

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

c. In revenue bonds of the City, or;

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

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

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

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

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

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

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

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

Custodial Credit Risk

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

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that the City will not recover its investments due to the ability of the counterparty to fulfill their obligation. The City minimizes credit risk by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business and by diversifying the portfolio so that potential losses on individual fixed income securities will be minimized. As of March 31, 2009, the City's investments were rated by Moody's Investment Service or Standard & Poor's as follows:

Investment Type	Rating
U.S. Agency Securities	AAA

(C) Capital Assets

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

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

Depreciation expense was charged to functions as follows:

Policy Development and Administration	36,049
Public Safety	336,205
Public Works	386,115
Parks and Recreation	249,773
Municipal Airport	151,412
Total depreciation expense governmental activates	$ 1,159,554

Business Type Activites

Water Fund:	Balance March 31, 2008	Additions	Deductions	Transfers	Balance March 31, 2009
Non-Depreciable Capital Assets					
Land	$ 56,932	$ -	$ -	$ -	$ 56,932
Construction in Process		-	-	-	-
Total Non-Depreciable Capital Assets	56,932	-	-	-	56,932
Depreciable Capital Assets					
Buildings and Building Imp.	908,946	-	-	-	908,946
Machinery and Equipment	412,557	8,186	-	(18,343)	402,400
Infrastructure	6,685,017	-	-	-	6,685,017
Total Depreciable Capital Assets	8,006,520	8,186	-	(18,343)	7,996,363
Less Accumulated Depreciation					
Buildings and Building Imp.	(509,569)	(26,603)	-	-	(536,172)
Machinery and Equipment	(282,696)	(32,930)	-	16,049	(299,577)
Infrastructure	(2,489,608)	(197,713)	-	-	(2,687,321)
Total Accumulated Depreciable	(3,281,873)	(257,246)	-	16,049	(3,523,070)
Total Depreciable Capital Assets, Net	4,724,647	(249,060)	-	(2,294)	4,473,293
Total Water Fund Business - Type Capital Assets	$ 4,781,579	$ (249,060)	$ -	$ (2,294)	$ 4,530,225

Electric Fund:	Balance March 31, 2008	Additions	Deductions	Transfers	Balance March 31, 2009
Non-Depreciable Capital Assets					
Land	$ 58,400	$ -	$ -	$ -	$ 58,400
Construction in Process		-	-	-	-
Total Non-Depreciable Capital Assets	58,400	-	-	-	58,400
Depreciable Capital Assets					
Buildings and Building Imp.	751,127	-	-	-	751,127
Machinery and Equipment	585,499	187,676	-	18,343	791,518
Infrastructure	5,218,869	25,995	-	-	5,244,864
Total Depreciable Capital Assets	6,555,495	213,671	-	18,343	6,787,509
Less Accumulated Depreciation					
Buildings and Building Imp.	(527,667)	(23,481)	-	-	(551,148)
Machinery and Equipment	(410,714)	(38,742)	-	(16,049)	(465,505)
Infrastructure	(3,936,122)	(104,691)	-	-	(4,040,813)
Total Accumulated Depreciable	(4,874,503)	(166,914)	-	(16,049)	(5,057,466)
Total Depreciable Capital Assets, Net	1,680,992	46,757	-	2,294	1,730,043
Total Electric Fund Business - Type Capital Assets	$ 1,739,392	$ 46,757	$ -	$ 2,294	$ 1,788,443

Sewer Fund:	Balance March 31, 2008	Additions	Deductions	Transfers	Balance March 31, 2009
Non-Depreciable Capital Assets					
Land	$ 94,828	$ -	$ -	$ -	$ 94,828
Construction in Process	-	-	-	-	-
Total Non-Depreciable Capital Assets	94,828	-	-	-	94,828
Depreciable Capital Assets					
Buildings and Building Imp.	6,721	26,984	-	-	33,705
Machinery and Equipment	312,783	181,815	-	-	494,598
Infrastructure	24,870,595	-	-	-	24,870,595
Total Depreciable Capital Assets	25,190,099	208,799	-	-	25,398,898
Less Accumulated Depreciation					
Buildings and Building Imp.	(1,120)	(224)	-	-	(1,344)
Machinery and Equipment	(260,382)	(23,013)	-	-	(283,395)
Infrastructure	(10,316,928)	(995,814)	-	-	(11,311,742)
Total Accumulated Depreciable	(10,577,430)	(1,019,051)	-	-	(11,596,481)
Total Depreciable Capital Assets, Net	14,612,669	(810,252)	-	-	13,802,417
Total Sewer Fund Business - Type Capital Assets	$ 14,707,497	$ (810,252)	$ -	$ -	$ 13,897,245

Sanitation Fund:	Balance March 31, 2008	Additions	Deductions	Transfers	Balance March 31, 2009
Non-Depreciable Capital Assets					
Land	$ -	$ -	$ -	$ -	$ -
Construction in Process	-	-	-	-	-
Total Non-Depreciable Capital Assets	-	-	-	-	-
Depreciable Capital Assets					
Buildings and Building Imp.	84,878	-	-	-	84,878
Machinery and Equipment	1,174,379	-	(162,000)	-	1,012,379
Infrastructure	61,189	-	-	-	61,189
Total Depreciable Capital Assets	1,320,446	-	(162,000)	-	1,158,446
Less Accumulated Depreciation					
Buildings and Building Imp.	(18,991)	(2,830)	-	-	(21,821)
Machinery and Equipment	(794,565)	(78,056)	162,000	-	(710,621)
Infrastructure	(8,629)	(2,039)	-	-	(10,668)
Total Accumulated Depreciable	(822,185)	(82,925)	162,000	-	(743,110)
Total Depreciable Capital Assets, Net	498,261	(82,925)	-	-	415,336
Total Sanitation Fund Business - Type Capital Assets	$ 498,261	$ (82,925)	$ -	$ -	$ 415,336

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

Deprecation expense was charged to the functions as follows:

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

(D) Long-Term Obligations

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

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

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

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

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

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

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

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

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

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

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

4.15% General Obligation Bonds, Neighborhood Improvement District Bonds Series 2006, due through September 6, 2015	$	108,954
2.00% to 5.10% General Obligation Bonds, Neighborhood Improvement District Bonds Series 2004 due through September 1, 2024, callable on or after September 1, 2009, at premiums beginning at 102% of the principal amount decreasing to 100% on September 1, 2014. Monies from this bond were utilized for gravity sewer projects in the city.		335,000
Total General Obligation Bonds	$	443,954

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

Tax Increment Financing fund:

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

Junior Series 2008 (Hwy 60 Amended Redevelopment Project TIF #1) interest due semi-annually April 1 and October 1 with bonds maturing October 1, 2104 through 2018, optional redemption begins October 1, 2012 at 100% of the principal. Funding from this issuance was to further expand and improve the infrastructure of and adjacent to Highway 60.	
5.00% Tax Increment Allocation Bonds Series 2005A (East Hwy 60 Infrastructure Project TIF #2) interest due semiannually January 1, and July 1, with principal and bonds maturing January 1, 2028 Optional redemption beginning January 1, 2010, at 100% of the principal. These monies were specifically generated to make improvements on and around Chapel Drive.	1,130,000
5.25% Tax Increment Allocation Bonds Series 2005B (RPA #1 Infrastructure Improvements Project TIF #2) interest due semiannually January 1, and July 1, with principal and bonds maturing January 1, 2028 optional redemption beginning January 1, 2010, at 100% of the principal. Specific use of this funding was to redevelop 385 acres in the southeast portion of the city adjacent to Highway 60.	2,535,000
Sewer system fund:	
2.00% to 4.70% Combined Waterworks and Sewerage System Revenue Bonds, (State Revolving Funds Program) Series 2003, due through January 1, 2025, callable on or after December 1, 2012 at 100% principal. Monies generated from this debt issuance were combined with funds from the State Environment Improvement and Energy Resources Authority to construct wastewater treatment and clean water facilities for the city (Drinking Water Loan).	7,815,000
5.20% to 6.55% Sewerage Revenues Refunding Bonds, (State Revolving Funds Program) Series 1992A, due through June 1, 2013. Monies generated from this debt issuance were combined with funds from the State Environment Improvement and Energy Resources Authority to construct wastewater treatment and clean water facilities for the city (Clean Water Loan).	310,000
Total revenue bonds payable	$ 21,780,000

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

General fund:

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

Certificates of Participation

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

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

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

Capital Leases

Governmental Activities:

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

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

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

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

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

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

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

Developers' Agreements

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

Legal Debt margin – General Obligation Bonds

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

Assessed Valuation	
Real Estate	$ 87,284,307
Personal Property	43,769,359
Total Assessed Valuation	$131,053,666

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

General Obligation Debt Limit	$ 26,210,733
General Obligation Bonds Payable	443,954
Legal Debt Margin	$ 25,766,779

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

(E) Construction Commitments City of Monett

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

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

(F) Interfund Receivables, Payables, and Transfers

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

Receivable fund	Payable Fund	Amount
Electric	Fiber	$ 360,000

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

Interfund Transfers

General fund	Electric fund	Total
$ 300,000	$ (300,000)	$ -0-

Transfers

General fund	TIF – District 1 fund	Total
$ 254,273	$ (254,273)	$ -0-

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

(3) OTHER INFORMATION

(A) Employee Retirement Systems and Plans

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

Missouri Local Government Employees Retirement System (LAGERS) Plan Description

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

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

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

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

Funding Status

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

Annual Pension Cost

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

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

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

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost APC	Percentage of APC Contributed	Net Pension Obligation
6/30/2006	514,468	100%	$ -0-
6/30/2007	523,460	100%	-0-
6/30/2008	513.588	100%	-0-

Contribution Information

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

(B) Litigation and Contingent Liabilities

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

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

(C) Risk Management

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

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

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

(D) Prior Period Adjustment

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

Waterworks	$	153,513
Electric		504,320
Sewer		21,136
Fiber		23,964
Total	$	702,933

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's Director of Finance in January each year. The Director of Finance uses these requests as the starting point for developing a proposed budget.

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

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

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

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

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

Functions/Programs	Budgeted Amount Original	Budgeted Amount Final	March 31, 2009 Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues				
Business license and permits	$ -	$ -	$ -	$ -
Federal and state grants	-	-	-	-
Fines and forfeitures	-	-	-	-
Franchise fees	-	-	-	-
Sales tax	589,250	589,250	567,263	(21,987)
Interest income	137,000	62,000	63,300	1,300
Intergovernmental	-	-	-	-
Other revenue	-	-	-	-
Other taxes and assessments	241,000	241,000	259,476	18,476
Rental revenue	-	-	-	-
Total revenues	967,250	892,250	890,039	(2,211)
Expenditures				
Salaries	-	-	-	-
Payroll taxes	-	-	-	-
Community development block grant	-	-	-	-
Computer	-	-	-	-
Education and travel	-	-	-	-
Election	-	-	-	-
Health and life insurance	-	-	-	-
Insurance	-	-	-	-
Merchandise	-	-	-	-
Miscellaneous	2,000	7,200	7,313	113
Professional and consulting service	5,000	5,000	5,654	654
Repairs and maintenance	-	-	-	-
Retirement	-	-	-	-
Supplies	-	-	-	-
Telephone	-	-	-	-
Workman's compensation	-	-	-	-
Capital outlay	8,035,000	7,836,000	7,913,911	77,911
Debt service - principal	355,000	355,000	361,985	6,985
Debt service - interest	505,000	505,000	299,187	(205,813)
Total expenditures	8,902,000	8,708,200	8,588,050	(120,150)
Excess (deficiency) of revenues over expenditures	(7,934,750)	(7,815,950)	(7,698,011)	117,939
Other financing sources (uses)				
Due from (to) other funds	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-
Settlement	-	-	-	-
Proceeds from Financing	-	550,000	549,155	(845)
Payments in Lieu of Taxes (PILOTS)	-	-	-	-
Transfers	(414,000)	(255,000)	(291,393)	(36,393)
Total other financing sources (uses)	(414,000)	295,000	257,762	(37,238)
Revenues and other sources over (under) expenditures and other uses	$ (8,348,750)	$ (7,520,950)	$ (7,440,249)	$ 80,701

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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
2/28/2006	8,100,173	8,265,211	165,038	98%	4,127,969	4%
2/28/2007	9,287,107	9,113,567	(173,540)	102	4,314,237	
2/28/2008	10,370,464	9,987,480	(382,984)	104	4,700,760	

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

See accompanying notes to the financial statements.

OTHER SUPPLEMENTARY INFORMATION

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

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

See accompanying notes to the financial statements.

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

	Public Safety								
	E-911			Emergency Management			Communications		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Revenues									
Business license and permits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Federal and state grants	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	13,826	10,800	10,800	-	-	-	-	-	-
Other taxes and assessments	89,310	83,703	65,000	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-	-
Total revenues	103,136	94,503	75,800	-	-	-	-	-	-
Expenditures									
Salaries	37,044	39,181	39,275	1,393	1,248	1,500	222,216	241,509	231,050
Payroll taxes	2,930	2,997	2,950	108	95	125	16,834	17,958	17,300
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	-	9,741	6,200	-	-	-	5,433	8,526	7,200
Education and travel	4,310	3,587	4,400	875	328	900	1,583	471	1,000
Election	-	-	-	-	-	-	-	-	-
Health and life insurance	7,223	4,495	6,500	-	126	-	31,199	31,607	38,500
Insurance	303	337	400	23	25	100	1,286	1,432	1,600
Merchandise	-	-	-	-	-	-	-	-	-
Miscellaneous	111	122	100	127	-	100	192	192	300
Professional and consulting service	375	-	2,500	-	-	-	163	-	500
Repairs and maintenance	-	-	-	2,650	542	2,200	5,435	6,556	8,500
Retirement	4,440	4,271	4,400	-	136	-	23,963	25,983	25,000
Supplies	689	966	1,500	476	30	400	398	226	1,500
Telephone	24,977	26,491	25,000	-	-	-	-	-	200
Utilities	-	-	-	-	-	-	-	-	-
Workman's compensation	104	-	100	4	-	25	601	455	455
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-
Total expenditures	82,506	92,188	93,325	5,656	2,530	5,350	309,303	334,915	333,105
Excess (deficiency) of revenues over expenditures	20,630	2,315	(17,525)	(5,656)	(2,530)	(5,350)	(309,303)	(334,915)	(333,105)
Other financing sources (uses)									
Due from (to) other funds	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	-
Settlement	-	-	-	-	-	-	-	-	-
Proceeds from financing	-	-	-	-	-	-	-	-	-
Payments in lieu of taxes (PILOTS)	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	$ 20,630	$ 2,315	$ (17,525)	$ (5,656)	$ (2,530)	$ (5,350)	$ (309,303)	$ (334,915)	$ (333,105)

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

	Waterworks			Electric			Wastewater-Sewer		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Operating revenues									
Revenues	$ 1,714,004	$ 1,719,805	$ 1,780,000	$ 17,134,539	$ 17,071,100	$ 17,601,500	$ 1,807,385	$ 1,809,493	$ 1,901,000
Federal and state grants	-	101,341	100,000	552,585	1,147	-	-	-	-
Tap - in charges	17,172	-	-	-	-	-	510	210	600
Penalties	-	-	2,000	78,678	149,677	123,000	-	-	2,000
Miscellaneous charges	17,073	108,565	109,500	36,390	74,841	81,000	3,433	1,022	5,300
Rental	4,320	4,320	3,500	-	-	-	-	-	1,000
Total operating revenues	1,752,569	1,934,031	1,995,000	17,802,192	17,296,765	17,805,500	1,811,328	1,810,725	1,909,900
Operating expenses									
Salaries	437,490	439,429	501,700	726,484	761,147	751,200	415,393	446,689	498,900
Payroll taxes	33,124	32,436	37,100	52,727	55,081	56,400	31,550	32,650	36,000
Depreciation	257,427	257,246	-	156,394	166,914	-	1,012,908	1,019,051	-
Computer	6,555	7,082	10,000	6,238	10,413	10,000	4,613	7,398	10,000
Education	3,612	3,736	15,000	4,237	10,869	10,000	6,346	1,105	10,000
Electric purchases	-	-	-	13,312,839	13,114,942	13,460,000	-	-	-
Health and life insurance	42,589	52,205	65,500	53,976	74,009	80,000	38,908	44,632	62,000
Insurance	15,884	17,686	19,600	64,612	71,943	80,000	19,458	21,666	24,000
Landfill and recycling	-	-	-	-	-	-	-	-	-
Miscellaneous	1,216	740	2,500	887	1,789	2,500	754	618	1,500
Professional and consulting service	30,511	252,869	260,000	17,942	23,253	70,000	73,204	139,520	130,000
Repairs and maintenance	220,499	504,971	556,450	193,289	139,814	211,450	236,322	507,712	501,450
Retirement	48,698	41,355	53,000	80,211	82,593	83,600	48,011	47,575	51,000
Supplies	177,630	141,602	240,000	419,325	199,813	365,000	104,683	58,654	90,000
Telephone	3,419	3,949	4,000	5,948	7,653	5,200	2,735	3,756	3,500
Utilities	258,043	-	-	437	-	-	259,886	-	-
Workman's compensation	11,838	11,884	13,150	21,442	18,838	25,800	8,734	7,244	10,225
Total operating expenses	1,548,535	1,767,190	1,778,000	15,116,988	14,739,071	15,210,550	2,263,505	2,338,270	1,428,575
Non-operating revenues (expenses)									
Investment income	14,200	349	-	38,789	1,280	1,500	346,887	421,288	125,000
Gain (loss) on asset disposal	-	-	-	-	-	-	-	-	-
Special assessment income	-	-	-	-	-	-	-	-	30,950
Interest expense and fees	(19,924)	(17,677)	(17,800)	-	-	-	(416,714)	(474,762)	(407,300)
Net non-operating revenues (expenses)	(5,724)	(17,328)	(17,800)	38,789	1,280	1,500	(69,827)	(53,474)	(251,350)
Net income before transfers	198,310	149,513	199,200	2,723,993	2,558,974	2,596,450	(522,004)	(581,019)	229,975
Transfers									
Transfers - payments in lieu of taxes (PILOT)	(177,207)	(194,159)	(182,700)	(1,691,902)	(1,668,212)	(1,718,650)	(222,644)	(226,799)	(198,890)
Transfers	-	-	-	(150,000)	(300,000)	(300,000)	-	-	-
Total transfers	(177,207)	(194,159)	(182,700)	(1,841,902)	(1,968,212)	(2,018,650)	(222,644)	(226,799)	(198,890)
Net income (loss)	$ 21,103	$ (44,646)	$ 16,500	$ 882,091	$ 590,762	$ 577,800	$ (744,648)	$ (807,818)	$ 31,085

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

FEDERAL COMPLIANCE SECTION

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

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217 Fourth Street
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Cassville, Missouri 65625
Phone: (417) 671-9550
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 James Orr,

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

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

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Monett, Missouri's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Monett's financial statements that is more than inconsequential will not be prevented or detected by the City of Monett's internal control.

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

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

Compliance and Other Matters

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

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

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

THE CPA GROUP, P.C.

Monett, Missouri
September 21, 2009

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

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

Compliance

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

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

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

Internal Control Over Compliance

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

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

THE CPA GROUP, P.C.

Monett, Missouri
September 21, 2009

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	___ Yes X No
Reportable condition(s) 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(es) identified?	___ Yes X No
Reportable condition(s) identified not considered to be material weaknesses?	___ Yes X No
Type of auditors' report issued on compliance for major program:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	___ Yes X No

Identification of major program:

CFDA Number(s)	Name of Federal Program or Cluster
20.205	Department of Transportation

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

Section II - Financial Findings

No matters were noted.

Section III - Federal Award Findings and Questioned Costs

No matters were noted.

See accompanying notes to the financial statements.

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

FEDERAL GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
Department of Transporation			
Transportation Enhancement Funds passed Through the Missouri Highway and Transportation Commission	20.205	J7P0786	$ 1,768,527
Federal Aviation Agency passed Through the Missouri Highway and Transportation Commission	20.106	AIR 035/045-98B	355,277
Law Enforcement Assistance Funds passed Through the Missouri Highway and Transportation Commission	20.600	LKKD47 and 033	842
Law Enforcement Equipment Funds passed Through the Missouri Highway and Transportation Commission	20.601	OMB-1121-0	5,009
Law Enforcement Payroll - DWI Funds passed Through the Missouri Highway and Transportation Commission	20.607	LKK033 & 044 NHTSA	1,853
Total Department of Transportation			$ 2,131,508
Environmental Protection Agency			
Clean Water Loans passed through the Missouri Department of Natural Resources	66-458		$ 310,000
	66-468		7,815,000
Total Environmental Protection Agency			$ 8,125,000
Total Federal Programs			$ 10,256,508

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

See accompanying notes to the financial statements.

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

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

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

Indebtedness of City as of September 30, 2009

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

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX D

DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS

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

Definitions

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

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

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

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

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

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

"Basic Rent Payment" means a payment of Basic Rent.

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

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

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

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

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

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

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

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

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

"Debt Service Reserve Requirement" means the amount of $_____.

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

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

"Event of Lease Default" means an Event of Default as described in the Lease.

"Event of Nonappropriation" means an Event of Nonappropriation as described in the Lease.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Rent" means, collectively, Basic Rent and Supplemental Rent.

"Rent Payment" means a payment of Rent.

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

"State" means the State of Missouri.

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

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

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

"Supplemental Rent Payment" means a payment of Supplemental Rent.

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

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

SUMMARY OF THE DECLARATION OF TRUST

General Provisions

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

Trust Estate

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

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

Establishment of Funds

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

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

Application of Lease Revenues

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

(a) The Basic Rent shall be deposited to the Lease Revenue Fund.

(b) Optional and mandatory prepayments of the Principal Portion of Basic Rent (in amounts equal to the applicable Prepayment Price) shall be deposited to the Lease Revenue Fund.

(c) Payments of Supplemental Rent pursuant to the Lease shall be applied as provided in the Lease.

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

Disbursements from the Acquisition Fund

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

Application of Moneys in the Lease Revenue Fund

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

Debt Service Debt Service Reserve Fund

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

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

Rebate Fund

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

Investment of Moneys in Various Funds

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

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

Amendments to the Declaration of Trust or the Lease

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

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

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

Defaults

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

(a) Default in the due and punctual payment of any Interest Portion of Basic Rent represented by a Certificate; or

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

(c) Any Event of Lease Default.

Acceleration

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

Other Remedies Upon an Event of Default

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

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

Rights of Certificate Owners

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

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

Defeasance

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

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

The Trustee

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

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

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

SUMMARY OF THE LEASE

General

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

Lease Term

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

Continuation of Lease Term by the City

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

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

Nonappropriation

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

Payment for the Project

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

Completion Date; Excess Funds

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

Basic Rent

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

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

Supplemental Rent

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

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

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

Deficiency of Acquisition Fund

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

Contest of Impositions

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

Insurance

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

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

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

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

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

Maintenance and Modification of Leased Property by the City

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

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

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

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

Damage, Destruction and Condemnation

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

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

Assignment and Subleasing by the City

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

Events of Default

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

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

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

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

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

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

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

Remedies on Default

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

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

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

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

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

Amendments, Changes and Modifications

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

* * *

APPENDIX E

PROPOSED FORM OF OPINION OF SPECIAL TAX COUNSEL

City of Monett, Missouri
Monett, Missouri

UMB Bank, N.A.
Kansas City, Missouri

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

enforceable against the City in accordance with the terms of the Certificates, the Declaration of Trust and the Lease, subject to the City's rights of nonappropriation and its right to terminate the Lease pursuant to Section 3.04 thereof.

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

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

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

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

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

Very truly yours,

NEW ISSUE - BOOK - ENTRY ONLY

S&P Rating – "A"
See "RATING" herein.

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

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

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

Dated: Date of Delivery **Due: July 1, as shown on the inside cover**

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

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

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

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

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

UMB

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

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

MATURITY SCHEDULE

$1,329,000 Series Certificates

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

Term Certificates

$600,000 6.50% Term Certificates due July 1, 2030, Price 100%, CUSIP 609308 AR2
$930,000 7.00% Term Certificates due July 1, 2035, Price 100%, CUSIP 609308 AS0

(plus accrued interest, if any)

CITY OF MONETT, MISSOURI
P.O. Box 110
Monett, Missouri 65708
(417) 235-3763

MAYOR

James Orr

COMMISSIONERS

Jerry Dierker
Mike Brownsberger

ADMINISTRATION

Dennis Pyle – City Administrator
Janie Knight – City Clerk

BOND COUNSEL

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

CERTIFIED PUBLIC ACCOUNTANTS

The CPA Group, P.C.
Monett, Missouri

FINANCIAL ADVISOR

Piper Jaffray & Co.
Leawood, Kansas

UNDERWRITER

UMB Bank, N.A.
Kansas City, Missouri

REGARDING USE OF THIS OFFICIAL STATEMENT

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

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

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

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

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

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

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APPENDIX A: General, Economic and Financial Information

APPENDIX B: Annual Financial Report for the City of Monett, Missouri for the Fiscal Year Ended March 31, 2009; Unaudited Six Month Review for the Period April 1, 2009 through September 30, 2009

APPENDIX C: Book-Entry Only System

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APPENDIX E: Proposed Form of Opinion of Special Counsel

OFFICIAL STATEMENT

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

INTRODUCTION

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

General

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

Plan of Financing

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

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

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

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

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

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

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

Annual Appropriation Lease

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

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

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

Financial Statements

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

Continuing Disclosure Information

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

Definitions and Descriptions; Inspection of Documents

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

THE CERTIFICATES

General Provisions

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

Payment of Basic Rent Payments and Prepayment Price

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

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

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

Prepayment

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

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

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

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

Term Certificates Maturing 7/1/2030		Term Certificates Maturing 7/1/2035	
Year	**Principal**	**Year**	**Principal**
2026	$110,000	2031	$130,000
2027	115,000	2032	135,000
2028	120,000	2033	140,000
2029	125,000	2034	150,000
2030*	130,000	2035*	375,000

* Final Maturity

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

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

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

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

SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

Limited Obligations

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

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

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

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

Available Revenues - Unconditional Obligations

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

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

Anticipated Sources of Repayment

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

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

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

Nonappropriation

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

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

THE TRUSTEE

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

RISK FACTORS

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

Nonappropriation

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

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

Results of a Nonappropriation

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

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

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

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

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

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

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

Recovery of Leased Property

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

Possible Insufficiency of Casualty Insurance Proceeds

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

Inability to Liquidate

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

Debt Service Reserve Fund

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

Secondary Market Not Established

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

Federal Subsidy Payment

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

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

Risk of Audit

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

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

Prior Pledge of Water Revenues

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

THE PROJECT AND THE LEASED PROPERTY

The Project

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

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

The Leased Property

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

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

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ESTIMATED SOURCES AND USES OF FUNDS

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

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

TAX MATTERS

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

Opinion of Special Counsel Regarding the Certificates

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

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

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

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

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

Federal Income Tax Consequences to Owners of the Certificates

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

Other Federal Income Tax Consequences Applicable to Owners of Certificates

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

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

LEGAL MATTERS

Legal Proceedings

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

Approval of Legality

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

RATING

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

MISCELLANEOUS

Underwriting

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

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

Certain Relationships

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

Continuing Disclosure

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

Certification and Other Matters Regarding Official Statement

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

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

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

Additional Information

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

APPENDIX A

CITY OF MONETT, MISSOURI

GENERAL, ECONOMIC AND FINANCIAL INFORMATION

APPENDIX A

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

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THE CITY

General

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

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

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

Municipal Services and Utilities

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

Transportation and Communication Facilities

U.S. Highway 60 and State Highway 37 serve the City, with access to Interstate 44 (a major east-west artery across the State of Missouri) by traveling approximately 20 miles north on State Highway 37. Joplin Regional Airport and the Springfield/Branson National Airport (SGF) are both located approximately 43 miles from the City. The Frisco branch of the Burlington-Northern/Santa Fe Railroad provide services to the City. The Monett Municipal Airport serves the City and Barry County and is owned by the City. The paved runway extends 5,000 feet. The airport includes a parallel taxiway which runs along the runway. The facility is at an elevation of 1.315 feet at a distance of 5 miles from the City. There are over 25 hanger rental units located on site. The City is served by television, radio stations and telecable systems. Local newspaper coverage is provided by the *Monett Times* published daily with a circulation of approximately 3,976 copies.

Educational Institutions and Facilities

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

Recreational and Religious Facilities

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

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

Economy

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

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

ECONOMIC INFORMATION CONCERNING THE CITY

Commerce and Industry

Some major employers in the City, include:*

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

Source: Monett Chamber of Commerce
*As of March 31, 2009

General and Demographic Information

The following tables set forth certain population information.

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

Source: U. S. Department of Commerce, Economics and Statistics Administration, Bureau of the Census
*2008 Population Estimates
**2009 Population Estimates

Population Distribution by Age

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

Source: U. S. Department of Commerce, Economics and Statistics Administration, Bureau of the Census
*Based on 2000 Census
**Based on 2008 Population Estimates

Employment

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

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

Source: Missouri Economic Research and Information Center

Income Statistics

The following table sets forth income figures from Census 2000:

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

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

Housing Structures

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

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

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

	Median Value
City	$67,700
Barry County	70,600
Lawrence County	65,500
State of Missouri	89,900

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

Building Construction

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

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

Source: City.

DEBT STRUCTURE OF THE CITY

Current Indebtedness of the City

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

Debt Summary

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

[1] Includes amounts authorized but unissued pursuant to a NID Petition and the NID Act.
[2] Includes amounts authorized but unissued with respect to certain political subdivisions. See "Overlapping Indebtedness" below.

Overlapping Indebtedness

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

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

Other Obligations

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

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

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

Legal Debt Capacity

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

THE WATERWORKS PORTION OF THE CITY'S SYSTEM

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

Customers

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

2005	2006	2007	2008	2009
3,864	4,073	4,053	4,008	4,046

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

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

Gallons Sold

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

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

FINANCIAL INFORMATION CONCERNING THE CITY

Accounting, Budgeting and Auditing Procedures

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

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

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

Sources of Revenue

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

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

Property Valuations

Assessment Procedure:

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

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

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

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

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

Current Assessed Valuation:

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

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

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

History of Property Valuation:

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

Barry County

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

Lawrence County

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

Property Tax Levies and Collections

Tax Collection Procedure:

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

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

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

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

Tax Rates

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

Major Property Taxpayers:

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

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

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Sales Tax Collections

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

Barry County and Lawrence County

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

APPENDIX B

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

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED MARCH 31, 2009

CITY OF MONETT,

MISSOURI

ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED
MARCH 31, 2009

CITY OF MONETT, MISSOURI

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INTRODUCTION SECTION

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

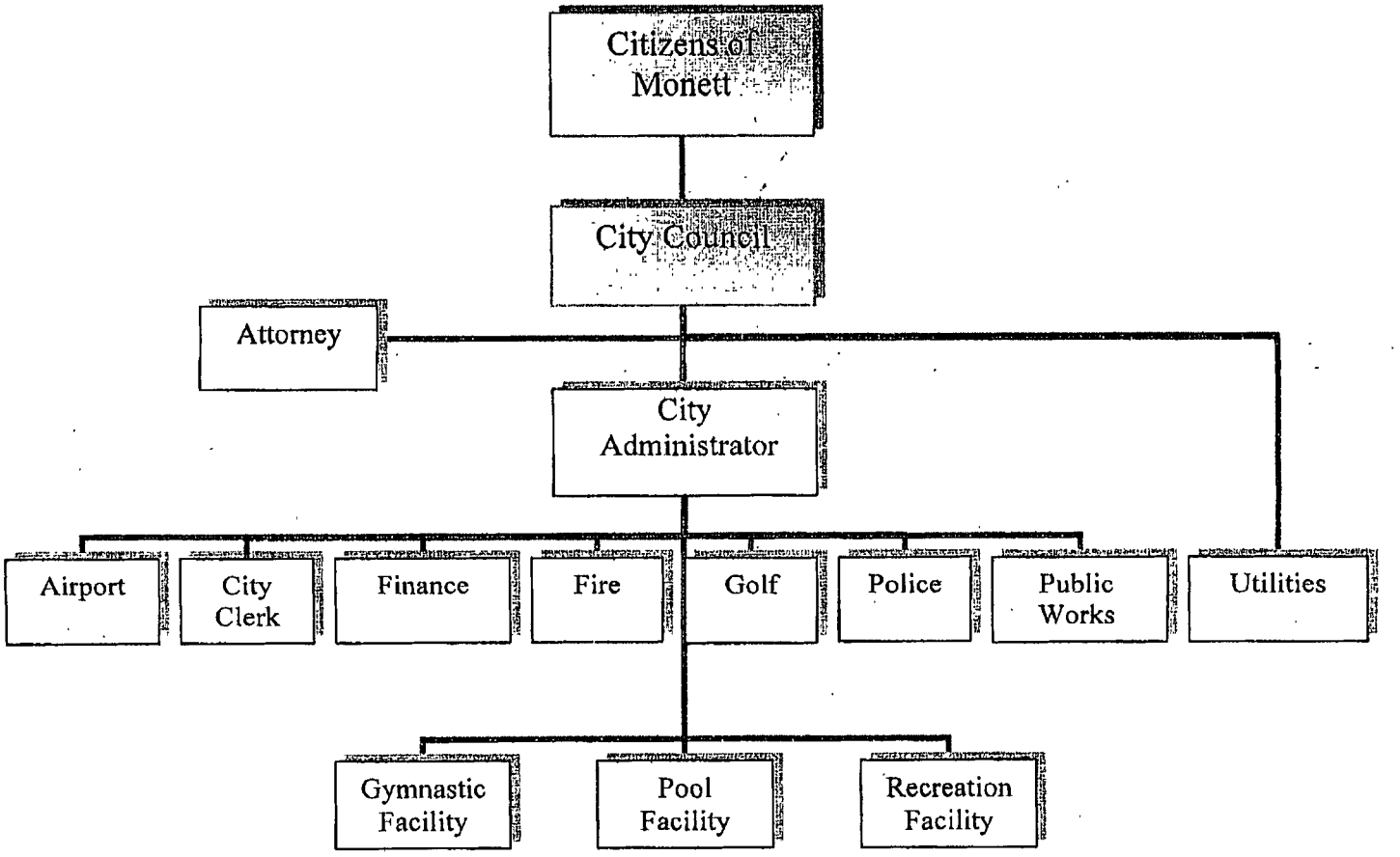
Elected Officials

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

City of Monett, Missouri
Organization Chart



City of Monett, Missouri

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

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

September 1, 2009

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

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

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

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

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

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

internal controls and legal requirements involving the administration of federal awards

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

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

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

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

Profile of the Government

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

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

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

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

of its component units. Component units are legally separate entities for which the City is financially accountable. The one component unit of the City is the East Highway 60 Community Improvement District, which is a blended component unit. The financial reporting entity is discussed further in Note 1 of the financial statements.

The annual budget serves as the foundation for the City of Monett, Missouri's financial planning and control. All departments of the City of Monett, Missouri are required to submit requests for appropriation to the City Administrator in January each year. The City Administrator uses these requests as the starting point for developing a proposed budget. The City Administrator then presents a proposed budget to the council for review prior to March 10th. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than March 31, the close of the City of Monett, Missouri's fiscal year. The appropriated budget is prepared by fund (e.g., general fund), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the governing council.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Monett, Missouri operates.

Local economy – The City of Monett has a diverse manufacturing and industrial base that adds stability to the local economy. Major industries with headquarters or divisions located within the government's boundaries or in close proximity include computer software providers, several window manufacturers, playground equipment manufacturer, food manufacturers, cheese processors, dairy processors, poultry processors, and several financial and insurance institutions. The City has a broad mix of retail and service establishments that serve Monett and the surrounding areas. The population growth of the last ten years has led to further expansion of the retail base and provided increased sales tax revenues to the local government.

In the last half of 2008 and first quarter of 2009, the national economy experienced a severe recession with negative economic growth and high rates of unemployment. The City's sales tax revenues for the last half of the fiscal year reflected this downturn in the economy and were lower than the prior fiscal year during that same period. This trend of lower sales tax revenues was expected to continue into Fiscal Year 2009-2010 with an anticipated recovery in the second half of 2009 or first half of 2010.

Employment levels in Monett remained relatively stable with no large layoffs announced by any local companies although there was evidence of modified workweeks and restrained capital spending in the private sector. The outlook for the second half of 2009 is more positive as local companies indicated increased demand for their products and services. However, it was indicated that this increase in production would not translate into an immediate increase in employment levels.

Long-term financial planning - Significant improvements to the Monett water system are needed to insure that current and future water supply needs are met. These improvements include the construction of a water treatment facility to operate in conjunction with Wells No. 9 and 12; installing a waterline west along Highway 60 to connect with an existing well at the Monett Municipal Airport; installing a larger pump at the airport well; constructing waterlines to resolve low pressure problems in the areas near Wells No. 15 and 16; installing a booster pump station in the area of the North Park tank and other system improvements.

The total cost of these improvements is estimated at $13,330,000. These capital costs, in addition to the annual operating costs of the new treatment facility, will require an increase in water rates of approximately $1.23 per thousand gallons of water sold. The City Council's intent is to increase rates equally over the next three years to cover these capital and operational costs. It is anticipated that the City will seek financing of these improvements from Missouri's State Revolving Fund (SRF) which will require voter approval of a revenue bond issue in either 2010 or 2011.

Cash management policies and practices - Cash temporarily idle during the year was invested in money market accounts, certificates of deposit, and U.S. agency securities. The maturities of the investments range from 12 months to 4 years, with an average maturity of 36 months. For the last fiscal year the average yield on investments was 5.84 percent.

Risk management - During 1998, the government initiated a safety program for workers' compensation. This program strives to emphasize the importance of practicing sound loss prevention techniques, the refinement of work safety policies and procedures and the creation and maintenance of a safe working environment. In addition, various control techniques, including employee accident prevention training, have been implemented to minimize accident-related losses.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the administration department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Monett, Missouri's finances.

Respectfully submitted,

James Orr, Mayor

INDEPENDENT AUDITORS' REPORT

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A Professional Corporation
Big Firm Quality, Small Firm Values
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor James Orr,
Councilman Jerry Dierker and Councilman Michael Brownsberger
City of Monett, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Monett, Missouri as of and for the year ended March 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Monett, Missouri's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of Monett, Missouri, as of March 31, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 9 through 17 and 49 through 54, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Monett, Missouri's basic financial statements. The introductory section, and the combining departmental financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of City of Monett. The combining and individual departmental financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and the combining departmental sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

THE CPA GROUP, P.C.

Monett, Missouri
September 21, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Monett, Missouri

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Management's Discussion and Analysis

As management of the City of Monett, Missouri, we offer readers this narrative overview and analysis of the financial activities of the City of Monett, Missouri (the City) for the fiscal year ended March 31, 2009. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's financial statements and footnotes, which follow this section.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $31,400,546 *(net assets)*. Of this amount, $3,505,326 *(unrestricted net assets)* may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's total net assets increased $1,519,562. Of this amount, $1,648,423 was from the City's "governmental activities" with a decrease in net assets of $128,861 from the "business-type activities". Additionally, a prior period adjustment was recorded in the amount of $702,933 for the "business-type activities" to reflect a change in the accounting for supplies held as inventories to maintain operational effectiveness.

- The City total debt decreased by $1,404,253 during the current fiscal year. The City's fiscal year started with existing debt of $28,539,170, principal payments of $2,046,416 were made during the year, also, new debt issuance of $642,163, which created ending fiscal year debt balance of $27,134,917. The debt increase was due to $86,024 relating to police cars and $556,139 for tax increment financing developer agreements.

Overview of the Financial Statements

This discussion and analysis is intended to provide an introduction to the basic financial statements. The basic financial statements comprise three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are a broad overview of the City's finances, in a manner similar to a private business.

The *statement of net assets* presents all of the City's assets and liabilities with the difference between the two reported as *net assets*. Net assets are an important measure of the City's overall financial health. The increases or decreases in net assets can be monitored to determine whether the City's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements report functions of the City that are principally supported by taxes and intergovernmental revenues *(governmental activities)* and from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities).* The governmental activities of the City include policy development and administration, public safety, public works, parks and recreation, and municipal airport. The business-type activities of the City of Monett, Missouri include water, electric, sewer, sanitation and fiber optic operations.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure compliance with finance-related legal requirements. These funds are divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

Proprietary funds. The City uses two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, electric, sewer, sanitation and fiber optic operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its hazardous material, safety, and mechanic operations. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions.

Government-wide Financial Analysis

Net assets may serve as a useful indicator of the City's financial position. As of March 31, 2009, assets exceeded liabilities by $31,400,546. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

NET ASSETS

The following table reflects the condensed schedule of net assets as of March 31, 2009 and 2008:

	Governmental Activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	$ 4,340,309	$ 13,692,432	$ 8,053,929	$ 6,874,195	$ 12,394,238	$ 20,566,627
Capital assets	27,722,031	17,375,570	21,122,590	22,245,035	48,844,621	39,620,605
Total assets	32,062,340	31,068,002	29,176,519	29,119,230	61,238,859	60,187,232
Long-term obligations	16,985,476	18,171,107	8,491,965	8,924,756	25,477,441	27,095,863
Other liabilities	2,237,233	1,705,687	2,123,639	2,207,631	4,360,872	3,913,318
Total liabilities	19,222,709	19,876,794	10,615,604	11,132,387	29,838,313	31,009,181
Net assets:						
Invested in capital assets, net of related debt	9,511,873	7,767,846	12,197,854	13,198,691	21,709,727	20,966,537
Restricted	2,957,292	2,229,396	3,228,201	1,215,992	6,185,493	3,445,388
Unrestricted	370,466	1,193,966	3,134,860	3,572,160	3,505,326	4,766,126
Total net assets	$ 12,839,631	$ 11,191,208	$ 18,560,915	$ 17,986,843	$ 31,400,546	$ 29,178,051

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The City's combined net assets increased to $31,400,546 from $29,178,051 as a result of the increase in net assets reflected in the next table.

The largest portion of the City's net assets, $21,709,727 (69%), reflects its investment in capital assets (e.g. land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. An

additional portion of the City's net assets, $6,185,493 (20%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net assets, $3,505,326 (11%), represents unrestricted net assets that may be used to meet the City's ongoing obligations to citizens and creditors.

Change in Net Assets

The following table reflects the revenues and expenses from the City's activities:

City of Monett Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	$ 991,382	$ 1,360,178	$ 21,791,322	$ 22,128,935	$ 22,782,704	$ 23,489,113
Capital grants and contributions	1,303,457	1,492,579	-	-	1,303,457	1,492,579
General revenues:						
Sales taxes	2,892,812	2,726,868	-	-	2,892,812	2,726,868
TIF taxes	1,202,033	1,304,998	-	-	1,202,033	1,304,998
Franchise fees	423,246	295,305	-	-	423,246	295,305
Other taxes	121,023	126,130	-	-	121,023	126,130
Other revenues	234,011	262,273	422,917	404,876	656,928	667,149
Total revenues	7,167,964	7,568,331	22,214,239	22,533,811	29,382,203	30,102,142
Expenses:						
Policy development and administration	628,863	737,943	-	-	628,863	737,943
Public works	1,581,321	3,101,434	-	-	1,581,321	3,101,434
Public safety	3,501,412	1,563,160	-	-	3,501,412	1,563,160
Parks and recreation	1,035,047	1,077,859	-	-	1,035,047	1,077,859
Interest on long-term debt	921,817	603,927	-	-	921,817	603,927
Airport	442,779	439,608	-	-	442,779	439,608
Waterworks	-	-	1,784,867	1,568,458	1,784,867	1,568,458
Electric	-	-	14,739,071	15,116,987	14,739,071	15,116,987
Wastewater-sewer	-	-	2,813,032	2,680,219	2,813,032	2,680,219
Sanitation	-	-	503,868	526,084	503,868	526,084
Fiber optics	-	-	94,695	99,704	94,695	99,704
Total expenses	8,111,239	7,523,932	19,935,533	19,991,452	28,046,772	27,515,383
Gain(Loss) Sale of Assets	(12,243)	-	-	-	(12,243)	-
Settlement	196,374	-	-	-	196,374	-
Other Sources	184,131	-	-	-	184,131	-
Increase in net assets before transfers	(759,144)	44,399	2,278,706	2,542,359	1,519,562	2,586,759
Transfers - Payments in lieu of taxes	2,107,567	2,110,984	(2,107,567)	(2,110,984)	-	-
Transfers	300,000	150,000	(300,000)	(150,000)	-	-
Total transfers	2,407,567	2,260,984	(2,407,567)	(2,260,984)	-	-
Increase in net assets	1,648,423	2,305,383	(128,861)	281,375	1,519,562	2,586,759
Net assets, beginning	11,191,208	8,885,825	17,986,843	17,734,345	29,178,051	26,620,170
Prior period adjustment	-	-	702,933	(28,877)	702,933	(28,877)
Net assets, ending	$ 12,839,631	$ 11,191,208	$ 18,560,915	$ 17,986,843	$ 31,400,546	$ 29,178,051

Governmental Activities

Governmental activities increased the City's net assets by $1,648,423. Sales tax revenues, the largest governmental category, were $2,892,812. For the fiscal year ended March 31, 2009, revenues totaled $29,382,203 (governmental and business-type). Revenues from governmental activities total $7,167,964, or 24%, of the total City revenues. City revenues decreased $400,367 within the governmental activities.

Certain revenues are generated that are specific to governmental program activity. These totaled $1,360,178. The following table shows expenses and program revenues of the governmental activities for the year ended March 31, 2009 and 2008:

Net Cost of City of Monett Governmental Activities

	Total cost of service		Net cost of service	
	2009	2008	2009	2008
Policy development and administration	$ 628,863	$ 737,943	$ 420,539	$ 15,555
Public safety	3,501,412	3,101,434	3,460,172	3,009,765
Public works	1,581,321	1,563,160	455,779	157,159
Parks and recreation	1,035,047	1,077,859	667,268	712,920
Municipal airport	442,779	439,608	(109,175)	171,848
Interest on long-term debt	921,817	603,927	921,817	603,927
	$ 8,111,239	$ 7,523,931	$ 5,816,400	$ 4,671,174

As previously noted, expenses from governmental activities total $8,111,239 million. However, net costs of these services were $5,816,400. The difference represents direct revenues received from charges for services of $991,382 and capital grants and contributions of $1,303,457. Taxes and other revenues of $7,464,823 were collected to cover these net costs.

Business-type Activities

Business-type activities decreased the City's net assets by $128,861. Key elements of this decrease are as follows:

- The water recorded net loss of $44,646 for the year. Revenues relating to charges for services increased $181,462. Operating expenses increased $218,655 compared to prior year expenses due to increases in repairs and maintenance expense.

- The electric recorded net income of $590,762 for the year. Revenues relating to charges for services increased $47,158. Operating expenses decreased $377,917 due to storm related expenditures incurred in the prior year.

- The sewer recorded a net loss of $807,818 for the year. Revenues relating to charges for services decreased $603. Increases in cost included $74,765 in repair and maintenance over prior year expenses.

Financial Analysis of the City's Funds

As of the end of the fiscal year, the City's governmental funds report a combined fund balance of $12,839,631 (an increase of approximately 15%). This increase is largely due to the repayment of principal on debt service obligations.

The fund balance of the General Fund decreased to $1,478,584 at the end of the fiscal year due to capital expenditures.

The net assets in the E-911 Fund increased to $137,225 (increase of $2,315 or 2%) in the fiscal year due to retention of restricted revenues for 911 purposes.

The Electric Fund's net assets increased $590,762 (19%) in the current year as a result of the 2007 storm related expenditures from the prior year.

The Sewer Fund's net assets decreased $807,818 (0.8%) in the current year as a result of operating expenses and debt service payments in excess of operating revenues.

General Fund Budgetary Highlights

Differences between the original and the final amended budget can be summarized as follows:

- The original revenue budget of $6.58 million was decreased to $6.46 million.
- The total original expenditure budget of $9.98 million was increased to $10.55 million.

Actual revenues were $787,692 less than originally budgeted.

Capital Assets and Debt Administration Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of March 31, 2009, amounts to $48.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and infrastructure.

Capital events during the current fiscal year included the following:

- Airport taxiway $355,277.
- Electric infrastructure $25,995 and digger truck $187,676.
- Fiber optic infrastructure $4,599.

- Golf chlorine contact basin $26,984 and tractor $22,031.
- North Park mower $14,692.
- Police station building $602,292, (8) computers for vehicles $22,840, surveillance equipment $127,650, 200' communication tower $267,918, security system $44,145, mobile filing $124,523, E-911 workstations $51,074, (4) computer server/computer rack $28,650, ice maker $1,348, refrigerator $1,614, phone system $20,049, furniture $97,525, and (3) 2009 Dodge Charger police cars $86,024.
- Recreation roof at 205 Euclid $53,420.
- Sewer chlorine basin $26,984, portable generator $66,363, camera system $56,126, and flow meter package $38,250.
- South Park festival of lights $5,058 and resurface (4) tennis courts $20,430.
- Streets department wheel loader $112,341, overhead calcium equipment $8,110, roller screed $6,200, infrastructure – Clear Creek $325,990, Eisenhower Bridge $1,239916, Greenway Project $49,630, Cleveland overlay $152,991, TIF 1 infrastructure $7,913,911.
- Water Scada system $8,186.

(net of accumulated depreciation)

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Land	$ 939,346	$ 939,344	$ 210,160	$ 210,160	$ 1,149,506	$ 1,149,504
Construction in progress	110,384	-	-	-	110,384	-
Building and improvements	4,947,519	4,584,323	668,171	694,325	5,615,690	5,278,648
Machinery and equipment	2,188,605	1,797,188	941,799	736,861	3,130,404	2,534,049
Infrastructure	19,536,177	10,054,713	19,302,457	20,603,687	38,838,634	30,658,400
Total	$ 27,722,031	$ 17,375,568	$ 21,122,587	$ 22,245,033	$ 48,844,618	$ 39,620,601

For additional information on capital assets, see note 2(c) in the notes to financial statements.

Debt Administration

The City, at the end of fiscal 2009, had a total of $27,134,917 of outstanding long-term debt. This was a decrease of $1,404,253 from the previous year. During the fiscal year 2008/2009, the City repaid principal in the amount of $2,039,432 and incurred $549,155 developer agreements payable relating to TIF 1 infrastructure and incurred $86,024 capital lease obligations for the purchase of police cars.

City of Monett Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	$ 108,954	$ 122,271	$ 335,000	$ 350,000	$ 443,954	$ 472,271
Revenue bonds	13,655,000	14,510,000	8,125,000	8,470,000	21,780,000	22,980,000
Obligations payable	599,155	100,000	-	-	599,155	100,000
Capital leases and participation obligations	3,847,051	4,400,557	464,757	586,342	4,311,808	4,986,899
Total	$ 18,210,160	$ 19,132,828	$ 8,924,757	$ 9,406,342	$ 27,134,917	$ 28,539,170

For Additional information on debt administration, see note 2(d) in the notes to financial statements.

Requests for Information

This financial report is designed to provide the reader a general overview of the City's finances. Questions or requests for more information concerning any of the information provided in this report should be directed to Janie Knight, City Clerk of the City of Monett, PO Box 110, 217 5th Street, Monett, MO 65708.

BASIC FINANCIAL STATEMENTS

CITY OF MONETT, MISSOURI
STATEMENT OF NET ASSETS
MARCH 31, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 367,648	$ 1,234,520	$ 1,602,168
Investments	-	404,452	404,452
Accounts receivable	439,749	1,542,950	1,982,699
Prepaid health insurance	57,752	-	57,752
Prepaid workman's compensation	119,345	70,732	190,077
Inventory		878,666	878,666
Premium on bond issuance	400,465	439,792	840,257
Restricted assets:			
Cash and cash equivalents	2,955,350	1,035,215	3,990,565
Investments	-	2,192,986	2,192,986
Assessments receivable	-	254,616	254,616
Capital assets:			
Non depreciable	1,049,730	210,160	1,259,890
Depreciable, net	26,672,301	20,912,430	47,584,731
Total Assets	32,062,340	29,176,519	61,238,859
LIABILITIES			
Accounts payable	239,510	1,087,952	1,327,462
Accrued payroll and payroll taxes	92,370	47,240	139,610
Accrued interest payable	285,495	-	285,495
Due to depositors	14,187	342,022	356,209
Accrued compensated absences liabilities:			
Due within one year	342,890	192,289	535,179
Due in more than one year	38,099	21,365	59,464
Long-term debt liabilities:			
Due within one year	1,362,781	454,136	1,816,917
Due in more than one year	16,298,222	8,470,600	24,768,822
Developers' agreements	549,155	-	549,155
Total Liabilities	19,222,709	10,615,604	29,838,313
NET ASSETS			
Reserved:			
Invested in capital assets, net of related debt	9,511,873	12,197,854	21,709,727
Restricted for:			
Capital projects	2,820,067	-	2,820,067
Other purposes	137,225	3,228,201	3,365,426
Unrestricted	370,466	3,134,860	3,505,326
Total Net Assets	$ 12,839,631	$ 18,560,915	$ 31,400,546

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2009

		Program Revenues		Net Revenue (Expense) and Changes in Net Assets		
Functions/Programs	Expenses	Charges for Service	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Policy development and administration	$ 628,863	$ 208,324	$ -	$ (420,539)	$ -	$ (420,539)
Public safety	3,501,412	34,051	7,189	(3,460,172)	-	(3,460,172)
Public works	1,581,321	191,688	933,854	(455,779)	-	(455,779)
Parks and recreation	1,035,047	350,112	17,667	(667,268)	-	(667,268)
Municipal airport	442,779	207,207	344,747	109,175	-	109,175
Interest on long-term debt	921,817	-	-	(921,817)	-	(921,817)
Total governmental activities	8,111,239	991,382	1,303,457	(5,816,400)	-	(5,816,400)
Business-type activities:						
Waterworks	1,784,867	1,934,031	-	-	149,164	149,164
Electric	14,739,071	17,296,765	-	-	2,557,694	2,557,694
Wastewater-sewer	2,813,032	1,810,725	-	-	(1,002,307)	(1,002,307)
Sanitation	503,868	565,831	-	-	61,963	61,963
Fiber optics	94,695	183,970	-	-	89,275	89,275
Total business-type activities	19,935,533	21,791,322	-	-	1,855,789	1,855,789
Total city	$ 28,046,772	$ 22,782,704	$ 1,303,457	(5,816,400)	1,855,789	(3,960,611)

See accompanying notes to the financial statements.

	Net Revenue (Expense) and Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
General revenues			
Sales and use taxes	2,179,966	-	2,179,966
Sales and use taxes - police station	428,701	-	428,701
Motor fuel sales tax	284,145	-	284,145
M & M surcharge tax	37,320	-	37,320
Emergency telephone tax	83,703	-	83,703
Sales tax - TIF	845,871	-	845,871
Real estate tax - TIF	356,162	-	356,162
Franchise fees	423,246	-	423,246
Payments in lieu of taxes	2,107,567	(2,107,567)	-
Investment revenue	104,478	422,917	527,395
Gain (loss) sale of assets	(12,243)	-	(12,243)
Settlement	196,374	-	196,374
Miscellaneous	129,533	-	129,533
Transfers	300,000	(300,000)	-
Total general revenues and transfers	7,464,823	(1,984,650)	5,480,173
Change in net assets	1,648,423	(128,861)	1,519,562
Net assets - beginning	11,191,208	17,986,843	29,178,051
Prior period adjustment	-	702,933	702,933
Net assets - ending	$ 12,839,631	$ 18,560,915	$ 31,400,546

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2009

	Major Funds				
	General	E-911	Tax Increment Finance District 1	Tax Increment Finance District 2	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 367,648	$ -	$ -	$ -	$ 367,648
Accounts receivable	397,158	-	31,315	11,276	439,749
Prepaid health insurance	57,752	-	-	-	57,752
Prepaid workman's compensation	119,345	-	-	-	119,345
Restricted assets:					-
Cash and cash equivalents	40,649	137,225	1,999,780	777,696	2,955,350
Investments	-	-	-	-	-
Total assets	$ 982,552	$ 137,225	$ 2,031,095	$ 788,972	$ 3,939,844
LIABILITIES					
Accounts payable	$ 129,125	$ -	$ -	$ -	$ 129,125
Accrued payroll and payroll taxes	92,370	-	-	-	92,370
Due to depositors	14,187	-	-	-	14,187
Total liabilities	235,682	-	-	-	235,682
FUND BALANCE					
Reserved:					
Reserved for E-911	-	137,225	-	-	137,225
Reserved for Tax Increment Financing	-	-	2,031,095	788,972	2,820,067
Reserved for prepaid items	177,097	-	-	-	177,097
Undesignated	569,773	-	-	-	569,773
Total fund balances	746,870	137,225	2,031,095	788,972	3,704,162
Total liabilities and fund balances	$ 982,552	$ 137,225	$ 2,031,095	$ 788,972	$ 3,939,844

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
MARCH 31, 2009

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance - total governmental funds		$ 3,704,162
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the governmental funds.		
Governmental capital assets	$ 40,976,468	
Less accumulated depreciation	(13,254,437)	
		27,722,031
Long-term liabilities; including certificates of participation, capital lease obligations, and accrued compensated absences, are not due and payable in the current period, and therefore, are not reported as liabilities in the governmental funds.		
General obligation bonds	(108,954)	
Revenue bonds	(13,655,000)	
Notes payable	(50,000)	
Capital lease obligations	(3,847,049)	
Developers' agreements	(549,155)	
Accounts payable - capital work in progress	(110,384)	
Accrued compensated absences	(380,989)	
Unamortized issuance cost of bonds	400,465	
Accrued interest liability	(285,496)	
		(18,586,562)
Net assets of governmental activities		$ 12,839,631

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2009

	Major Funds				
	General	E-911	Tax Increment Finance District 1	Tax Increment Finance District 2	Total Governmental Funds
REVENUES					
Business license and permits	$ 22,834	$ -	$ -	$ -	$ 22,834
Federal and state grants	1,303,457	-	-	-	1,303,457
Fines and forfeitures	194,660	-	-	-	194,660
Franchise fees	423,246	-	-	-	423,246
Sales tax	2,608,667	-	567,263	278,608	3,454,538
Investment income	31,717	-	63,300	9,461	104,478
Intergovernmental	-	-	-	-	-
Other revenue	741,303	10,800	-	-	752,103
Other taxes and assessments	321,465	83,703	259,476	96,686	761,330
Rental revenue	151,319	-	-	-	151,319
Total Revenues	5,798,668	94,503	890,039	384,755	7,167,965
EXPENDITURES					
Current					
Policy development and administration	587,965	-	-	-	587,965
Public safety	3,057,285	92,188	-	-	3,149,473
Public works	1,168,702	-	12,967	6,461	1,188,130
Parks and recreation	784,706	-	-	-	784,706
Municipal airport	291,246	-	-	-	291,246
Capital outlay	3,545,647	-	7,913,911	-	11,459,558
Debt service:					
Principal	702,848	-	361,985	500,000	1,564,833
Interest and other charges	171,896	-	299,187	214,587	685,670
Total Expenditures	10,310,295	92,188	8,588,050	721,048	19,711,581
Excess (Deficiency) of Revenues over Expenditures	(4,511,627)	2,315	(7,698,011)	(336,293)	(12,543,616)
OTHER FINANCING SOURCES (USES)					
Due from (to) other funds	-	-	-	-	-
Gain (loss) on sale of assets	51,685	-	-	-	51,685
Settlement	196,374	-	-	-	196,374
Proceeds from financing	86,024	-	549,155	-	635,179
Transfers - payments in lieu of taxes (PILOTS)	2,107,567	-	-	-	2,107,567
Transfers in	591,393	-	(291,393)	-	300,000
Total Other Financing Sources (Uses)	3,033,043	-	257,762	-	3,290,805
Net Change in Fund Balances	(1,478,584)	2,315	(7,440,249)	(336,293)	(9,252,811)
Fund balance - beginning	2,225,454	134,910	9,471,344	1,125,265	12,956,973
Fund balance - ending	$ 746,870	$ 137,225	$ 2,031,095	$ 788,972	$ 3,704,162

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
RECONCILIATION OF THE CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2009

Amounts reported for governmental activities in the statement of activities are difference because:

Net change in fund balance - total governmental funds	$ (9,252,811)
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives.	11,395,630
In the Statement of Activities cost of capital outlay assets is allocated over their estimated useful lives and reported as depreciation expense.	(1,159,554)
In the Statement of Activities cost of accrued compensated absences are expensed as salary costs.	(28,348)
Governmental funds report unamoritzed bond preimum as expenditures. However, in the statement of activities the cost of those premiums are allocated over their debt repayment lives.	(32,168)
In the Statement of Activities cost of accrued interest expenses of tax increment financing district are expensed as interest costs.	(196,995)
Governmental funds report proceeds from financing as revenue. However, in the statement of activities the proceeds of those loans are balance sheet items and not reported on the Statement of Activities.	(642,163)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	1,564,833
Change in net assets of governmental activities	$ 1,648,424

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
PROPRIETARY FUNDS STATEMENT OF NET ASSETS
MARCH 31, 2009

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
ASSETS						
Current assets:						
Cash and cash equivalents	$ -	$ 996,374	$ -	$ 233,436	$ 4,710	$ 1,234,520
Investments	-	404,452	-	-	-	404,452
Accounts receivable	132,144	1,217,020	140,622	35,753	17,411	1,542,950
Prepaid workmen's compensation	15,583	30,295	8,425	16,429	-	70,732
Inventory	191,891	630,400	26,420	-	29,955	878,666
Due from other funds	-	360,000	-	-	-	360,000
Unamortized bond issue costs/investments	-	-	439,792	-	-	439,792
Total current assets	339,618	3,638,541	615,259	285,618	52,076	4,931,112
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents	49,384	326,805	659,026	-	-	1,035,215
Investments	319,926	-	1,873,060	-	-	2,192,986
Total restricted assets	369,310	326,805	2,532,086	-	-	3,228,201
Assessments receivable	-	-	254,616	-	-	254,616
Capital assets:						
Land	56,932	58,400	94,828	-	-	210,160
Building and improvements	908,946	751,127	33,705	84,878	-	1,778,656
Machinery and equipment	402,402	791,518	494,599	1,012,379	-	2,700,898
Infrastructure	6,685,017	5,244,864	24,870,595	61,189	635,923	37,497,588
Construction in progress	-	-	-	-	-	-
Less: accumulated depreciation	(3,523,070)	(5,057,467)	(11,596,480)	(743,108)	(144,587)	(21,064,712)
Total capital assets (net of accumulated depreciation)	4,530,227	1,788,442	13,897,247	415,338	491,336	21,122,590
Total noncurrent assets	4,899,537	2,115,247	16,683,949	415,338	491,336	24,605,407
Total Assets	5,239,155	5,753,788	17,299,208	700,956	543,412	29,536,519

See accompanying notes to the financial statements.

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
LIABILITIES						
Current liabilities:						
Accounts payable	2,917	1,074,534	-	10,501	-	1,087,952
Accrued payroll and payroll taxes	12,001	19,130	12,265	3,844	-	47,240
Due to other funds	-	-	-	-	360,000	360,000
Current maturities of long-term debt	68,440	-	370,000	15,696	-	454,136
Total current liabilities	83,358	1,093,664	382,265	30,041	360,000	1,949,328
Long-term liabilities, less current maturities:						
Due to depositors	28,414	313,608	-	-	-	342,022
Accrued compensated absences	38,353	122,212	41,662	11,427	-	213,654
Notes and capitalized lease obligations payable	380,600	-	-	-	-	380,600
Neighborhood improvement bonds	-	-	335,000	-	-	335,000
Revenue bonds payable, net	-	-	7,755,000	-	-	7,755,000
Total noncurrent liabilities	447,367	435,820	8,131,662	11,427	-	9,026,276
Total Liabilities	530,725	1,529,484	8,513,927	41,468	360,000	10,975,604
NET ASSETS						
Reserved:						
Invested in capital assets, net of related debt	4,149,627	1,788,442	5,807,247	415,338	491,336	12,197,854
Restricted for:						
Other purposes	369,310	326,805	2,532,086	-	-	3,228,201
Unrestricted	558,803	2,435,862	2,978,034	244,150	(307,924)	5,908,925
Total Net Assets	$ 4,708,430	$ 4,224,304	$ 8,785,281	$ 659,488	$ 183,412	$ 18,560,915

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED MARCH 31, 2009

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
OPERATING REVENUES						
Charges for services	$ 1,724,125	$ 17,220,777	$ 1,809,703	$ 562,293	$ 165,322	$ 21,482,220
OPERATING EXPENSES						
Salaries	439,429	761,147	446,689	123,122	-	1,770,387
Payroll taxes	32,436	55,081	32,650	2,569	-	122,736
Depreciation	257,246	166,914	1,019,051	82,925	31,566	1,557,702
Computer	7,082	10,413	7,398	-	-	24,893
Education	3,736	10,869	1,105	-	14	15,724
Electric purchases	-	13,114,942	-	-	-	13,114,942
Health and life insurance	52,205	74,009	44,632	20,132	-	190,978
Insurance	17,686	71,943	21,666	4,785	-	116,080
Landfill and recycling	-	-	-	152,957	-	152,957
Miscellaneous	740	1,789	618	5,253	18,648	27,048
Professional and consulting service	252,869	23,253	139,520	108	16,924	432,674
Repairs and maintenance	504,971	139,814	507,712	70,890	4,670	1,228,057
Retirement	41,355	82,593	47,575	11,941	-	183,464
Supplies	141,602	199,813	58,654	7,831	21,943	429,843
Telephone	3,949	7,653	3,756	314	930	16,602
Utilities	-	-	-	-	-	-
Workman's compensation	11,884	18,838	7,244	15,932	-	53,898
Total Operating Expenses	1,767,190	14,739,071	2,338,270	498,759	94,695	19,437,985
Operating Income (Loss)	(43,065)	2,481,706	(528,567)	63,534	70,627	2,044,235
NONOPERATING REVENUES (EXPENSES)						
Investment income	349	1,280	421,288	-	-	422,917
Federal and state grants	101,341	1,147	-	-	-	102,488
Miscellaneous income	108,565	74,841	1,022	3,538	18,648	206,614
Interest expense and fees	(17,677)	-	(474,762)	(5,109)	-	(497,548)
Total Nonoperating Revenues (Expenses)	192,578	77,268	(52,452)	(1,571)	18,648	234,471
Income (Loss) Before Contributions and Transfers	149,513	2,558,974	(581,019)	61,963	89,275	2,278,706
Payments in lieu of taxes (PILOTS)	(194,159)	(1,668,212)	(226,799)	-	(18,397)	(2,107,567)
Transfers out	-	(300,000)	-	-	-	(300,000)
Change in Net Assets	(44,646)	590,762	(807,818)	61,963	70,878	(128,861)
Net assets - beginning	4,599,563	3,129,222	9,571,963	597,525	88,570	17,986,843
Prior period adjustment	153,513	504,320	21,136	-	23,964	702,933
Net assets - ending	$ 4,708,430	$ 4,224,304	$ 8,785,281	$ 659,488	$ 183,412	$ 18,560,915

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
PROPRIETARY FUNDS STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2009

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
Cash flows from operating activities:						
Cash received from customers	$ 1,724,990	$ 17,518,930	$ 2,095,404	$ 567,328	$ 162,496	$ 22,069,148
Cash received from other sources	108,565	74,841	1,022	3,538	18,648	206,614
Cash payments to suppliers	(179,979)	(13,440,835)	(63,938)	(7,831)	(27,934)	(13,720,517)
Cash payments to employees	(444,677)	(751,812)	(446,730)	(120,496)	-	(1,763,715)
Cash payments to employee benefits and payroll taxes	(125,996)	(211,683)	(124,857)	(34,642)	-	(497,178)
Cash payments for other expenses	(831,305)	(296,597)	(936,078)	(273,785)	(41,186)	(2,378,951)
Net cash provided by (used in) operating activities	251,598	2,892,844	524,823	134,112	112,024	3,915,401
Cash flows from non-capital financing activities:						
Transfers from (to) other funds	-	(300,000)	-	-	-	(300,000)
Transfers - Payments in lieu of taxes (PILOTS)	(194,159)	(1,668,212)	(226,799)	-	(18,397)	(2,107,568)
Due (from) to other funds	-	84,390	-	-	(84,390)	-
Net cash provided by (used in) non-capital financing activities	(194,159)	(1,883,822)	(226,799)	-	(102,787)	(2,407,568)
Cash flows from capital and related financing activities:						
Interest expense & fees	(17,677)	-	(474,762)	(5,109)	-	(497,548)
Principal payment on capital lease	(66,094)	-	(360,000)	(55,514)	-	(481,608)
Purchase of capital acquisitions	(5,894)	(215,965)	(208,801)	-	(4,598)	(435,258)
Federal and state grants	101,341	1,147	-	-	-	102,488
Financing proceeds	-	-	-	-	-	-
Redemption of bonds payable	-	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	11,676	(214,818)	(1,043,563)	(60,623)	(4,598)	(1,311,926)
Cash flows from investing activities:						
Investment income	349	1,280	421,288	-	-	422,917
Sale of investments - held to maturity	-	-	-	-	-	-
Net cash provided by (used in) investing activities	349	1,280	421,288	-	-	422,917
Net increase (decrease) in cash and cash equivalents	69,464	795,484	(324,251)	73,489	4,639	618,824
Cash and cash equivalents - beginning	299,846	932,147	2,856,337	159,947	71	4,248,348
Cash and cash equivalents - ending	$ 369,310	$ 1,727,631	$ 2,532,086	$ 233,436	$ 4,710	$ 4,867,172

See accompanying notes to the financial statements.

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
Displayed as:						
Cash and cash equivalents	$ -	$ 1,400,826	$ -	$ 233,436	$ 4,710	$ 1,638,971
Restricted - cash and cash equivalents	369,310	326,805	2,532,086	-	-	3,228,201
Total cash, cash equivalents, and investments	$ 369,310	$ 1,727,631	$ 2,532,086	$ 233,436	$ 4,710	$ 4,867,172
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	$ (43,065)	$ 2,481,706	$ (528,566)	$ 63,534	$ 70,627	$ 2,044,236
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	257,246	166,914	1,019,051	82,925	31,566	1,557,702
Amortization	-	-	(231,371)	-	-	(231,371)
Miscellaneous revenue	108,565	74,841	1,022	3,538	18,648	206,614
(Increase) decrease in accounts receivable	955	227,886	285,701	5,035	(2,826)	516,751
(Increase) decrease in prepaid sales tax	-	63,437	-	-	-	63,437
(Increase) decrease in inventory	(38,377)	(126,080)	(5,284)	-	(5,991)	(175,732)
Increase (decrease) in workmen's compensation	(6,241)	(13,999)	(3,723)	(7,097)	-	(31,060)
Increase (decrease) in accounts payable	(22,147)	1,974	(11,966)	(16,449)	-	(48,588)
Increase (decrease) in accrued payroll	3,609	5,916	4,454	1,405	-	15,384
Increase (decrease) in customer deposits	(90)	6,830	-	-	-	6,740
Increase (decrease) in accrued compensated absences	(8,857)	3,419	(4,495)	1,221	-	(8,712)
Net cash provided by (used in) operating activities	$ 251,598	$ 2,892,844	$ 524,823	$ 134,112	$ 112,024	$ 3,915,401
NONCASH CAPITAL FINANCING ACTIVITES						
Supplemental information						
Interest paid	$ 17,677.00	$ -	$ 474,762.00	$ 5,109.00	$ -	$ 497,548.00

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Reporting Entity

The City of Monett, Missouri, was incorporated as a town in 1888 and, as a city on March 3, 1914, under the provisions of the State of Missouri. The City operates under a Mayor-Board of Commission form of government as a Third Class City. The Mayor and the two Commissioners serve four-year terms that expired in April 2012, and to which they were re-elected for another four-years. The City provides a variety of general governmental services to residents including general administrative services, public safety, public works, parks and recreation, and airport operations. Other services include water, electric, sewer, fiber optic, and sanitation operations.

The financial reporting entity consists of the primary government and its component units, which are entities that the government is considered financially accountable for. The determination of financial accountability includes consideration of a number of criteria, including: (l) 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 Assets and the Statement of Activities) and fund financial statements.

Government-wide Financial Statements: The government-wide statements display information about the primary government and its component unit. For the most part, the interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Assets, both the governmental and business-type activities are each consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides valuable information for greater analysis and comparability.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for the business-type activities. Direct expenses are those that are specifically associated with a program or a function.

Program revenues include (a) charges paid by recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meet operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. Program revenues are typically restricted to a specific function or activity.

Fund Financial Statements: Separate fund financial statements report information on the City's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds in their respective categories.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrued accounting. However, debt service expenditures, as well as expenditures relating to compensated absences are recorded only when payment is due. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities, and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. Since the accounting differs significantly between the governmental funds and the proprietary funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the governmental funds balance sheet and the

statement of revenues, expenditures and changes in fund balance identifying categories that required conversion from the fund statements.

In the governmental funds, sales taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of taxes received within 30 days is considered to be susceptible to accrual as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Operating activities of the proprietary funds include all transactions and other events that are not defined as capital and related financing, non-capital financing, or investing activities. More specifically, operating revenues consist of sales and charges for services. Operating expenses of the proprietary funds include personnel services, operating supplies, and services incurred in conducting daily business.

The City reports the following major governmental funds:

General Fund — This fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

E-911 — The purpose of this fund accounts for revenues and expenditures relating to 911 emergency dispatching services. Cash and investment for this fund are restricted by state statute.

Tax Increment Finance — The purpose of this fund accounts for revenues and expenditures relating to tax increment financing projects. Cash and investments for this fund are restricted by state statute.

The City reports the following major proprietary funds:

Water System — This fund accounts for the operations, maintenance and improvement activities of the existing water system and capital improvements pertaining to the City wells, facilities, equipment and infrastructure.

Electric System — This fund accounts for the operations, maintenance and improvement activities of the existing electric system and capital improvements pertaining to the City substations, facilities, equipment and infrastructure.

Sewer System — This fund accounts for the operations, maintenance and improvement activities of the existing sewer system and capital improvements pertaining to the treatment plant, lift stations, equipment, and infrastructure.

Sanitation System — This fund accounts for the operations, maintenance and improvement activities of the existing sanitation collection system and capital improvements pertaining to the recycling center, sanitation equipment and facilities.

Fiber Optic System — This fund accounts for the operations, maintenance and improvement activities of the existing fiber optics system and capital improvements pertaining to the equipment, and infrastructure.

The City reports the following fund types:

Internal Service Funds — These funds account for the costs of the Hazardous Material, Safety, and Mechanic Funds on a cost-reimbursement basis.

(C) Assets, Liabilities, and Net Assets or Equity

a. Deposits and Investments

City monies are deposited in FDIC-insured banks. Funds in excess of FDIC insurable limits are secured with collateral pledged by the banks. Permissible investments include obligations of the U.S. Government, State of Missouri, bonds, bills or notes guaranteed by the U.S., state or city governments, certificates of deposit, repurchase agreements, bankers acceptances, and commercial paper. The City purchases investments from SEC-registered broker-dealers and banks. Investments are carried at cost, less purchase premiums which are amortized over the life of the investment. Cost approximates fair market value at year end.

b. Receivables and Payables

Activity between funds that are representative of borrowing/lending arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

c. Inventories and Prepaid Items

Purchases of various operating supplies are regarded as inventories at the time purchased and are recorded as assets at the close of the fiscal year. Supplies purchased are expensed at the time they are put into use.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Health insurance premiums and workman's compensation are accounted for using the consumption method.

d. Restricted Assets

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the applicable balance sheets and statement of net assets because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

e. Assessment Receivable

In 2004, the City issued Neighborhood Improvement District Bonds for the Brandermill/Country Club Gravity Sewer Project. Certain costs related to this project are reimbursed to the City by way of a sewer assessment. At March 31, 2009, the outstanding balance was $254,616.

f. Capital Assets

Capital assets include land, construction in progress, buildings and improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of $5,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed.

Building and improvements, equipment and infrastructure are depreciated using the straight-line method over the following estimated lives:

	Years
Primary government:	
Buildings	5 to 40
Improvements	5 to 40
Machinery and equipment	3 to 40
Infrastructure	20 to 40

g. Compensated Absences

All vested or accumulated vacation, scheduled holiday leave and vested accumulated sick leave is accrued when incurred in the government-wide and proprietary financial statements. Compensated absences for the years ended March 31, 2009 and 2008 are $594,643 and $575,005, respectively.

h. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and obligations are reported in the Statements of Net Assets as liabilities in the applicable governmental and business-type categories. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other

financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

i. Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purposes. Designations of fund balances represent tentative plans for future use of financial resources that are subject to change.

j. Capitalization of Interest

Net interest costs related to acquisition or construction is capitalized as part of the cost of the related asset for the business type and proprietary activities of the City, and component unit. Total interest costs incurred by the City were $1,412,381, of which none was capitalized.

k. Interfund and Related Party Transactions

Transactions between the City's various funds are accounted for as revenues and expenditures or expenses in the funds involved if they are similar to transactions with organizations external to City government. Certain transactions between City Utilities and the City are also treated in this manner. The operations of City Utilities for the year ended March 31, 2009 reflect payments in lieu of taxes (PILOTS) to the City of $2,107,568.

In addition, City Utilities also provides services such as energy for street lighting and other electric, water and sewer services without charge to the City. The cost of providing such services was approximately $687,657 in 2009.

l. Net Assets

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Invested in Capital Assets, Net of Related Debt - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted— This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

Unrestricted - This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

m. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America (GAAP) requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

(2) DETAILED NOTES ON ALL FUNDS

(A) Deposits

The City pools idle cash from all funds for the purpose of increasing income through investment activities. The cash and investment pool is available for use by all funds and is comprised of deposits and other investments. At March 31, 2009, the bank balance of the City's deposits was $1,661,032, which was covered by federal depository insurance or by collateral held by the City's agent in the City's name. A difference exists between bank and book balances of ($58,864) due to deposits in transit and other reconciling items.

The City also maintains separate cash accounts restricted for specific purposes. At March 31, 2009, the bank balance of the City's restricted deposits was $3,990,565, which was covered by federal depository insurance or by collateral held by the City's agent in the City's name.

(B) Investments

Statutes authorize the City to invest in investments, which are:

a. Obligations of the United States government, the State of Missouri, this city, or;

b. In bonds, bills, notes, debentures or other obligations guaranteed as to payment of principal and interest by the government of the United States or any agency or instrumentality thereof, the State of Missouri or this city, or;

c. In revenue bonds of the City, or;

d. In certificates of deposit, savings accounts as defined in Chapter 369, Revised Missouri Statutes or in interest bearing time deposits when such funds are held in United States banks, state banks, savings and loan associations operating under Chapter 369, Revised Missouri Statutes, or savings and loan associations authorized by the United States government so long as such deposits, savings accounts, and interest bearing deposits are secured by one or more of the types of securities described in subparagraphs (a), (b), or (c) of this section.

e. Banker's acceptances issued by domestic commercial banks possessing the highest rating issued by a nationally recognized rating agency; or Commercial paper issued by domestic corporations which has received the highest rating issued by a nationally recognized rating agency.

The City also maintains an investment pool that is available for use by all funds and separate investments accounts which are restricted for specific purposes. At March 31, 2009, the City held the following investments, all of which have maturities of more than 24 months:

Investment Type	Fair Value
U.S. Agency:	
GNMA	$ 1,695,587
FNMA	243,933
FHMA	28,893
Certificates of deposit	629,025
Total	$ 2,597,438

The following is a listing of cash and investments held by the City as of March 31, 2009:

Money market funds	$ 90,895
Deposits	2,132,420
Investments	2,597,438
Trustee accounts	3,369,418
Total	$ 8,190,171

For purposes of the financial statements, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Deposits and investments of the City at year end are reflected as follows:

Cash and cash equivalents	$ 268,122
Investments	1,738,498
Restricted cash and cash equivalents	5,468,634
Restricted investments	714,917
Total	$ 8,190,171

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All fixed income securities shall be perfected in the name or for the account of the City.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the City's investments will decrease as a result of increase in interest rates. The City minimizes the risk that the market value of fixed income securities in the portfolio will fall due to changes in the general interest rates by structuring the investment portfolio so that fixed income securities mature to meet cash requirements for ongoing operations.

Credit Risk

Credit risk is the risk that the City will not recover its investments due to the ability of the counterparty to fulfill their obligation. The City minimizes credit risk by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business and by diversifying the portfolio so that potential losses on individual fixed income securities will be minimized. As of March 31, 2009, the City's investments were rated by Moody's Investment Service or Standard & Poor's as follows:

Investment Type	Rating
U.S. Agency Securities	AAA

(C) Capital Assets

Capital asset activity for the year ended March 31, 2009, was as follows:

Governmental Activates	Balance March 31, 2008	Additions	Deductions	Transfers	Balance March 31, 2009
Non-Depreciable Capital Assets					
Land	$ 939,346	$ -	$ -	$ -	$ 939,346
Construction in Process	-	110,384	-	-	110,384
Total Non-Depreciable Capital Assets	939,346	110,384	-	-	1,049,730
Depreciable Capital Assets					
Buildings and Building Imp.	5,928,580	682,696	(171,810)	-	6,439,466
Machinery and Equipment	5,512,144	716,350	(176,475)	-	6,052,019
Infrastructure	17,374,741	10,060,512	-	-	27,435,253
Total Depreciable Capital Assets	28,815,465	11,459,558	(348,285)	-	39,926,738
Less Accumulated Depreciation					
Buildings and Building Imp.	(1,344,257)	(214,422)	66,732	-	(1,491,947)
Machinery and Equipment	(3,714,955)	(366,034)	217,625	-	(3,863,414)
Infrastructure	(7,320,028)	(579,048)	-	-	(7,899,076)
Total Accumulated Depreciable	(12,379,240)	(1,159,554)	284,357	-	(13,254,437)
Total Capital Assets, Net	16,436,225	10,300,004	(63,928)	-	26,672,301
Total Governmental Activities Capital Assets	$ 17,375,571	$ 10,410,388	$ (63,928)	$ -	$ 27,722,031

Depreciation expense was charged to functions as follows:

Policy Development and Administration	36,049
Public Safety	336,205
Public Works	386,115
Parks and Recreation	249,773
Municipal Airport	151,412
Total depreciation expense governmental activates	$ 1,159,554

Business Type Activites

Water Fund:	Balance March 31, 2008	Additions	Deductions	Transfers	Balance March 31, 2009
Non-Depreciable Capital Assets					
Land	$ 56,932	$ -	$ -	$ -	$ 56,932
Construction in Process		-	-	-	-
Total Non-Depreciable Capital Assets	56,932	-	-	-	56,932
Depreciable Capital Assets					
Buildings and Building Imp.	908,946	-	-	-	908,946
Machinery and Equipment	412,557	8,186	-	(18,343)	402,400
Infrastructure	6,685,017	-	-	-	6,685,017
Total Depreciable Capital Assets	8,006,520	8,186	-	(18,343)	7,996,363
Less Accumulated Depreciation					
Buildings and Building Imp.	(509,569)	(26,603)	-	-	(536,172)
Machinery and Equipment	(282,696)	(32,930)	-	16,049	(299,577)
Infrastructure	(2,489,608)	(197,713)	-	-	(2,687,321)
Total Accumulated Depreciable	(3,281,873)	(257,246)	-	16,049	(3,523,070)
Total Depreciable Capital Assets, Net	4,724,647	(249,060)	-	(2,294)	4,473,293
Total Water Fund Business - Type Capital Assets	$ 4,781,579	$ (249,060)	$ -	$ (2,294)	$ 4,530,225

Electric Fund:	Balance March 31, 2008	Additions	Deductions	Transfers	Balance March 31, 2009
Non-Depreciable Capital Assets					
Land	$ 58,400	$ -	$ -	$ -	$ 58,400
Construction in Process		-	-	-	-
Total Non-Depreciable Capital Assets	58,400	-	-	-	58,400
Depreciable Capital Assets					
Buildings and Building Imp.	751,127	-	-	-	751,127
Machinery and Equipment	585,499	187,676	-	18,343	791,518
Infrastructure	5,218,869	25,995	-	-	5,244,864
Total Depreciable Capital Assets	6,555,495	213,671	-	18,343	6,787,509
Less Accumulated Depreciation					
Buildings and Building Imp.	(527,667)	(23,481)	-	-	(551,148)
Machinery and Equipment	(410,714)	(38,742)	-	(16,049)	(465,505)
Infrastructure	(3,936,122)	(104,691)	-	-	(4,040,813)
Total Accumulated Depreciable	(4,874,503)	(166,914)	-	(16,049)	(5,057,466)
Total Depreciable Capital Assets, Net	1,680,992	46,757	-	2,294	1,730,043
Total Electric Fund Business - Type Capital Assets	$ 1,739,392	$ 46,757	$ -	$ 2,294	$ 1,788,443

Sewer Fund:	Balance March 31, 2008	Additions	Deductions	Transfers	Balance March 31, 2009
Non-Depreciable Capital Assets					
Land	$ 94,828	$ -	$ -	$ -	$ 94,828
Construction in Process	-	-	-	-	-
Total Non-Depreciable Capital Assets	94,828	-	-	-	94,828
Depreciable Capital Assets					
Buildings and Building Imp.	6,721	26,984	-	-	33,705
Machinery and Equipment	312,783	181,815	-	-	494,598
Infrastructure	24,870,595	-	-	-	24,870,595
Total Depreciable Capital Assets	25,190,099	208,799	-	-	25,398,898
Less Accumulated Depreciation					
Buildings and Building Imp.	(1,120)	(224)	-	-	(1,344)
Machinery and Equipment	(260,382)	(23,013)	-	-	(283,395)
Infrastructure	(10,315,928)	(995,814)	-	-	(11,311,742)
Total Accumulated Depreciable	(10,577,430)	(1,019,051)	-	-	(11,596,481)
Total Depreciable Capital Assets, Net	14,612,669	(810,252)	-	-	13,802,417
Total Sewer Fund Business - Type Capital Assets	$ 14,707,497	$ (810,252)	$ -	$ -	$ 13,897,245

Sanitation Fund:	Balance March 31, 2008	Additions	Deductions	Transfers	Balance March 31, 2009
Non-Depreciable Capital Assets					
Land	$ -	$ -	$ -	$ -	$ -
Construction in Process	-	-	-	-	-
Total Non-Depreciable Capital Assets	-	-	-	-	-
Depreciable Capital Assets					
Buildings and Building Imp.	84,878	-	-	-	84,878
Machinery and Equipment	1,174,379	-	(162,000)	-	1,012,379
Infrastructure	61,189	-	-	-	61,189
Total Depreciable Capital Assets	1,320,446	-	(162,000)	-	1,158,446
Less Accumulated Depreciation					
Buildings and Building Imp.	(18,991)	(2,830)	-	-	(21,821)
Machinery and Equipment	(794,565)	(78,056)	162,000	-	(710,621)
Infrastructure	(8,629)	(2,039)	-	-	(10,668)
Total Accumulated Depreciable	(822,185)	(82,925)	162,000	-	(743,110)
Total Depreciable Capital Assets, Net	498,261	(82,925)	-	-	415,336
Total Sanitation Fund Business - Type Capital Assets	$ 498,261	$ (82,925)	$ -	$ -	$ 415,336

Fiber Fund:	Balance March 31, 2008	Additions	Deductions	Transfers	Balance March 31, 2009
Non-Depreciable Capital Assets					
Land	$ -	$ -	$ -	$ -	$ -
Construction in Process	-	-	-	-	-
Total Non-Depreciable Capital Assets	-	-	-	-	-
Depreciable Capital Assets					
Buildings and Building Imp.	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-
Infrastructure	631,324	4,599	-	-	635,923
Total Depreciable Capital Assets	631,324	4,599	-	-	635,923
Less Accumulated Depreciation					
Buildings and Building Imp.	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-
Infrastructure	(113,021)	(31,566)	-	-	(144,587)
Total Accumulated Depreciable	(113,021)	(31,566)	-	-	(144,587)
Total Depreciable Capital Assets, Net	518,303	(26,967)	-	-	491,336
Total Fiber Fund Business - Type Capital Assets	$ 518,303	$ (26,967)	$ -	$ -	$ 491,336

Deprecation expense was charged to the functions as follows:

Water	$ 257,246
Electric	166,914
Sewer	1,019,051
Sanitation	82,925
Fiber optics	31,566
Total depreciation expense-business -type activites	$ 1,557,702

(D) Long-Term Obligations

The following is a summary of changes in long-term debt and other obligations for the year ended March 31, 2009:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General obligation bonds	$ 122,271	$ -	$ 13,317	$ 108,954	$ 13,620
Revenue bonds	14,510,000		855,000	13,655,000	560,000
Total Bonds Payable	14,632,271	-	868,317	13,763,954	573,620
Notes Payable	100,000	-	50,000	50,000	150,000
Capital Lease Obligations	4,400,557	86,024	639,530	3,847,051	639,161
Developers' Agreements	-	556,139	6,984	549,155	-
Total Governmental Activities Long-Term Liabilities	$ 19,132,828	$ 642,163	$ 1,564,831	$ 18,210,160	$ 1,362,781
Business Type Activities					
Sanitary Sewerage System Fund					
Revenue bonds	$ 8,470,000	$ -	$ 345,000	$ 8,125,000	$ 355,000
General obligation bonds	350,000		15,000	335,000	15,000
Water System Fund					
Certificates of participation	515,134	-	66,073	449,061	68,440
Sanitation System Fund					
Capital lease obligations	71,208	-	55,512	15,696	15,696
Total Business Type Activities Long-Term Liabilities	$ 9,406,342	$ -	$ 481,585	$ 8,924,757	$ 454,136
Total Governmental Activities and Business Type Activities Long- Term Liabilities	$ 28,539,170	$ 642,163	$ 2,046,416	$ 27,134,917	$ 1,816,917

The following summarizes changes in the liability for accrued compensated absences:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities	$ 352,640	$ 263,543	$ 235,194	$ 380,989	$ 342,890
Business type activities					
Sanitary Sewerage System Fund	46,157	17,746	22,240	41,663	37,497
Water System Fund	47,210	19,554	28,411	38,353	34,517
Sanitation System Fund	10,204	11,559	10,338	11,425	10,284
Electric Fund	118,793	70,594	67,175	122,212	109,991
Total business-type activities	222,364	119,453	128,164	213,653	192,289
Total Governmental and Business-type activities					
Accrued compensated absences	$ 575,004	$ 382,996	$ 363,358	$ 594,642	$ 535,179

Debt service requirements on long-term debt at March 31, 2009 are as follows:

The annual Governmental Activities debt service requirements to maturity, including principal and interest, for long-term debt as of March 31, 2009, are as follows:

Fiscal Year	Governmental Activities					
Ended	General Obligation Bonds		Revenue Bonds		Notes Payable	
March 31	Principal	Interest	Principal	Interest	Principal	Interest
2010	$ 13,620	$ 5,506	$ 560,000	$ 575,746	$ 50,000	$ 1,500
2011	14,297	4,829	1,465,000	550,499	-	-
2012	15,007	4,119	3,910,000	428,049	-	-
2013	15,753	3,373	780,000	339,931	-	-
2014	16,536	2,590	820,000	307,276	-	-
2015-2019	33,742	2,674	4,455,000	972,090	-	-
2020-2024	-	-	1,000,000	332,060	-	-
2025-2029	-	-	665,000	76,648	-	-
2030-2034	-	-	-	-	-	-
	$ 108,955	$ 23,091	$ 13,655,000	$ 3,582,299	$ 50,000	$ 1,500

Fiscal Year	Governmental Activities (Cont)		Total	
Ended	Capital Lease Obligations		Governmental Activities	
March 31	Principal	Interest	Principal	Interest
2010	$ 639,161	$ 143,518	$ 1,262,781	$ 726,270
2011	640,168	120,093	2,119,465	675,421
2012	648,088	95,951	4,573,095	528,119
2013	455,807	72,940	1,251,560	416,244
2014	466,576	54,255	1,303,112	364,121
2015-2019	997,250	59,999	5,485,992	1,034,763
2020-2024	-	-	1,000,000	332,060
2025-2029	-	-	665,000	76,648
2030-2034	-	-	-	-
	$ 3,847,050	$ 546,756	$ 17,661,005	$ 4,153,646

Fiscal Year Ended March 31	Business Type Activities					
	General Obligation Bonds - Sewer		Revenue Bonds - Sewer		Capital Lease Obligation - Water	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	$ 15,000	$ 15,440	$ 355,000	$ 379,678	$ 68,440	$ 15,345
2011	15,000	14,896	370,000	366,611	70,891	12,894
2012	15,000	14,315	385,000	352,141	73,430	10,355
2013	15,000	13,700	40,000	336,673	76,060	7,725
2014	15,000	13,063	415,000	319,856	78,784	5,001
2015-2019	100,000	52,240	2,410,000	1,288,900	81,458	2,179
2020-2024	130,000	24,610	3,080,000	619,341	-	-
2025-2029	30,000	765	710,000	33,370	-	-
2030-2034	-	-	-	-	-	-
	$ 335,000	$ 149,029	$ 7,765,000	$ 3,696,570	$ 449,063	$ 53,499

Fiscal Year Ended March 31	Business Type Activities (Cont'd)		Total Business Type Activities	
	Capital Lease Obligation - Sanitation			
	Principal	Interest	Principal	Interest
2010	$ 15,696	$ 2,610	$ 454,136	$ 413,073
2011	-	-	455,891	394,401
2012	-	-	473,430	376,811
2013	-	-	491,060	358,097
2014	-	-	508,784	337,920
2015-2019	-	-	2,591,458	1,343,319
2020-2024	-	-	3,210,000	643,951
2025-2029	-	-	740,000	34,135
2030-2034	-	-	-	-
	$ 15,696	$ 2,610	$ 8,924,759	$ 3,901,707

General Obligation Bonds payable at March 31, 2009 are comprised of the following individual issues:

4.15% General Obligation Bonds, Neighborhood Improvement District Bonds Series 2006, due through September 6, 2015	$	108,954
2.00% to 5.10% General Obligation Bonds, Neighborhood Improvement District Bonds Series 2004 due through September 1, 2024, callable on or after September 1, 2009, at premiums beginning at 102% of the principal amount decreasing to 100% on September 1, 2014. Monies from this bond were utilized for gravity sewer projects in the city.		335,000
Total General Obligation Bonds	$	443,954

Revenue bonds payable at March 31, 2009 are comprised of the following individual issues:

Tax Increment Financing fund:

1.25% to 3.80% Tax Increment Financing Revenue Bonds Series 2004 (Hwy 60 Redevelopment Project TIF #1) interest due semiannually April 1 and October 1 with principal due annually October 1; bonds maturing on October 1, 2010, shall be subject to redemption beginning with bonds maturing in October 1. 2010 are subject to optional redemption on October 1, 2004 at 100% of the principal. Funding was used in combination with funds received from Missouri Department of Transportation to improve safety and usability of the city's infrastructure particularly related to the areas adjoining Highway 60.	$	1,480,000
3.625% to 3.85% Tax Increment Allocation Bonds, Subordinate Series 2007 (Hwy 60 Amended Redevelopment Project TIF #1) interest due semi-annually October 1 and April 1; bonds mature October 1, 2010 through 2014, optional redemption beginning October 1, 2012 at 100% of the principal. Original issuance of $6,100,000 in December of 2008 had a partial defeasance of $590,000 with the issuance of the Series 2008 bonds. Monies generated from these bonds were used in combination with funds received from Missouri Department of Transportation for projects such as added lanes on Highway 60 and also combined with funds from the Burlington Northern Santa Fe Railroad to build an overpass on Eisenhower Street.		5,510,000
4.00% to 4.5% Subordinate Tax Increment Allocation Bonds,		3,000,000

Junior Series 2008 (Hwy 60 Amended Redevelopment Project TIF #1) interest due semi-annually April 1 and October 1 with bonds maturing October 1, 2104 through 2018, optional redemption begins October 1, 2012 at 100% of the principal. Funding from this issuance was to further expand and improve the infrastructure of and adjacent to Highway 60.	
5.00% Tax Increment Allocation Bonds Series 2005A (East Hwy 60 Infrastructure Project TIF #2) interest due semiannually January 1, and July 1, with principal and bonds maturing January 1, 2028 Optional redemption beginning January 1, 2010, at 100% of the principal. These monies were specifically generated to make improvements on and around Chapel Drive.	1,130,000
5.25% Tax Increment Allocation Bonds Series 2005B (RPA #1 Infrastructure Improvements Project TIF #2) interest due semiannually January 1, and July 1, with principal and bonds maturing January 1, 2028 optional redemption beginning January 1, 2010, at 100% of the principal. Specific use of this funding was to redevelop 385 acres in the southeast portion of the city adjacent to Highway 60.	2,535,000
Sewer system fund:	
2.00% to 4.70% Combined Waterworks and Sewerage System Revenue Bonds, (State Revolving Funds Program) Series 2003, due through January 1, 2025, callable on or after December 1, 2012 at 100% principal. Monies generated from this debt issuance were combined with funds from the State Environment Improvement and Energy Resources Authority to construct wastewater treatment and clean water facilities for the city (Drinking Water Loan).	7,815,000
5.20% to 6.55% Sewerage Revenues Refunding Bonds, (State Revolving Funds Program) Series 1992A, due through June 1, 2013. Monies generated from this debt issuance were combined with funds from the State Environment Improvement and Energy Resources Authority to construct wastewater treatment and clean water facilities for the city (Clean Water Loan).	310,000
Total revenue bonds payable	$ 21,780,000

Notes payable at March 31, 2009 consisted of the following obligation:

General fund:

3.00% Promissory Note (to purchase land for the police station on Business highway 60) payable in four annual payments maturing September 6, 2009.	$	50,000
Total notes payable	$	50,000

Certificates of Participation

In 2002, the City accepted the Commerce National Bank, N.A. bid to acquire leasehold certificates of participation, and subsequently entered into a Lease Purchase Agreement for the purpose of airport improvements. Currently the agreement has a present value of lease payments of $120,000, with interest at 3.30%, and is payable in semiannual installments through October 2011.

In 2002, the City accepted the Commerce National Bank, N.A. bid to acquire leasehold certificates of participation, and subsequently entered into a Lease Purchase Agreement for the purpose of golf course improvements. Currently the agreement has a present value of lease payments of $360,040, with interest at 3.30%, and is payable in semiannual installments through October 2011.

In 2004, the City accepted the Commerce National Bank, N.A. bid to acquire leasehold certificates of participation, and subsequently entered into a Lease Purchase Agreement in 2005, for the purpose of constructing a water tower. Currently the agreement has a present value of lease payments of $449,040, with interest at 3.52%, and is payable in semiannual installments through December 2014.

Capital Leases

Governmental Activities:

Wells Fargo Brokerage Services, LLC, Governmental Lease-Purchase Agreement: dated February 25, 2009, the present value of lease payments is $392,532, with interest at 3.85%, and is payable in annual payments through January 15, 2018. Funds generated from this lease were used for the interior security system and communication tower and equipment at the newly constructed Monett Justice Center.

Yamaha Commercial Customer Finance Lease Agreement: In May of 2008, the City entered into a lease of 24 golf carts. The present value of lease payments is $67,335 at year end, with interest at 5.25% and is payable in monthly payments through October 2011.

Citi-capital Finance Lease Agreement: in May 2008, the City entered into a Lease of 2 golf utility carts. The present value of lease payments at March 31, 2009 is $10,477, with interest at 5.25% and is payable monthly through November 2012.

In October 2007, the City entered into a Lease with Option to Purchase Agreement with United Missouri Bank. The present value of lease payments at March 31, 2009 is $15,696, with interest at

4.50%, and is payable in annual installments through September 2009. These funds were used to purchase a street sweeper.

In January 2008, the City entered into a Lease with Option to Purchase Agreement with Wells Fargo Brokerage Services, LLC. The present value of lease payments at March 31, 2009 is $2,540,000, with interest at 4.10%, and is payable in annual installments through July 2010. These funds were used to expand the police station and municipal court facilities by building the new Monett Justice Center.

In October 2008, the City entered into a Lease with Option to Purchases Agreement with De Lage Landen Public Financing LLC. The present value of lease payments at March 31, 2009 is $56,707, with interest at 3.47%, and is payable in annual installments through January 2011. These funds were used to lease purchase three police cars.

Developers' Agreements

Certain developers within the Monett TIF #1 District applied for reimbursement of the cost of infrastructure from the district. The related infrastructure was given to the city and is included in the City's capital assets. The payment of reimbursement is based solely on sales taxes collected and as such there is no definitive payout schedule. Additionally, should the requested reimbursement not be completely paid off before the TIF District expires in 2019, the City's obligation ends. At March 31, 2009, the amount outstanding on this obligation is $549,155.

Legal Debt margin – General Obligation Bonds

Article VI, Section 26 (b), (c), (d) and (e), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a political subdivision to twenty-percent of the assessed valuation of the political subdivision (excluding state-assessed railroad and utilities). The legal debt margin, computed excluding state-assessed railroad and utilities, of the City at March 31, 2009 was:

Assessed Valuation	
Real Estate	$ 87,284,307
Personal Property	43,769,359
Total Assessed Valuation	$131,053,666

The legal debt margin at March 31, 2009, was computed as follows:

General Obligation Debt Limit	$ 26,210,733
General Obligation Bonds Payable	443,954
Legal Debt Margin	$ 25,766,779

As of March 31, 2009, the City of Monett had $443,954 outstanding general obligation bonds.

(E) Construction Commitments City of Monett

A summary of the City's commitments on uncompleted construction contracts:

Fund	Contract Amount
Tax Increment Financing – Hwy 60	$ 99,432
General Fund – Eisenhower/Clear Creek Project	$ 239,303

(F) Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of March 31, 2009 is as follows:

Receivable fund	Payable Fund	Amount
Electric	Fiber	$ 360,000

Interfund payables and receivables are made for specific purposes for each fund, and for overdraws of cash, both of which are made in the ordinary course of business. Interfund payables and receivables are intended to be repaid in future years. At its inception, the Fiber Fund borrowed startup money from the Electric Fund which is repaid with monies generated from Fiber operations.

Interfund Transfers

General fund	Electric fund	Total
$ 300,000	$ (300,000)	$ -0-

Transfers

General fund	TIF – District 1 fund	Total
$ 254,273	$ (254,273)	$ -0-

All interfund transfers provided funding for general operations of each fund. These transfers are permanent in nature, and are not intended to be repaid in future years.

(3) OTHER INFORMATION

(A) Employee Retirement Systems and Plans

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), a statewide local government retirement system.

Missouri Local Government Employees Retirement System (LAGERS) Plan Description

The City of Monett participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri.

LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and is governed by statute, Section RSMo 70.600-70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

Funding Status

The City of Monett's full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 10.9% (general), 10.7% (police), and 13.1% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost

For 2008, the political subdivision's annual pension cost of $513,588 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2006 and/or February 28, 2007 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2008 included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age, attributable to seniority/merit, and (d) pre- and post-retirement mortality based on the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back 1 year for men and 7 years for women.

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfounded actuarial

accrued liability is being amortized as a level of percentage of projected payroll on a closed basis. The amortization period at February 28, 2006 was 15 years.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost APC	Percentage of APC Contributed	Net Pension Obligation
6/30/2006	514,468	100%	$ -0-
6/30/2007	523,460	100%	-0-
6/30/2008	513.588	100%	-0-

Contribution Information

All Monett City full-time employees participate in LAGERS. The payroll for employees covered by LAGERS for the year ended March 31, 2009, was $4,633,876; the City's total payroll was $4,923,336. All City full-time employees are eligible to participate in the LAGERS Program. Employees who retire at or after age 60 (55 for police and fire employees) with 5 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 1.60 percent of their final-average salary for each year of credited service. Final-average salary is the employee's monthly average of gross salary paid an employee during the period of sixty months or, if an election has been made in accordance with the plan, thirty-six consecutive months or credited service producing the highest monthly average within the last 120 months of credited service. Benefits fully vest on reaching 5 years of service. Vested employees may retire at or after age 55 (age 50 for police and fire employees) and receive reduced retirement benefits.

(B) Litigation and Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor as a result of these audits is not believed to be material.

In the normal course of business, the City is involved in various legal proceedings. Although the outcome of these proceedings is not presently determinable, it is the opinion of the City legal counsel that the resolution of these matters will not have a material adverse effect on the financial position of the City.

(C) Risk Management

The City is exposed to various risks, such as property exposures, automobile liability, workers' compensation claims, equipment losses, general liability claims, and the costs associated with an employee health plan. For property exposures, the City purchases an all-risk insurance policy. This property insurance presently carries a primary deductible of $5,000. While coverage is purchased for City-owned equipment, the comprehensive or collision exposure to City-owned vehicles is self-insured. Neither liability claims nor property losses have exceeded the limits of coverage.

The workers' compensation plan covers all City employees, while the health plan covers all full time City employees.

The City is exposed to various risks of loss related to torts: theft or, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage for property damage and various Missouri Official's bonds. Management believes coverage is sufficient to preclude any significant uninsured losses to the City.

(D) Prior Period Adjustment

In the current year, the City changed its method of accounting for "business-type" activity supplies. In order to maintain service to the industries growing and developing in the municipality, it has become necessary to increase the amount of supplies kept on hand. In prior year, all supplies were expensed when purchased. With the change, supplies are considered inventory until put into service. Had this method been adopted in prior years, supplies expense would have been reduced in the "business-type" net assets as follows:

Waterworks	$	153,513
Electric		504,320
Sewer		21,136
Fiber		23,964
Total	$	702,933

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's Director of Finance in January each year. The Director of Finance uses these requests as the starting point for developing a proposed budget.

2. The Director of Finance presents a proposed budget to the City Council for review prior to March 10th.

3. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than March 31, the close of the City of Monett, Missouri's fiscal year.

4. Prior to April 1, ordinances are passed by City Council which provide for legally adopted budgets in the City's General and Special Revenue Funds. Plans approved for Capital Projects, Debt Service and Proprietary Fund types provide operating guidance subject to actual activity during the fiscal year.

5. The City operates on a program performance budget system, with legally adopted budgets prepared by fund, program, and department. The legal level of budgetary control is at the department level. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of City Council.

6. Formal budgetary integration is employed as a management control device in the General and Special Revenue Funds.

7. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP.

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED MARCH 31, 2009

Functions/Programs	Budgeted Amount Original	Budgeted Amount Final	March 31, 2009 Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues				
Business license and permits	$ 46,100	$ 21,100	$ 22,834	$ 1,734
Federal and state grants	1,960,935	1,679,635	1,303,457	(376,178)
Fines and forfeitures	215,200	170,200	194,660	24,460
Franchise fees	373,500	397,500	423,246	25,746
Sales tax	2,737,250	2,737,250	2,608,667	(128,583)
Interest income	50,000	35,000	31,717	(3,283)
Intergovernmental	-	-	-	-
Other revenue	713,175	932,475	741,303	(191,172)
Other taxes and assessments	348,000	348,000	321,465	(26,535)
Rental revenue	142,200	142,200	151,319	9,119
Total revenues	6,586,360	6,463,360	5,798,668	(664,692)
Expenditures				
Salaries	3,031,105	3,046,305	3,022,187	(24,118)
Payroll taxes	224,825	224,825	220,660	(4,165)
Community development block grant	-	-	-	-
Computer	34,000	51,500	52,602	1,102
Education and travel	35,500	35,500	35,918	418
Election	4,000	4,000	2,889	(1,111)
Health and life insurance	423,800	423,800	357,477	(66,323)
Insurance	74,625	95,425	94,361	(1,064)
Merchandise	125,000	72,000	57,113	(14,887)
Miscellaneous	23,500	151,000	157,855	6,855
Professional and consulting service	156,500	334,500	270,750	(63,750)
Repairs and maintenance	862,020	947,820	805,639	(142,181)
Retirement	320,950	320,950	353,951	33,001
Supplies	320,100	357,900	335,534	(22,366)
Telephone	35,700	35,700	44,289	8,589
Workman's compensation	74,130	107,380	78,679	(28,701)
Capital outlay	3,402,325	3,499,325	3,545,647	46,322
Debt service - principal	659,075	659,075	702,848	43,773
Debt service - interest	170,200	183,700	171,896	(11,804)
Total expenditures	9,977,355	10,550,705	10,310,295	(240,410)
Excess (deficiency) of revenues over expenditures	(3,390,995)	(4,087,345)	(4,511,627)	(424,282)
Other financing sources (uses)				
Due from (to) other funds	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	51,685	51,685
Settlement	-	-	196,374	196,374
Proceeds from Financing	-	85,000	86,024	1,024
Payments in Lieu of Taxes (PILOTS)	2,133,040	2,133,040	2,107,567	(25,473)
Transfers	650,000	555,000	591,393	36,393
Total other financing sources (uses)	2,783,040	2,773,040	3,033,043	260,003
Revenues and other sources over (under) expenditures and other uses	$ (607,955)	$ (1,314,305)	$ (1,478,584)	$ (164,279)

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
E - 911 FUND
FOR THE FISCAL YEAR ENDED MARCH 31, 2009

Functions/Programs	Budgeted Amount Original	Budgeted Amount Final	March 31, 2009 Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues				
Business license and permits	$ -	$ -	$ -	$ -
Federal and state grants	-	-	-	-
Fines and forfeitures	-	-	-	-
Franchise fees	-	-	-	-
Sales tax	-	-	-	-
Interest income	-	-	-	-
Intergovernmental	-	-	-	-
Other revenue	10,800	10,800	10,800	-
Other taxes and assessments	40,000	65,000	83,703	18,703
Rental revenue	-	-	-	-
Total revenues	50,800	75,800	94,503	18,703
Expenditures				
Salaries	39,275	39,275	39,181	(94)
Payroll taxes	2,950	2,950	2,997	47
Community development block grant	-	-	-	-
Computer	6,200	6,200	9,741	3,541
Education and travel	4,400	4,400	3,587	(813)
Election	-	-	-	-
Health and life insurance	6,500	6,500	4,495	(2,005)
Insurance	400	400	337	(63)
Merchandise	-	-	-	-
Miscellaneous	100	100	122	22
Professional and consulting service	2,500	2,500	-	(2,500)
Repairs and maintenance	-	-	-	-
Retirement	4,400	4,400	4,271	(129)
Supplies	1,500	1,500	966	(534)
Telephone	25,000	25,000	26,491	1,491
Workman's compensation	100	100	-	(100)
Capital outlay	-	-	-	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	93,325	93,325	92,188	(1,137)
Excess (deficiency) of revenues over expenditures	(42,525)	(17,525)	2,315	19,840
Other financing sources (uses)				
Due from (to) other funds	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-
Settlement	-	-	-	-
Proceeds from Financing	-	-	-	-
Payments in Lieu of Taxes (PILOTS)	-	-	-	-
Transfers	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	$ (42,525)	$ (17,525)	$ 2,315	$ 19,840

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TAX INCREMENT FINANCING - DISTRICT 1
FOR THE FISCAL YEAR ENDED MARCH 31, 2009

Functions/Programs	Budgeted Amount Original	Budgeted Amount Final	March 31, 2009 Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues				
Business license and permits	$ -	$ -	$ -	$ -
Federal and state grants	-	-	-	-
Fines and forfeitures	-	-	-	-
Franchise fees	-	-	-	-
Sales tax	589,250	589,250	567,263	(21,987)
Interest income	137,000	62,000	63,300	1,300
Intergovernmental	-	-	-	-
Other revenue	-	-	-	-
Other taxes and assessments	241,000	241,000	259,476	18,476
Rental revenue	-	-	-	-
Total revenues	967,250	892,250	890,039	(2,211)
Expenditures				
Salaries	-	-	-	-
Payroll taxes	-	-	-	-
Community development block grant	-	-	-	-
Computer	-	-	-	-
Education and travel	-	-	-	-
Election	-	-	-	-
Health and life insurance	-	-	-	-
Insurance	-	-	-	-
Merchandise	-	-	-	-
Miscellaneous	2,000	7,200	7,313	113
Professional and consulting service	5,000	5,000	5,654	654
Repairs and maintenance	-	-	-	-
Retirement	-	-	-	-
Supplies	-	-	-	-
Telephone	-	-	-	-
Workman's compensation	-	-	-	-
Capital outlay	8,035,000	7,836,000	7,913,911	77,911
Debt service - principal	355,000	355,000	361,985	6,985
Debt service - interest	505,000	505,000	299,187	(205,813)
Total expenditures	8,902,000	8,708,200	8,588,050	(120,150)
Excess (deficiency) of revenues over expenditures	(7,934,750)	(7,815,950)	(7,698,011)	117,939
Other financing sources (uses)				
Due from (to) other funds	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-
Settlement	-	-	-	-
Proceeds from Financing	-	550,000	549,155	(845)
Payments in Lieu of Taxes (PILOTS)	-	-	-	-
Transfers	(414,000)	(255,000)	(291,393)	(36,393)
Total other financing sources (uses)	(414,000)	295,000	257,762	(37,238)
Revenues and other sources over (under) expenditures and other uses	$ (8,348,750)	$ (7,520,950)	$ (7,440,249)	$ 80,701

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TAX INCREMENT FINANCING - DISTRICT 2
FOR THE FISCAL YEAR ENDED MARCH 31, 2009

Functions/Programs	Budgeted Amount Original	Budgeted Amount Final	March 31, 2009 Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues				
Business license and permits	$ -	$ -	$ -	$ -
Federal and state grants	-	-	-	-
Fines and forfeitures	-	-	-	-
Franchise fees	-	-	-	-
Sales tax	284,200	284,200	278,608	(5,592)
Interest income	35,000	10,000	9,461	(539)
Intergovernmental	-	-	-	-
Other revenue	-	-	-	-
Other taxes and assessments	87,200	87,200	96,686	9,486
Rental revenue	-	-	-	-
Total revenues	406,400	381,400	384,755	3,355
Expenditures				
Salaries	-	-	-	-
Payroll taxes	-	-	-	-
Community development block grant	-	-	-	-
Computer	-	-	-	-
Education and travel	-	-	-	-
Election	-	-	-	-
Health and life insurance	-	-	-	-
Insurance	-	-	-	-
Merchandise	-	-	-	-
Miscellaneous	-	-	-	-
Professional and consulting service	5,000	5,000	6,461	1,461
Repairs and maintenance	-	-	-	-
Retirement	-	-	-	-
Supplies	-	-	-	-
Telephone	-	-	-	-
Workman's compensation	-	-	-	-
Capital outlay	-	-	-	-
Debt service - principal	-	500,000	500,000	-
Debt service - interest	215,000	215,000	214,587	(413)
Total expenditures	220,000	720,000	721,048	1,048
Excess (deficiency) of revenues over expenditures	186,400	(338,600)	(336,293)	2,307
Other financing sources (uses)				
Due from (to) other funds	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-
Settlement	-	-	-	-
Proceeds from Financing	-	-	-	-
Payments in Lieu of Taxes (PILOTS)	-	-	-	-
Transfers	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	$ 186,400	$ (338,600)	$ (336,293)	$ 2,307

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
SCHEDULE OF FUNDING PROCESS
RETIREMENT SYSTEM
MARCH 31, 2009

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
2/28/2006	8,100,173	8,265,211	165,038	98%	4,127,969	4%
2/28/2007	9,287,107	9,113,567	(173,540)	102	4,314,237	
2/28/2008	10,370,464	9,987,480	(382,984)	104	4,700,760	

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

See accompanying notes to the financial statements.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MONETT, MISSOURI
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
YEAR ENDED MARCH 31, 2009

	Total Policy Development and Administration			Public Safety					
				BOCA Building Enforcement			Municipal Court		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Revenues									
Business license and permits	$ 13,718	$ 12,374	$ 11,100	$ 31,313	$ 10,460	$ 10,000	$ -	$ -	$ -
Federal and state grants	96,139	-	-	-	-	-	-	-	-
Fines and forfeitures	213,434	188,993	165,200	-	-	-	-	-	-
Franchise fees	295,305	423,246	397,500	-	-	-	-	-	-
Sales tax	2,018,812	2,179,966	2,275,500	-	-	-	-	-	-
Interest income	38,789	31,717	35,000	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	399,097	83,297	277,500	375	205	500	-	-	-
Other taxes and assessments	36,820	37,320	33,000	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-	-
Total revenues	3,112,114	2,956,913	3,194,800	31,688	10,665	10,500	-	-	-
Expenditures									
Salaries	98,976	149,814	150,300	82,166	99,755	100,170	51,259	55,376	52,665
Payroll taxes	7,689	10,957	11,250	11,045	6,911	7,500	3,942	4,216	3,700
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	10,246	9,989	8,000	108	16	1,500	2,119	1,070	1,200
Education and travel	9,467	3,506	2,000	239	247	1,000	1,335	589	1,600
Election	6,744	2,889	4,000	-	-	-	-	-	-
Health and life insurance	21,825	27,089	29,300	7,819	9,433	10,700	3,605	4,276	4,600
Insurance	28,657	23,375	19,100	1,651	1,838	2,000	317	297	100
Merchandise	-	-	-	-	-	-	-	-	-
Miscellaneous	341,700	140,801	138,700	10,580	374	1,500	478	660	500
Professional and consulting service	124,038	114,301	100,000	22,353	43,350	45,000	756	744	1,500
Repairs and maintenance	5,537	13,919	13,500	4,598	5,865	6,000	-	27	2,500
Retirement	10,830	51,150	16,750	6,517	9,268	9,500	4,193	4,336	4,500
Supplies	19,287	27,479	24,800	3,289	2,914	5,000	2,384	5,760	5,000
Telephone	2,218	5,359	2,000	2,392	1,811	2,500	1,390	915	1,400
Utilities	-	-	-	-	-	-	-	-	-
Workman's compensation	8,945	7,337	7,450	3,222	184	450	137	349	100
Capital outlay	-	2,367	-	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-
Total expenditures	696,159	590,332	527,150	155,979	181,966	192,820	71,915	78,615	79,365
Excess (deficiency) of revenues over expenditures	2,415,955	2,366,581	2,667,650	(124,291)	(171,301)	(182,320)	(71,915)	(78,615)	(79,365)
Other financing sources (uses)									
Due from (to) other funds	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	-	51,685	-	-	-	-	-	-	-
Settlement	-	196,374	-	-	-	-	-	-	-
Proceeds from financing	-	-	-	-	-	-	-	-	-
Payments in lieu of taxes (PILOTS)	2,110,984	2,107,567	2,133,040	-	-	-	-	-	-
Transfers	533,551	300,000	300,000	-	-	-	-	-	-
Total other financing sources (uses)	2,644,535	2,655,626	2,433,040	-	-	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	$ 5,060,490	$ 5,022,207	$ 5,100,690	$ (124,291)	$ (171,301)	$ (182,320)	$ (71,915)	$ (78,615)	$ (79,365)

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
YEAR ENDED MARCH 31, 2009

	Public Safety								
	E-911			Emergency Management			Communications		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Revenues									
Business license and permits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Federal and state grants	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	13,826	10,800	10,800	-	-	-	-	-	-
Other taxes and assessments	89,310	83,703	65,000	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-	-
Total revenues	103,136	94,503	75,800	-	-	-	-	-	-
Expenditures									
Salaries	37,044	39,181	39,275	1,393	1,248	1,500	222,216	241,509	231,050
Payroll taxes	2,930	2,997	2,950	108	95	125	16,834	17,958	17,300
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	-	9,741	6,200	-	-	-	5,433	8,526	7,200
Education and travel	4,310	3,587	4,400	875	328	900	1,583	471	1,000
Election	-	-	-	-	-	-	-	-	-
Health and life insurance	7,223	4,495	6,500	-	126	-	31,199	31,607	38,500
Insurance	303	337	400	23	25	100	1,286	1,432	1,600
Merchandise	-	-	-	-	-	-	-	-	-
Miscellaneous	111	122	100	127	-	100	192	192	300
Professional and consulting service	375	-	2,500	-	-	-	163	-	500
Repairs and maintenance	-	-	-	2,650	542	2,200	5,435	6,556	8,500
Retirement	4,440	4,271	4,400	-	136	-	23,963	25,983	25,000
Supplies	689	966	1,500	476	30	400	398	226	1,500
Telephone	24,977	26,491	25,000	-	-	-	-	-	200
Utilities	-	-	-	-	-	-	-	-	-
Workman's compensation	104	-	100	4	-	25	601	455	455
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-
Total expenditures	82,506	92,188	93,325	5,656	2,530	5,350	309,303	334,915	333,105
Excess (deficiency) of revenues over expenditures	20,630	2,315	(17,525)	(5,656)	(2,530)	(5,350)	(309,303)	(334,915)	(333,105)
Other financing sources (uses)									
Due from (to) other funds	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	-
Settlement	-	-	-	-	-	-	-	-	-
Proceeds from financing	-	-	-	-	-	-	-	-	-
Payments in lieu of taxes (PILOTS)	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	$ 20,630	$ 2,315	$ (17,525)	$ (5,656)	$ (2,530)	$ (5,350)	$ (309,303)	$ (334,915)	$ (333,105)

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
YEAR ENDED MARCH 31, 2009

	Public Safety						Total Public Safety		
	Fire Department			Police Department					
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Revenues									
Business license and permits	$ -	$ -	$ -	$ -	$ -	$ -	$ 31,313	$ 10,460	$ 10,000
Federal and state grants	-	3,924	3,135	8,896	3,265	-	8,896	7,189	3,135
Fines and forfeitures	-	-	-	7,898	5,667	5,000	7,898	5,667	5,000
Franchise fees	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	407,164	428,701	461,750	407,164	428,701	461,750
Interest income	-	-	-	100,000	-	-	100,000	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	6,555	8,678	-	22,806	15,849	9,600	43,562	35,532	20,900
Other taxes and assessments	-	-	-	-	-	-	89,310	83,703	65,000
Rental revenue	-	-	-	-	-	-	-	-	-
Total revenues	6,555	12,602	3,135	546,764	453,482	476,350	688,143	571,252	565,785
Expenditures									
Salaries	691,486	702,310	717,900	806,679	849,794	842,550	1,892,243	1,989,173	1,985,110
Payroll taxes	49,907	50,240	50,000	60,232	62,768	62,000	144,998	145,185	143,575
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	920	407	600	18,863	31,259	30,500	27,443	51,019	47,200
Education and travel	4,887	7,121	7,000	12,144	18,787	15,000	25,373	31,130	30,900
Election	-	-	-	-	-	-	-	-	-
Health and life insurance	61,657	70,384	82,500	80,018	91,337	110,000	191,521	211,658	252,800
Insurance	11,010	12,259	13,600	14,304	15,927	17,700	28,894	32,115	35,500
Merchandise	-	-	-	-	-	-	-	-	-
Miscellaneous	726	574	1,000	917	1,073	-	13,131	2,995	3,500
Professional and consulting service	-	-	-	17,273	21,332	20,000	40,920	65,426	69,500
Repairs and maintenance	71,686	64,506	74,220	120,374	150,452	164,650	204,743	227,948	258,070
Retirement	83,271	88,284	83,000	88,390	87,618	93,000	210,774	219,896	219,400
Supplies	16,172	11,956	12,000	25,122	52,939	48,000	48,530	74,791	73,400
Telephone	4,244	4,266	3,000	9,318	18,899	13,000	42,321	52,382	45,100
Utilities	1,750	-	-	-	-	-	1,750	-	-
Workman's compensation	32,604	24,937	35,700	23,909	19,830	27,500	60,581	45,755	64,330
Capital outlay	7,670	-	82,250	3,012,492	1,150,210	1,229,000	3,020,162	1,150,210	1,311,250
Debt service - principal	126,190	-	-	140,000	515,785	486,100	266,190	515,785	486,100
Debt service - interest	7,142	-	-	114,858	144,516	144,250	122,000	144,516	144,250
Total expenditures	1,171,322	1,037,244	1,162,770	4,544,893	3,232,526	3,303,250	6,341,574	4,959,984	5,169,985
Excess (deficiency) of revenues over expenditures	(1,164,767)	(1,024,642)	(1,159,635)	(3,998,129)	(2,779,044)	(2,826,900)	(5,653,431)	(4,388,732)	(4,604,200)
Other financing sources (uses)									
Due from (to) other funds	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	-
Settlement	-	-	-	-	-	-	-	-	-
Proceeds from financing	-	-	-	759,000	86,024	85,000	759,000	86,024	85,000
Payments in lieu of taxes (PILOTS)	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	759,000	86,024	85,000	759,000	86,024	85,000
Revenues and other sources over (under) expenditures and other uses	$ (1,164,767)	$ (1,024,642)	$ (1,159,635)	$ (3,239,129)	$ (2,693,020)	$ (2,741,900)	$ (4,894,431)	$ (4,302,708)	$ (4,519,200)

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
YEAR ENDED MARCH 31, 2009

	Public Works								
	Cemetery			Tax Increment Finance - District 1			Tax Increment Finance - District 2		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Revenues									
Business license and permits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Federal and state grants	-	-	-	614,092	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	614,991	567,263	589,250	337,741	278,608	284,200
Interest income	-	-	-	76,717	63,300	62,000	46,766	9,461	10,000
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	17,041	14,860	14,300	-	-	-	-	-	-
Other taxes and assessments	-	-	-	264,785	259,476	241,000	87,481	96,686	87,200
Rental revenue	-	-	-	-	-	-	-	-	-
Total revenues	17,041	14,860	14,300	1,570,585	890,039	892,250	471,988	384,755	381,400
Expenditures									
Salaries	97,253	102,690	103,785	-	-	-	-	-	-
Payroll taxes	6,603	7,147	7,800	-	-	-	-	-	-
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	-	-	-	-	-	-	-	-	-
Education and travel	-	78	-	-	-	-	-	-	-
Election	-	-	-	-	-	-	-	-	-
Health and life insurance	16,152	14,964	20,000	-	-	-	-	-	-
Insurance	1,260	1,403	1,600	-	-	-	-	-	-
Merchandise	-	-	-	-	-	-	-	-	-
Miscellaneous	167	131	-	420	7,313	7,200	-	-	-
Professional and consulting service	175	-	500	178,339	5,654	5,000	94,943	6,461	5,000
Repairs and maintenance	25,712	34,411	36,000	-	-	-	-	-	-
Retirement	10,050	9,999	9,700	-	-	-	-	-	-
Supplies	754	709	1,000	-	-	-	-	-	-
Telephone	1,550	1,275	2,000	-	-	-	-	-	-
Utilities	591	-	-	-	-	-	-	-	-
Workman's compensation	4,491	3,121	5,625	-	-	-	-	-	-
Capital outlay	14,495	-	-	1,522,493	7,913,911	7,836,000	1,584,449	-	-
Debt service - principal	-	-	-	940,000	361,985	355,000	-	500,000	500,000
Debt service - interest	-	-	-	88,247	299,187	505,000	271,889	214,587	215,000
Total expenditures	179,253	175,928	188,010	2,729,499	8,588,050	8,708,200	1,951,281	721,048	720,000
Excess (deficiency) of revenues over expenditures	(162,212)	(161,068)	(173,710)	(1,158,914)	(7,698,011)	(7,815,950)	(1,479,293)	(336,293)	(338,600)
Other financing sources (uses)									
Due from (to) other funds	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	-
Settlement	-	-	-	-	-	-	-	-	-
Proceeds from financing	-	-	-	9,100,000	549,155	550,000	-	-	-
Payments in lieu of taxes (PILOTS)	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	58,754	(291,393)	(255,000)	(442,305)	-	-
Total other financing sources (uses)	-	-	-	9,158,754	257,762	295,000	(442,305)	-	-
Revenues and other sources over (under) expenditures and other uses	$ (162,212)	$ (161,068)	$ (173,710)	$ 7,999,840	$ (7,440,249)	$ (7,520,950)	$ (1,921,598)	$ (336,293)	$ (338,600)

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
YEAR ENDED MARCH 31, 2009

	Public Works								
	Community Development Block Grant Project			Street Department			Total Public Works		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Revenues									
Business license and permits	$ -	$ -	$ -	$ 130	$ -	$ -	$ 130	$ -	$ -
Federal and state grants	-	-	-	762,952	933,854	1,293,200	1,377,044	933,854	1,293,200
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	300,892	-	-	1,253,624	845,871	873,450
Interest income	-	-	-	-	-	-	123,483	72,761	72,000
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	11,785	178,588	189,275	28,826	193,448	203,575
Other taxes and assessments	-	-	-	-	284,145	315,000	352,266	640,307	643,200
Rental revenue	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	1,075,759	1,396,587	1,797,475	3,135,373	2,686,241	3,085,425
Expenditures									
Salaries	-	-	-	425,626	400,038	404,410	522,879	502,728	508,195
Payroll taxes	-	-	-	32,118	29,318	30,300	38,721	36,465	38,100
Community development block grant	13	-	-	-	-	-	13	-	-
Computer	-	-	-	2,536	312	2,000	2,536	312	2,000
Education and travel	-	-	-	1,366	2,248	4,000	1,366	2,326	4,000
Election	-	-	-	-	-	-	-	-	-
Health and life insurance	-	-	-	51,151	54,225	62,000	67,303	69,189	82,000
Insurance	-	-	-	15,139	16,856	18,700	16,399	18,259	20,300
Merchandise	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	1,287	1,449	1,000	1,874	8,893	8,200
Professional and consulting service	-	-	-	4,951	2,154	20,000	278,408	14,269	30,500
Repairs and maintenance	-	-	-	398,594	307,009	351,550	424,306	341,420	387,550
Retirement	-	-	-	45,240	43,610	43,000	55,290	53,609	52,700
Supplies	-	-	-	13,290	117,061	110,000	14,044	117,770	111,000
Telephone	-	-	-	3,515	3,262	4,000	5,065	4,537	6,000
Utilities	-	-	-	3,205	-	-	3,796	-	-
Workman's compensation	-	-	-	20,889	15,232	21,500	25,380	18,353	27,125
Capital outlay	-	-	-	567,372	1,895,178	1,822,150	3,688,809	9,809,089	9,658,150
Debt service - principal	-	-	-	12,780	13,317	12,975	952,780	875,302	867,975
Debt service - interest	-	-	-	5,603	5,066	6,150	365,739	518,840	726,150
Total expenditures	13	-	-	1,604,662	2,906,335	2,913,735	6,464,708	12,391,361	12,529,945
Excess (deficiency) of revenues over expenditures	(13)	-	-	(528,903)	(1,509,748)	(1,116,260)	(3,329,335)	(9,705,120)	(9,444,520)
Other financing sources (uses)									
Due from (to) other funds	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	-
Settlement	-	-	-	-	-	-	-	-	-
Proceeds from financing	-	-	-	-	-	-	9,100,000	549,155	550,000
Payments in lieu of taxes (PILOTS)	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	291,393	255,000	(383,551)	-	-
Total other financing sources (uses)	-	-	-	-	291,393	255,000	8,716,449	549,155	550,000
Revenues and other sources over (under) expenditures and other uses	$ (13)	$ -	$ -	$ (528,903)	$ (1,218,355)	$ (861,260)	$ 5,387,114	$ (9,155,965)	$ (8,894,520)

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
YEAR ENDED MARCH 31, 2009

	Parks and Recreation								
	Casino			Recreation			Golf Course		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Revenues									
Business license and permits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Federal and state grants	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	314	2,226	500	232,910	245,458	259,500
Other taxes and assessments	-	-	-	-	-	-	-	-	-
Rental revenue	27,381	24,299	24,500	12,000	12,500	12,000	53,128	59,812	57,200
Total revenues	27,381	24,299	24,500	12,314	14,726	12,500	286,038	305,270	316,700
Expenditures									
Salaries	13,524	16,050	13,250	-	-	-	176,144	178,584	181,350
Payroll taxes	1,035	1,228	950	-	-	-	13,289	13,285	16,500
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	-	-	-	-	-	-	181	1,023	500
Education and travel	-	-	-	-	-	-	1,141	927	1,000
Election	-	-	-	-	-	-	-	-	-
Health and life insurance	-	-	-	-	-	-	16,091	18,492	22,000
Insurance	177	197	225	435	484	600	2,498	2,781	3,100
Merchandise	-	-	-	-	-	-	17,508	21,528	22,000
Miscellaneous	24	24	-	-	-	-	3,546	10,162	5,800
Professional and consulting service	-	-	-	-	-	-	2,453	2,676	2,000
Repairs and maintenance	3,608	7,387	4,700	1,651	11,080	58,100	61,600	62,274	74,200
Retirement	-	-	-	-	-	-	11,250	12,214	12,500
Supplies	8,742	7,832	6,200	537	73	-	125,234	91,983	123,500
Telephone	936	637	1,000	-	-	-	2,334	2,814	1,500
Utilities	569	-	-	4,588	-	-	884	-	-
Workman's compensation	433	35	325	-	-	-	2,948	926	1,975
Capital outlay	-	-	-	-	53,420	-	122,319	49,015	21,500
Debt service - principal	-	-	-	-	-	-	123,405	133,746	120,000
Debt service - interest	-	-	-	-	-	-	21,361	17,307	28,350
Total expenditures	29,048	33,390	26,650	7,211	65,057	58,700	704,186	619,737	637,775
Excess (deficiency) of revenues over expenditures	(1,667)	(9,091)	(2,150)	5,103	(50,331)	(46,200)	(418,148)	(314,467)	(321,075)
Other financing sources (uses)									
Due from (to) other funds	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	-
Settlement	-	-	-	-	-	-	-	-	-
Proceeds from financing	-	-	-	-	-	-	98,977	-	-
Payments in lieu of taxes (PILOTS)	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	98,977	-	-
Revenues and other sources over (under) expenditures and other uses	$ (1,667)	$ (9,091)	$ (2,150)	$ 5,103	$ (50,331)	$ (46,200)	$ (319,171)	$ (314,467)	$ (321,075)

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
YEAR ENDED MARCH 31, 2009

	Parks and Recreation								
	North Park			South Park			Pool		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Revenues									
Business license and permits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Federal and state grants	-	-	-	-	17,667	17,700	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	2,320	879	-	32,034	15,961	12,300	4,853	4,722	5,000
Other taxes and assessments	-	-	-	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-	-
Total revenues	2,320	879	-	32,034	33,628	30,000	4,853	4,722	5,000
Expenditures									
Salaries	45,779	47,278	46,525	94,170	84,133	99,675	1,863	-	-
Payroll taxes	3,451	3,384	3,500	6,971	6,217	6,200	139	-	-
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	-	-	-	-	-	-	-	-	-
Education and travel	214	400	500	238	75	500	-	-	-
Election	-	-	-	-	-	-	-	-	-
Health and life insurance	5,405	8,891	6,000	17,857	13,320	15,700	60	-	-
Insurance	917	1,021	1,150	2,112	2,351	2,600	580	646	750
Merchandise	-	-	-	-	-	-	-	-	-
Miscellaneous	48	48	500	96	269	-	-	-	-
Professional and consulting service	-	-	-	-	-	-	35,000	35,000	35,000
Repairs and maintenance	41,504	32,740	32,550	55,070	50,321	64,550	2,005	6,077	4,000
Retirement	4,201	5,153	5,000	9,313	7,361	9,000	209	-	-
Supplies	2,192	1,633	2,000	3,544	2,355	5,000	4,891	4,845	5,000
Telephone	654	817	700	1,419	1,166	1,500	-	-	-
Utilities	-	-	-	-	-	-	-	-	-
Workman's compensation	1,502	2,180	1,150	3,332	2,329	2,350	40	-	-
Capital outlay	-	14,692	17,000	18,939	25,488	25,500	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-
Total expenditures	105,867	118,237	116,575	213,061	195,385	232,575	44,787	46,568	44,750
Excess (deficiency) of revenues over expenditures	(103,547)	(117,358)	(116,575)	(181,027)	(161,757)	(202,575)	(39,934)	(41,846)	(39,750)
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	$ (103,547)	$ (117,358)	$ (116,575)	$ (181,027)	$ (161,757)	$ (202,575)	$ (39,934)	$ (41,846)	$ (39,750)

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
YEAR ENDED MARCH 31, 2009

	Parks and Recreation			Total Municipal Airport		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Revenues						
Business license and permits	$ -	$ -	$ -	$ -	$ -	$ -
Federal and state grants	-	17,667	17,700	10,500	344,747	365,500
Fines and forfeitures	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Other revenue	272,431	269,246	277,300	209,730	170,580	164,000
Other taxes and assessments	-	-	-	-	-	-
Rental revenue	92,509	96,611	93,700	47,530	54,708	48,500
Total revenues	364,940	383,524	388,700	267,760	570,035	578,100
Expenditures						
Salaries	331,480	326,045	340,800	93,105	93,608	101,175
Payroll taxes	24,885	24,114	27,150	6,880	6,936	7,700
Community development block grant	-	-	-	-	-	-
Computer	181	1,023	500	-	-	-
Education and travel	1,593	1,402	2,000	816	1,141	1,000
Election	-	-	-	-	-	-
Health and life insurance	39,413	40,703	43,700	15,725	13,333	22,500
Insurance	6,719	7,480	8,425	13,627	13,469	12,500
Merchandise	17,508	21,528	22,000	85,008	35,585	50,000
Miscellaneous	3,714	10,503	6,300	1,475	2,098	1,600
Professional and consulting service	37,453	37,676	37,000	10,243	51,193	110,000
Repairs and maintenance	165,438	169,879	238,100	21,325	52,473	50,600
Retirement	24,973	24,728	26,500	7,377	8,839	10,000
Supplies	145,140	108,721	141,700	8,545	7,739	8,500
Telephone	5,343	5,434	4,700	2,747	3,068	2,900
Utilities	6,041	-	-	17,894	-	-
Workman's compensation	8,255	5,470	5,800	2,164	1,764	2,775
Capital outlay	141,258	142,615	64,000	12,648	355,277	301,925
Debt service - principal	123,405	133,746	120,000	40,000	40,000	40,000
Debt service - interest	21,361	17,307	28,350	6,327	5,007	4,950
Total expenditures	1,104,160	1,078,374	1,117,025	345,906	691,530	728,125
Excess (deficiency) of revenues over expenditures	(739,220)	(694,850)	(728,325)	(78,146)	(121,495)	(150,025)
Other financing sources (uses)						
Due from (to) other funds	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-
Settlement	-	-	-	-	-	-
Proceeds from financing	98,977	-	-	-	-	-
Payments in lieu of taxes (PILOTS)	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Total other financing sources (uses)	98,977	-	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	$ (640,243)	$ (694,850)	$ (728,325)	$ (78,146)	$ (121,495)	$ (150,025)

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
YEAR ENDED MARCH 31, 2009

	Total General Fund		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Revenues			
Business license and permits	$ 45,161	$ 22,834	$ 21,100
Federal and state grants	1,492,579	1,303,457	1,679,635
Fines and forfeitures	221,332	194,660	170,200
Franchise fees	295,305	423,246	397,500
Sales tax	3,679,600	3,454,538	3,610,700
Interest income	262,272	104,478	107,000
Intergovernmental	-	-	-
Other revenue	953,646	752,103	943,275
Other taxes and assessments	478,396	761,330	741,200
Rental revenue	140,039	151,319	142,200
Total revenues	7,568,330	7,167,965	7,812,810
Expenditures			
Salaries	2,938,683	3,061,368	3,085,580
Payroll taxes	223,173	223,657	227,775
Community development block grant	13	-	-
Computer	40,406	62,343	57,700
Education and travel	38,615	39,505	39,900
Election	6,744	2,889	4,000
Health and life insurance	335,787	361,972	430,300
Insurance	94,296	94,698	95,825
Merchandise	102,516	57,113	72,000
Miscellaneous	361,894	165,290	158,300
Professional and consulting service	491,062	282,865	347,000
Repairs and maintenance	821,349	805,639	947,820
Retirement	309,244	358,222	325,350
Supplies	235,546	336,500	359,400
Telephone	57,694	70,780	60,700
Utilities	29,481	-	-
Workman's compensation	105,325	78,679	107,480
Capital outlay	6,862,877	11,459,558	11,335,325
Debt service - principal	1,382,375	1,564,833	1,514,075
Debt service - interest	515,427	685,670	903,700
Total expenditures	14,952,507	19,711,581	20,072,230
Excess (deficiency) of revenues over expenditures	(7,384,177)	(12,543,616)	(12,259,420)
Other financing sources (uses)			
Due from (to) other funds	-	-	-
Gain (Loss) on Sale of Assets	-	51,685	-
Settlement	-	196,374	-
Proceeds from Financing	9,957,977	635,179	635,000
Payments in Lieu of Taxes (PILOTS)	2,110,984	2,107,567	2,133,040
Transfers	150,000	300,000	300,000
Total other financing sources (uses)	12,218,961	3,290,805	3,068,040
Revenues and other sources over (under) expenditures and other uses	$ 4,834,784	$ (9,252,811)	$ (9,191,380)

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS (ORIGINAL BUDGET AND ACTUAL) - PROPRIETARY FUND TYPES
YEAR ENDED MARCH 31, 2009

	Waterworks			Electric			Wastewater-Sewer		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Operating revenues									
Revenues	$ 1,714,004	$ 1,719,805	$ 1,780,000	$ 17,134,539	$ 17,071,100	$ 17,601,500	$ 1,807,385	$ 1,809,493	$ 1,901,000
Federal and state grants	-	101,341	100,000	552,585	1,147	-	-	-	-
Tap - in charges	17,172	-	-	-	-	-	510	210	600
Penalties	-	-	2,000	78,678	149,677	123,000	-	-	2,000
Miscellaneous charges	17,073	108,565	109,500	36,390	74,841	81,000	3,433	1,022	5,300
Rental	4,320	4,320	3,500	-	-	-	-	-	1,000
Total operating revenues	1,752,569	1,934,031	1,995,000	17,802,192	17,296,765	17,805,500	1,811,328	1,810,725	1,909,900
Operating expenses									
Salaries	437,490	439,429	501,700	726,484	761,147	751,200	415,393	446,689	498,900
Payroll taxes	33,124	32,436	37,100	52,727	55,081	56,400	31,550	32,650	36,000
Depreciation	257,427	257,246	-	156,394	166,914	-	1,012,908	1,019,051	-
Computer	6,555	7,082	10,000	6,238	10,413	10,000	4,613	7,398	10,000
Education	3,612	3,736	15,000	4,237	10,869	10,000	6,346	1,105	10,000
Electric purchases	-	-	-	13,312,839	13,114,942	13,460,000	-	-	-
Health and life insurance	42,589	52,205	65,500	53,976	74,009	80,000	38,908	44,632	62,000
Insurance	15,884	17,686	19,600	64,612	71,943	80,000	19,458	21,666	24,000
Landfill and recycling	-	-	-	-	-	-	-	-	-
Miscellaneous	1,216	740	2,500	887	1,789	2,500	754	618	1,500
Professional and consulting service	30,511	252,869	260,000	17,942	23,253	70,000	73,204	139,520	130,000
Repairs and maintenance	220,499	504,971	556,450	193,289	139,814	211,450	236,322	507,712	501,450
Retirement	48,698	41,355	53,000	80,211	82,593	83,600	48,011	47,575	51,000
Supplies	177,630	141,602	240,000	419,325	199,813	365,000	104,683	58,654	90,000
Telephone	3,419	3,949	4,000	5,948	7,653	5,200	2,735	3,756	3,500
Utilities	258,043	-	-	437	-	-	259,886	-	-
Workman's compensation	11,838	11,884	13,150	21,442	18,838	25,800	8,734	7,244	10,225
Total operating expenses	1,548,535	1,767,190	1,778,000	15,116,988	14,739,071	15,210,550	2,263,505	2,338,270	1,428,575
Non-operating revenues (expenses)									
Investment income	14,200	349	-	38,789	1,280	1,500	346,887	421,288	125,000
Gain (loss) on asset disposal	-	-	-	-	-	-	-	-	-
Special assessment income	-	-	-	-	-	-	-	-	30,950
Interest expense and fees	(19,924)	(17,677)	(17,800)	-	-	-	(416,714)	(474,762)	(407,300)
Net non-operating revenues (expenses)	(5,724)	(17,328)	(17,800)	38,789	1,280	1,500	(69,827)	(53,474)	(251,350)
Net income before transfers	198,310	149,513	199,200	2,723,993	2,558,974	2,596,450	(522,004)	(581,019)	229,975
Transfers									
Transfers - payments in lieu of taxes (PILOT)	(177,207)	(194,159)	(182,700)	(1,691,902)	(1,668,212)	(1,718,650)	(222,644)	(226,799)	(198,890)
Transfers	-	-	-	(150,000)	(300,000)	(300,000)	-	-	-
Total transfers	(177,207)	(194,159)	(182,700)	(1,841,902)	(1,968,212)	(2,018,650)	(222,644)	(226,799)	(198,890)
Net income (loss)	$ 21,103	$ (44,646)	$ 16,500	$ 882,091	$ 590,762	$ 577,800	$ (744,648)	$ (807,818)	$ 31,085

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS (ORIGINAL BUDGET AND ACTUAL) - PROPRIETARY FUND TYPES
YEAR ENDED MARCH 31, 2009

	Fiber			Sanitation			Total Proprietary Funds		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Operating revenues									
Revenues	$ 161,724	$ 165,322	$ 175,000	$ 556,484	$ 562,293	$ 553,000	$ 21,374,136	$ 21,328,013	$ 22,010,500
Federal and state grants	-	-	-	10,721	-	-	563,306	102,488	100,000
Tap - in charges	-	-	-	-	-	-	17,682	210	600
Penalties	-	-	-	-	-	-	78,678	149,677	127,000
Miscellaneous charges	30,590	18,648	-	3,329	3,538	1,000	90,815	206,614	196,800
Rental	-	-	-	-	-	-	4,320	4,320	4,500
Total operating revenues	192,314	183,970	175,000	570,534	565,831	554,000	22,128,937	21,791,322	22,439,400
Operating expenses									
Salaries	-	-	-	124,062	123,122	135,100	1,703,429	1,770,387	1,886,900
Payroll taxes	-	-	-	8,770	2,569	10,200	126,171	122,736	139,700
Depreciation	29,536	31,566	-	75,727	82,925	-	1,531,992	1,557,702	-
Computer	2,009	-	1,000	-	-	-	19,415	24,893	31,000
Education	30,590	14	-	-	-	500	44,785	15,724	35,500
Electric purchases	-	-	-	-	-	-	13,312,839	13,114,942	13,460,000
Health and life insurance	-	-	-	23,978	20,132	33,000	159,451	190,978	240,500
Insurance	-	-	-	4,297	4,785	5,500	104,251	116,080	129,100
Landfill and recycling	-	-	-	171,696	152,957	167,000	171,696	152,957	167,000
Miscellaneous	-	18,648	-	517	5,253	1,000	3,374	27,048	7,500
Professional and consulting service	10,373	16,924	12,000	-	108	-	132,030	432,674	472,000
Repairs and maintenance	7,004	4,670	10,000	82,966	70,890	64,900	740,080	1,228,057	1,344,250
Retirement	-	-	-	14,717	11,941	15,500	191,637	183,464	202,500
Supplies	20,016	21,943	25,000	6,596	7,831	8,000	728,250	429,843	728,000
Telephone	176	930	500	-	314	-	12,278	16,602	13,200
Utilities	-	-	-	215	-	-	518,581	-	-
Workman's compensation	-	-	-	12,543	15,932	9,350	54,557	53,898	58,525
Total operating expenses	99,704	94,695	48,500	526,084	498,759	450,050	19,554,816	19,437,985	18,915,675
Non-operating revenues (expenses)									
Investment income	-	-	-	-	-	-	399,876	422,917	126,500
Gain (loss) on asset disposal	-	-	-	5,000	-	-	5,000	-	-
Special assessment income	-	-	-	-	-	-	-	-	30,950
Interest expense and fees	-	-	-	-	(5,109)	(5,100)	(436,638)	(497,548)	(430,200)
Net non-operating revenues (expenses)	-	-	-	5,000	(5,109)	(5,100)	(31,762)	(74,631)	(272,750)
Net income before transfers	92,610	89,275	126,500	49,450	61,963	98,850	2,542,359	2,278,706	3,250,975
Transfers									
Transfers - payments in lieu of taxes (PILOT)	(19,231)	(18,397)	(17,500)	-	-	-	(2,110,984)	(2,107,567)	(2,117,740)
Transfers	-	-	-	-	-	-	(150,000)	(300,000)	(300,000)
Total transfers	(19,231)	(18,397)	(17,500)	-	-	-	(2,260,984)	(2,407,567)	(2,417,740)
Net income (loss)	$ 73,379	$ 70,878	$ 109,000	$ 49,450	$ 61,963	$ 98,850	$ 281,375	$ (128,861)	$ 833,235

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS (ORIGINAL BUDGET AND ACTUAL) - INTERNAL SERVICE FUND TYPES
YEAR ENDED MARCH 31, 2009

	Hazardous Material			Safety Program			Mechanic		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Operating revenues									
Revenues	$ 7,723	$ 3,359	$ 7,850	$ 20,325	$ 19,138	$ 21,200	$ 138,386	$ 145,806	$ 156,250
Federal and state grants	-	-	-	-	-	-	-	-	-
Tap - in charges	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-
Miscellaneous charges	-	-	-	-	-	-	20	-	-
Rental	-	-	-	-	-	-	-	-	-
Total operating revenues	7,723	3,359	7,850	20,325	19,138	21,200	138,406	145,806	156,250
Operating expenses									
Salaries	3,638	2,058	2,000	10,115	10,111	10,700	68,637	70,072	71,900
Payroll taxes	278	157	600	773	773	800	4,589	4,655	5,400
Depreciation	-	-	-	-	-	-	-	-	-
Computer	-	-	-	928	759	1,600	-	-	-
Education	-	-	-	2,998	3,931	2,000	-	205	-
Electric purchases	-	-	-	-	-	-	-	-	-
Health and life insurance	102	107	200	102	107	200	9,720	10,170	12,000
Insurance	62	69	100	-	-	-	825	918	1,000
Landfill and recycling	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	100	48	48	100
Professional and consulting service	-	325	-	-	-	200	-	-	-
Repairs and maintenance	-	-	500	648	888	500	2,597	5,494	7,000
Retirement	441	224	900	1,244	1,280	1,300	8,168	7,638	8,200
Supplies	2,155	-	3,400	2,143	154	2,500	38,082	42,846	48,000
Telephone	902	326	-	1,282	1,013	1,200	1,109	836	1,200
Utilities	-	-	-	-	-	-	2,393	-	-
Workman's compensation	145	93	150	92	122	100	2,238	2,924	1,450
Total operating expenses	7,723	3,359	7,850	20,325	19,138	21,200	138,406	145,806	156,250
Non-operating revenues (expenses)									
Investment income	-	-	-	-	-	-	-	-	-
Gain (loss) on asset disposal	-	-	-	-	-	-	-	-	-
Interest expense and fees	-	-	-	-	-	-	-	-	-
Net non-operating revenues (expenses)	-	-	-	-	-	-	-	-	-
Net income before transfers	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Net income (loss)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS (ORIGINAL BUDGET AND ACTUAL) - INTERNAL SERVICE FUND TYPES
YEAR ENDED MARCH 31, 2009

	Total Internal Service Funds		
	Prior Year 3/31/2008	Current Year 3/31/2009	Budget 3/31/2009
Operating revenues			
Revenues	$ 166,434	$ 168,303	$ 185,300
Federal and state grants	-	-	-
Tap - in charges	-	-	-
Penalties	-	-	-
Miscellaneous charges	20	-	-
Rental	-	-	-
Total operating revenues	166,454	168,303	185,300
Operating expenses			
Salaries	82,390	82,241	84,600
Payroll taxes	5,640	5,585	6,800
Depreciation	-	-	-
Computer	928	759	1,600
Education	2,998	4,136	2,000
Electric purchases	-	-	-
Health and life insurance	9,924	10,384	12,400
Insurance	887	987	1,100
Landfill and recycling	-	-	-
Miscellaneous	48	48	200
Professional and consulting service	-	325	200
Repairs and maintenance	3,245	6,382	8,000
Retirement	9,853	9,142	10,400
Supplies	42,380	43,000	53,900
Telephone	3,293	2,175	2,400
Utilities	2,393	-	-
Workman's compensation	2,475	3,139	1,700
Total operating expenses	166,454	168,303	185,300
Non-operating revenues (expenses)			
Investment income	-	-	-
Gain (loss) on asset disposal	-	-	-
Interest expense and fees	-	-	-
Net non-operating revenues (expenses)	-	-	-
Net income before transfers	-	-	-
Transfers	-	-	-
Net income (loss)	$ -	$ -	$ -

See accompanying notes to the financial statements.

FEDERAL COMPLIANCE SECTION

The CPA Group
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor James Orr,

Councilman Jerry Dierker and Councilman Michael Brownsberger
City of Monett, Missouri

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Monett, Missouri, as of and for the year ended March 31, 2009, which collectively comprise the City of Monett, Missouri's basic financial statements and have issued our report thereon dated September 21, 2009 We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Monett's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Monett, Missouri's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Monett, Missouri's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Monett's financial statements that is more than inconsequential will not be prevented or detected by the City of Monett's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Monett's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Monett's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of City of Monett, in a separate letter dated September 21, 2009.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

THE CPA GROUP, P.C.

Monett, Missouri
September 21, 2009

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Mayor James Orr,
Councilman Jerry Dierker and Councilman Michael Brownsberger
City of Monett, Missouri

Compliance

We have audited the compliance of City of Monett, Missouri, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2009. The City of Monett, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Monett, Missouri's management. Our responsibility is to express an opinion on the City of Monett, Missouri's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Monett, MIssouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Monett's compliance with those requirements.

In our opinion, the City of Monett, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2009.

Internal Control Over Compliance

The management of the City of Monett, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Monett, Missouri's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Accordingly, we do not express an opinion on the effectiveness of the City of Monett's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

THE CPA GROUP, P.C.

Monett, Missouri
September 21, 2009

CITY OF MONETT, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COST
MARCH 31, 2009

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	___ Yes X No
Reportable condition(s) 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(es) identified?	___ Yes X No
Reportable condition(s) identified not considered to be material weaknesses?	___ Yes X No
Type of auditors' report issued on compliance for major program:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	___ Yes X No

Identification of major program:

CFDA Number(s)	Name of Federal Program or Cluster
20.205	Department of Transportation

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000.00
Auditee qualified as low-risk auditee?	X Yes ___ No

Section II - Financial Findings

No matters were noted.

Section III - Federal Award Findings and Questioned Costs

No matters were noted.

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
MARCH 31, 2009

FEDERAL GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
Department of Transporation			
Transportation Enhancement Funds passed Through the Missouri Highway and Transportation Commission	20.205	J7P0786	$ 1,768,527
Federal Aviation Agency passed Through the Missouri Highway and Transportation Commission	20.106	AIR 035/045-98B	355,277
Law Enforcement Assistance Funds passed Through the Missouri Highway and Transportation Commission	20.600	LKKD47 and 033	842
Law Enforcement Equipment Funds passed Through the Missouri Highway and Transportation Commission	20.601	OMB-1121-0	5,009
Law Enforcement Payroll - DWI Funds passed Through the Missouri Highway and Transportation Commission	20.607	LKK033 & 044 NHTSA	1,853
Total Department of Transportation			$ 2,131,508
Environmental Protection Agency			
Clean Water Loans passed through the Missouri Department of Natural Resources	66-458		$ 310,000
	66-468		7,815,000
Total Environmental Protection Agency			$ 8,125,000
Total Federal Programs			$ 10,256,508

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the City's federal award programs presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles.

See accompanying notes to the financial statements.

UNAUDITED SIX MONTH REVIEW FOR THE PERIOD APRIL 1, 2009 THROUGH SEPTEMBER 30, 2009

CITY OF MONETT
ALL FUNDS- REVENUE AND EXPENDITURES/EXPENSE SUMMARY
APRIL 1, 2009 THROUGH SEPTEMBER 30, 2009

	GENERAL FUND	ENTERPRISE FUND	TOTAL (MEMO ONLY)
Revenues	$ 5,525,386.57	$ 11,469,061.17	$ 16,994,447.74
Expenditures/Expenses	5,952,710.28	10,636,273.44	16,588,983.72
Revenues Over (Under) Expenditures	$ (427,323.71)	$ 832,787.73	$ 405,464.02
Other Financing Sources Uses:			
Financing			
Transfers			-
	-	-	-
Revenues and Other Sources Over (Under) Expenditures And Other Uses	$ 427,323.71	$ 832,787.73	$ (405,464.02)

Indebtedness of City as of September 30, 2009

Airport - 2004A	100,000.00
Golf Course - 2004A	300,000.00
Golf Carts (24)	55,907.90
Golf Carts (2)	9,152.88
Police Cars (3)	56,708.29
Police Station Equipment	659,973.51
Country Club Project (Sewer)	320,000.00
Valley View Project (Street)	95,090.58
Police Station	2,355,000.00
Sewer - 1992A	255,000.00
Sewer - 2003B	7,815,000.00
TIF 1 - Series 2007	5,510,000.00
TIF 1 - Series 2008	3,000,000.00
TIF 2 - Series 2005A & 2005B	3,665,000.00
Water Tower	415,167.02
	24,612,000.18

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

The following information concerning DTC and DTC's Book-Entry Only System has been obtained from sources that the City believes to be reliable, but is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by the City, the Trustee or the Underwriter. The City, the Trustee and the Underwriter make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners will act in accordance with the procedures described above or in a timely manner.

General. Ownership interests in the Certificates will be available to purchasers only through a book-entry only system (the **"Book-Entry Only System"**) maintained by The Depository Trust Company (**"DTC"**), New York, New York. DTC will act as securities depository for the Certificates. Initially, the Certificates will be issued as fully-registered securities, registered in the name of Cede & Co. (DTC'S partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC. The following discussion will not apply to any Certificates issued in certificate form due to the discontinuance of the DTC Book-Entry Only System, as described below.

DTC and its Participants. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (**"Direct Participants"**) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (**"DTCC"**). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**"Indirect Participants"**). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchase of Ownership Interests. Purchases of the Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Bond (the **"Beneficial Owner"**) is, in turn, to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their

ownership interest in the Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

Transfers. To facilitate subsequent transfers, all Certificates deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Certificates with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates. DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as prepayments, tenders, defaults, and proposed amendments to the Lease or the Declaration of Trust. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all of the Certificates are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Voting. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of bonds as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal and Interest. Payments of principal of or prepayment price and interest on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, its nominee, the Trustee or the City, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal of or prepayment price and interest on the Certificates to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee. Disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Discontinuation of Book-Entry Only System. DTC may discontinue providing its services as securities depository with respect to the Certificates at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered as described in the Declaration of Trust.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed, registered in the name of DTC's partnership nominee, Cede & Co. (or such other name as may be requested by an authorized representative of DTC), and delivered to DTC (or a successor securities depository), to be held by it as securities depository for Direct Participants. If, however, the system of book-entry-only transfers has been discontinued and a Direct Participant has elected to withdraw its Certificates from DTC (or such successor securities depository), certificates may be delivered to Beneficial Owners in the manner described in the Declaration of Trust.

None of the Underwriter, the Trustee nor the City will have any responsibility or obligations to any Direct Participants or Indirect Participants or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or any such Direct Participant or Indirect Participant; (ii) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal or prepayment price or interest on the Certificates; (iii) the delivery by any such Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Declaration of Trust to be given to owners of the Certificates; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial prepayment of the Certificates; or (v) any consent given or other action taken by DTC as Bondholder.

APPENDIX D

DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS

The summaries of the Declaration of Trust and the Lease contained in this **Appendix D** do not purport to be comprehensive or definitive and are qualified in their entirety by reference to such documents, copies of which may be viewed at the office of the Trustee, or will be provided by the Trustee to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request.

Definitions

The definitions of certain words and terms used in this Official Statement are set forth below:

"Acceptance Certificate" means the certificate of the City given in accordance with the Lease.

"Acquisition Fund" means the fund by that name established pursuant to the Declaration of Trust.

"Authorized Representative" means the Mayor of the City, or any such other person at the time designated to act on behalf of the City as an Authorized Representative, such designation being approved by the governing body of the City.

"Available Revenues" means, for any Fiscal Year, any balances of the City from previous Fiscal Years encumbered to pay Rent, amounts budgeted or appropriated by the City for such Fiscal Year plus any unencumbered balances of the City from previous Fiscal Years that are legally available to pay Rent during such Fiscal Year, plus all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Declaration of Trust.

"Basic Rent" means the Basic Rent Payments comprised of a Principal Portion and an Interest Portion as set forth in the Lease.

"Basic Rent Payment" means a payment of Basic Rent.

"Basic Rent Payment Date" means each January 1 and July 1 during the Lease Term, commencing on January 1, 2011.

"Certificate Payment" means the payments to be made to the Owners of the Certificates, whether representing Interest Portion only or Principal Portion and Interest Portion of Basic Rent under the Lease.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Completion Date" means the date of completion of the acquisition and installation of the Project as that date shall be certified as provided in the Lease.

"Continuing Disclosure Undertaking" means the Continuing Disclosure Undertaking from the City, and dated as of the date of issuance and delivery of the Certificates, as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the City and related to the authorization, execution, sale and delivery of the Certificates, including advertising

and printing costs, costs of preparation and reproduction of documents, filing fees, initial fees and charges of the Trustee, legal fees of parties to the transaction and all other initial fees and disbursements contemplated by the Lease and the Declaration of Trust.

"Costs of the Project" means all reasonable or necessary expenses related or incidental to the acquisition and installation of the Project, including the expenses of studies, architectural and engineering services, legal and other special services and all other necessary and incidental expenses. Costs of the Project shall include Costs of Issuance.

"Debt Service Reserve Fund" means the Debt Service Reserve Fund so designated and established pursuant to the Declaration of Trust.

"Debt Service Reserve Requirement" means the amount of $220,000.

"Directive" means an instrument in writing executed in one or more counterparts by (a) the City, or (b) the Owners of Certificates, as determined from the records of the Trustee kept pursuant to the Declaration of Trust, or their lawful attorneys-in-fact, representing no less than a majority of the aggregate unpaid Principal Portion represented by the then Outstanding Certificates.

"Event of Default" means an Event of Default as described in the Declaration of Trust.

"Event of Lease Default" means an Event of Default as described in the Lease.

"Event of Nonappropriation" means an Event of Nonappropriation as described in the Lease.

"Fiscal Year" means the fiscal year of the City, currently the twelve-month period beginning April 1 and ending on March 31.

"Funds" means, collectively, the Acquisition Fund, the Lease Revenue Fund, the Debt Service Reserve Fund and the Rebate Fund.

"Government Obligations" means (a) direct noncallable obligations of the United States of America and obligations the timely payment of principal and interest on which is fully and unconditionally guaranteed by the United States of America, and (b) trust receipts or certificates evidencing participation or other direct ownership interests in principal or interest payments to be made upon obligations described in clause (a) above that are held in a custody or trust account free and clear of all claims of persons other than the holders of such trust receipts or certificates, and (c) obligations which are noncallable or for which the call date has been irrevocably determined having an investment rating in the highest rating category of either Moody's or S&P as a result of the advance refunding of such obligations by the deposit of direct noncallable obligations of the United States of America in a trust or escrow account segregated and exclusively set aside for the payment of such obligations and which mature as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to timely pay such principal and interest.

"Interest Portion" means the portion of each Basic Rent Payment that represents the payment of interest as set forth in the Lease.

"Interest Subsidy Payments" means, with respect to any Certificates that constitute "qualified bonds" under Section 6431 of the Internal Revenue Code, the payments received by or on behalf of the City from the U.S. Treasury, equal to a portion of each interest payment on such Certificates in accordance with said Section 6431.

"Investment Securities" means and includes any of the securities described in the Declaration of Trust, if and to the extent the same are permitted by law for the City.

"Leased Property" means the personal property that has been leased from the Trustee to the City pursuant to the Lease.

"Lease Revenues" means the Basic Rent Payments, Supplemental Rent Payments and all other amounts due and owing pursuant to or with respect to the Lease, including prepayments, insurance proceeds, condemnation proceeds, and any and all interest, profits or other income derived from the investment thereof in any fund or account established pursuant to the Declaration of Trust.

"Lease Revenue Fund" means the fund by that name established pursuant to the Declaration of Trust.

"Net Proceeds" means the amount remaining from the gross proceeds of any insurance claim, condemnation award or sale under threat of condemnation after deducting all reasonable expenses, including attorneys' fees, incurred in the collection thereof.

"Notice by Mail" or **"Notice"** of any action or condition **"by Mail"** means a written notice meeting the requirements of the Declaration of Trust mailed by first-class mail to the Owners of specified Certificates, at the addresses shown on the registration books maintained by the Registrar.

"Ordinance" means the ordinance of the Board of Commissioners adopted on June 21, 2010, approving the delivery of the Certificates.

"Original Term" means the period from the date of the initial delivery of the Certificates until the end of the Fiscal Year then in effect.

"Outstanding" means, as of the date of determination, all Certificates theretofore executed and delivered pursuant to the Declaration of Trust except (i) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation, (ii) Certificates for the transfer or exchange of or in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee pursuant to the Declaration of Trust, (iii) Certificates whose payment or prepayment has been provided for in accordance with the Declaration of Trust, and (iv) Certificates paid or deemed to be paid pursuant to the Declaration of Trust.

"Owner" or **"Registered Owner"** of a Certificate means the registered owner of such Certificate as shown on the register kept by the Registrar.

"Prepayment Price" means, with respect to any Certificate (or portion thereof) the amount specified in the Declaration of Trust.

"Principal Portion" means the principal portion of the Basic Rent Payments as set forth in the Lease.

"Proceeds" means the aggregate moneys initially paid to the Trustee for the Certificates.

"Project" means the improvements to the water portion of the City's combined waterworks and sewerage system, including primarily the installation of water lines paid for with the proceeds of the Certificates as described on **Schedule 1** to the Lease.

"Purchase Price" means the amount designated as such in the Lease that the City shall pay to the Trustee to purchase the Trustee's interest in the Leased Property.

"Rebate Fund" means the fund by that name established pursuant to **Section 6.01**.

"Record Date" means the fifteenth day of the month prior to the applicable Basic Rent Payment Date.

"Registrar" means the Trustee when acting in that capacity, or its successor as Registrar.

"Renewal Term" means each renewal term of the Lease, each having a duration of one year and a term coextensive with the then current Fiscal Year as provided in the Lease, except that the last possible Renewal Term shall end on July 1, 2035.

"Rent" means, collectively, Basic Rent and Supplemental Rent.

"Rent Payment" means a payment of Rent.

"Special Counsel" means Gilmore & Bell, P.C., or any other attorney or firm of attorneys of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds or other obligations issued by states and political subdivisions.

"State" means the State of Missouri.

"Supplemental Declaration of Trust" means any amendment or supplement to the Declaration of Trust.

"Supplemental Lease" means any amendment or supplement to the Lease entered pursuant to the Lease.

"Supplemental Rent" means all amounts due under the Lease other than Basic Rent.

"Supplemental Rent Payment" means a payment of Supplemental Rent.

"Tax Compliance Agreement" means the Tax Compliance Agreement dated as of June 1, 2010, between the Trustee and the City, as amended and supplemented from time to time in accordance with its terms.

"Trust Estate" means the assets, property and interests held by the Trustee pursuant to the Declaration of Trust and the Lease.

SUMMARY OF THE DECLARATION OF TRUST

General Provisions

The Declaration of Trust is entered by and between the Trustee and the City. The Declaration of Trust authorizes the Trustee to execute and deliver the Certificates, provides the terms of the Certificates and provides for various Funds related to the Leased Property and the Lease.

Trust Estate

Under the Declaration of Trust, the Trustee holds all of the assets, property and interests received by it under the terms of the Declaration of Trust and the Lease and all agreements and instruments contemplated thereby (except for the Rebate Fund any compensation, indemnification or other amounts which may be due directly to the Trustee thereunder) (collectively, the "Trust Estate"), as trustee, upon the terms and trusts set

forth under the Declaration of Trust for the equal and proportionate benefit, security and protection of all present and future Owners of the Certificates.

Establishment of Funds

The following funds and accounts (altogether, referred to as the "Funds") are established under the Declaration of Trust:

(a) Acquisition Fund.
(b) Lease Revenue Fund.
(c) Debt Service Reserve Fund.
(d) Rebate Fund.

Application of Lease Revenues

Lease Revenues shall be deposited, as received pursuant to the Lease, as follows:

(a) The Basic Rent shall be deposited to the Lease Revenue Fund.

(b) Optional and mandatory prepayments of the Principal Portion of Basic Rent (in amounts equal to the applicable Prepayment Price) shall be deposited to the Lease Revenue Fund.

(c) Payments of Supplemental Rent pursuant to the Lease shall be applied as provided in the Lease.

Undesignated payments of Rent which are insufficient to discharge the full amount then due shall be applied first to the Interest Portion of Basic Rent, next to the Principal Portion of Basic Rent and finally to Supplemental Rent.

Disbursements from the Acquisition Fund

Payment shall be made from moneys in the Acquisition Fund upon receipt by the Trustee of a requisition certificate therefor signed by an Authorized Representative of the City. The Completion Date of the Project and the payment of all Costs of the Project (other than Costs of the Project for which sufficient amounts are retained in the Acquisition Fund) shall be evidenced by the filing with the Trustee of the Acceptance Certificate pursuant to the Lease. As soon as practicable any balance remaining in the Acquisition Fund shall be transferred and deposited without further authorization as provided in the Lease. In the event of the acceleration of all of the Certificates pursuant to the Lease, any moneys then remaining in the Acquisition Fund shall be transferred and deposited to the credit of the Lease Revenue Fund and shall be used to pay the Interest Portion and Principal Portion of Basic Rent.

Application of Moneys in the Lease Revenue Fund

Except as otherwise provided in the Declaration of Trust, all amounts in the Lease Revenue Fund shall be used and withdrawn by the Trustee solely to pay Basic Rent represented by the Certificates when due and payable (including principal and accrued interest with respect to any Certificates paid prior to maturity pursuant to the Declaration of Trust).

Debt Service Debt Service Reserve Fund

Except as otherwise provided in the Declaration of Trust, money in the Debt Service Reserve Fund will be used solely to make up any deficiencies in the Lease Revenue Fund. Moneys in the Debt Service Reserve Fund will also be used to pay the last Certificates becoming due unless such Certificates have been otherwise paid. If the money in the Lease Revenue Fund is insufficient to pay the Principal Portion and the Interest Portion of Basic Rent as the same become due, the Trustee will without further authorization transfer any funds available to make Basic Rent Payments or deposits to the Lease Revenue Fund to make such payments. Money in the Debt Service Reserve Fund will be used to make all or part of the final Basic Rent Payment.

The investments in the Debt Service Reserve Fund will be valued annually on March 1. If at any time the amount in the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement, such excess will be transferred to the Acquisition Fund until the Completion Date and to the Lease Revenue Fund thereafter. If at any time the amount in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement as a result of a withdrawal or a decrease in value, the City will replenish the Debt Service Reserve Fund at the time and in the manner set forth in the Lease.

Rebate Fund

Moneys will be deposited in and disbursed from the Rebate Fund in accordance with written instructions from the City to the Trustee prepared in accordance with the provisions of the Tax Compliance Agreement.

Investment of Moneys in Various Funds

Moneys held in the Funds shall, subject to the requirements of the Tax Compliance Agreement and as provided in the Declaration of Trust, be invested and reinvested by the Trustee, pursuant to written direction of the City, signed by an Authorized Representative of the City, in Investment Securities that mature or are subject to redemption by the holder prior to the date such funds will be needed. In the absence of such instructions, the Trustee is authorized to invest moneys in Investment Securities described in subparagraph (f) of the definition of Investment Securities

The Trustee shall sell and reduce to cash a sufficient amount of such Investment Securities held by the Trustee in any Fund hereunder whenever the cash balance in such Fund is insufficient for the purpose of such Fund. Any such Investment Securities shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Fund in which such moneys are originally held, and the interest accruing thereon and any profit realized from such Investment Securities shall be credited to such Fund, and any loss resulting from such Investment Securities shall be charged to such Fund; provided, that, if at any time the amount in the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement, such excess will be transferred as provided under the provisions of the Declaration of Trust to the Debt Service Reserve Fund.

Amendments to the Declaration of Trust or the Lease

The Declaration of Trust, the Lease and the rights and obligations of the City and of the Owners of the Certificates and of the Trustee may be modified or amended from time to time and at any time by an amendment or supplement hereto or thereto which the parties hereto or thereto may enter into when the written consent of the Trustee and the City, if not a party hereto or thereto, and the Owners of a majority in aggregate Principal Portion of Basic Rent Payments represented by the Certificates then Outstanding shall have been filed with the Trustee. No such modification or amendment shall (i) extend the stated maturity of any Certificate, or reduce the amount of principal represented thereby, or extend the time of payment or reduce the amount of any Prepayment Price provided in the Declaration of Trust for the payment of any Certificate, or reduce the rate of interest with respect thereto, or extend the time of payment of interest with respect thereto without the consent of the Owner of each Certificate so affected, (ii) reduce the aforesaid percentage of

Certificates the consent of the Owners of which is required to effect any such modification or amendment or permit the creation of any lien on the moneys in the Acquisition Fund, the Debt Service Reserve Fund and the Lease Revenue Fund or deprive the Owners of the trust created by the Declaration of Trust with respect to the moneys in the Acquisition Fund, the Debt Service Reserve or the Lease Revenue Fund or (iii) create a preference or priority of any Certificate or Certificates over any other Certificate or Certificates without the consent of the Owners of all of the Certificates then Outstanding.

Notwithstanding the foregoing paragraph, the Declaration of Trust, the Lease and the rights and obligations of the City, of the Trustee and of the Owners of the Certificates may also be modified or amended from time to time and at any time by an agreement which the parties thereto may enter into without the consent of any Certificate Owners, only to the extent permitted by law and only for any one or more of the following purposes: (i) to add to the covenants and agreements of the Trustee in the Declaration of Trust, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Certificates (or any portion thereof), or to surrender any right or power reserved under the Declaration of Trust to or conferred upon the City; provided, however, that no such covenant, agreement, pledge, assignment or surrender shall, in the sole judgment of the Trustee, materially adversely affect the interests of the Trustee or the security of the Owners of the Certificates; (ii) to add to the covenants and agreements of the City in the Lease, other covenants and agreements thereafter to be observed or to surrender any right or power therein reserved to or conferred upon the Trustee or the City; provided, however, that no such covenant, agreement or surrender shall, in the sole judgment of the Trustee, materially adversely affect the security of the Owners of the Certificates; (iii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Declaration of Trust, the Lease, or in regard to matters or questions arising under the Declaration of Trust, the Lease as the Trustee and the City may deem necessary or desirable and not inconsistent with said agreements, or as may be requested by the City or the Trustee and which shall not, in any such case, in the sole judgment of the Trustee, materially adversely affect the security of the Owners of the Certificates; (iv) to modify, amend or supplement the Declaration of Trust in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not, in the sole judgment of the Trustee, materially adversely affect the security of the Owners of the Certificates; (v) to provide for any additional procedures, covenants or agreements necessary to maintain the federal tax status of the Certificates Outstanding and the right, if any, of the City to receive Interest Subsidy Payments with respect thereto; (vi) to provide for any additional or revised procedures, covenants or agreements with respect to the procedure for collection of any Interest Subsidy Payments to which the City may be entitled in connection with any series of Certificates (including but not limited to modifications to the duties of the City and the Trustee set forth in the Declaration of Trust), or (vii) to make any other change that, in the sole judgment of the Trustee, does not have a materially adverse effect on the security of the Certificate Owners.

Defaults

The occurrence of any of the following events, subject to the provisions of the Declaration of Trust, is hereby defined as an "Event of Default":

(a) Default in the due and punctual payment of any Interest Portion of Basic Rent represented by a Certificate; or

(b) Default in the due and punctual payment of the Principal Portion of Basic Rent represented by a Certificate, whether at the stated payment date thereof or the prepayment date set therefor in accordance with the terms of the Declaration of Trust; or

(c) Any Event of Lease Default.

Acceleration

Upon the occurrence of an Event of Default, the Trustee may, and upon receipt of a Directive shall, by notice in writing delivered to the City, declare the Principal Portion and Interest Portion of Basic Rent represented by all Certificates Outstanding to the end of the then current Fiscal Year immediately due and payable.

Other Remedies Upon an Event of Default

Upon the occurrence of an Event of Lease Default or an Event of Nonappropriation, the Trustee may exercise any remedies available under the Lease and, to the extent consistent therewith, may sell, lease or manage all or any portion of the Leased Property and apply the net proceeds thereof in accordance with the Declaration of Trust and, whether or not it has done so, may pursue any other remedy available to it under the Lease or at law or in equity.

No remedy by the terms of the Declaration of Trust conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Certificate Owners thereunder or now or hereafter existing at law or in equity or by statute.

Rights of Certificate Owners

If an Event of Default or an Event of Nonappropriation shall have occurred and be continuing and if instructed to do so by a Directive and if indemnified as provided in the Declaration of Trust, the Trustee shall be obligated to exercise such one or more of the rights and the remedies conferred thereunder as the Trustee, upon the advice of counsel, shall deem to be in the interests of the Certificate Owners.

Any other provision in the Declaration of Trust to the contrary notwithstanding, the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the Declaration of Trust, or for the appointment of a receiver or any other proceedings thereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Declaration of Trust, and provided, further, that the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability.

Defeasance

When (i) the obligations of the City under the Lease shall have been satisfied in connection with the exercise by the City of its option to purchase the Leased Property in accordance with the Lease by the irrevocable deposit in escrow of cash or Government Obligations (maturing as to principal and interest in such amounts and at such times as are necessary to make any required payments without reinvestment of any earnings thereon) or both cash and such Government Obligations, and (ii) the City shall have delivered to the Trustee, (x) an opinion of counsel to the effect that the conditions for such discharge contained in the Declaration of Trust have been satisfied or irrevocably provided for and (y) for an advance refunding, an accountant's certificate verifying the sufficiency of cash or Government Obligations or both so deposited for the payment of the Principal Portion and Interest Portion of the Certificates and any applicable Prepayment Price to be paid with respect to the Certificates and (iii) the City shall have deposited sufficient moneys to pay the fees, charges and expenses of the Trustee (or has made provision satisfactory to the Trustee for their payment), thereupon the obligations created by the Declaration of Trust shall cease, determine and become void except for the right of the Certificate Owners and the obligation of the Trustee to apply such moneys and Government Obligations to the payment of the Certificates as set forth in the Declaration of Trust.

After all amounts owing to the Certificate Owners have been paid under the Declaration of Trust and the Lease and all fees, expenses and charges of the Trustee have been paid, the Trustee shall turn over to the City any surplus in the Lease Revenue Fund and all balances remaining in any other funds or accounts other than moneys and Government Obligations held for the payment of the Certificates at maturity or on prepayment, which moneys and Government Obligations shall continue to be held by the Trustee in trust for the benefit of the Certificate Owners and shall be applied by the Trustee to the payment, when due, of the Principal Portions and any premium and Interest Portions of Basic Rent represented by the Certificates.

The Trustee

The Trustee shall, prior to an Event of Default or Event of Nonappropriation, and after the curing of all Events of Default or Events of Nonappropriation which may have occurred, perform such duties and only such duties as are specifically set forth in the Declaration of Trust. The Trustee shall, during the existence of any Event of Default or Event of Nonappropriation, exercise such of the rights and powers vested in it by the Declaration of Trust, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee may be removed at any time by a Directive or shall resign at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged as bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the property or affairs for the purpose of rehabilitation, conservation or liquidation, and thereupon a successor Trustee shall be appointed by a Directive. Written notice of any removal or resignation pursuant to this subsection (b) shall be given by the Trustee to the City.

The Trustee may at any time resign by giving written notice of such resignation to the City and by giving the Certificate Owners Notice by Mail of such resignation at the addresses listed on the registration books kept by the Trustee. Upon receiving such notice of resignation, a successor Trustee shall be appointed by a Directive.

SUMMARY OF THE LEASE

General

The Lease has been entered into between the Trustee and the City and contains the terms and conditions under which the Leased Property will be leased to and used by the City.

Lease Term

The Original Term of the Lease shall terminate the last day of the current Fiscal Year. The Lease Term may be continued, solely at the option of the City, at the end of the Original Term or any Renewal Term for an additional one year, provided that the final Renewal Term shall not extend beyond July 1, 2035. At the end of the Original Term and at the end of each Renewal Term, unless the City has terminated the Lease and for no other reason, the City shall be deemed to have exercised its option to continue the Lease for the next Renewal Term. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term, except for any difference in the Rent as provided in the Lease.

Continuation of Lease Term by the City

The City reasonably believes that legally available funds in an amount sufficient to make all payments of Rent during the Original Term and each of the Renewal Terms can be obtained. The decision to budget and

appropriate funds or to extend the Lease for any Renewal Term is to be made in accordance with the City's normal procedures for such decisions by the then current governing body of the City.

Nonappropriation

The City is obligated only to pay periodic payments under the Lease as may lawfully be made from Available Revenues. If an Event of Nonappropriation occurs, the Lease shall be deemed terminated at the end of then current Original Term or Renewal Term. An Event of Nonappropriation shall be deemed to have occurred if the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent and any reasonably anticipated Supplemental Rent to come due during the immediately following Renewal Term. The City agrees to deliver notice to the Trustee of such termination at least 90 days prior to the end of then current Original Term or Renewal Term, but failure to give such notice shall not extend the term beyond such Original Term or Renewal Term. If the Lease is terminated in accordance with this section, the City agrees peaceably to transfer and surrender possession of the Leased Property to the Trustee.

Payment for the Project

Costs and expenses of every nature incurred in the acquisition and installation of the Project that qualify as Costs of the Project shall be paid by the Trustee from the Acquisition Fund upon receipt by the Trustee of a completed request of the City signed by the Authorized Representative of the City (as defined in the Declaration of Trust) and containing the statements, representations and certifications set forth in the form of such request attached to the Declaration of Trust.

Completion Date; Excess Funds

The Completion Date shall be evidenced to Trustee upon receipt by the Trustee of a certificate signed by the Authorized Representative of the City (the "Acceptance Certificate") stating (a) the date on which acquisition and installation of the Project was substantially completed, (b) the Project has been acquired and installed in accordance with the plans and specifications and in conformance with all applicable zoning, planning, building, environmental and other similar governmental regulations, (c) that, except for Costs of the Project described in accordance with clause (d), all Costs of the Project have been paid and (d) the amounts, if any, to be retained in the Acquisition Fund for the payment of Costs of the Project, if any, not yet due or Costs of the Project whose liability the City is contesting, and amounts that otherwise should be retained and the reasons they should be retained. The Acceptance Certificate may state that it is given without prejudice to any rights of the City that then exist or may subsequently come into being against third parties. Any amounts remaining in the Acquisition Fund that are not needed to pay any remaining Costs of the Project shall without further authorization be transferred to the Lease Revenue Fund.

Basic Rent

The City shall promptly pay all Basic Rent in lawful money of the United States of America on each Basic Rent Payment Date in such amounts as are described in the Lease. A portion of each Basic Rent Payment is paid as, and represents payment of, interest. To provide for the timely payment of Basic Rent, the City shall pay to the Trustee for deposit in the Lease Revenue Fund not less than five business days before each Basic Rent Payment Date, the amount due on such Basic Rent Payment Date.

The City will, in accordance with the requirements of law and its normal budgeting procedures, fully budget and appropriate sufficient funds for the current Fiscal Year to make the Rent Payments scheduled to come due during the Original Term, and to meet its other obligations for the Original Term, and such funds will not be expended for other purposes.

Supplemental Rent

The City shall pay as Supplemental Rent (a) all taxes and assessments (the "Impositions") which may be lawfully taxed, charged, levied, assessed or imposed upon or against or be payable for or in respect of the Project; (b) all amounts required under the Lease and all other payments of whatever nature which the City has agreed to pay or assume under the Lease; (c) all expenses, including attorneys' fees and expenses to the extent permitted by law, incurred in connection with the enforcement of any rights under the Lease by the Trustee; (d) all fees, charges and expenses of the Trustee as further provided in the Lease; (e) in the event that the amount in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement as a result of the withdrawal of moneys therein in order to make Basic Rent Payments, the amount of such deficiency to the Trustee for deposit in the Debt Service Reserve Fund on or before the first anniversary of the date of such withdrawal; (f) in the event the amount in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement as a result of a decrease in value as shown by the valuation required by the Declaration of Trust, the amount of such deficiency to the Trustee for deposit in the Debt Service Reserve Fund within 90 days of such valuation; and (g) any payments required to be made pursuant to the Tax Compliance Agreement.

Rent Payments to Constitute a Current Expense and Limited Obligation of the City

The obligation of the City to pay rent under the Lease is limited to payment from Available Revenues and shall constitute a current expense of the City and shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, nor shall anything contained in the Lease constitute a pledge of the general tax revenues, funds or moneys of the City.

Deficiency of Acquisition Fund

If the Acquisition Fund shall be insufficient to pay fully all Costs of the Project and to complete fully the acquisition and installation of the Project lien free, the City shall pay, in cash, the full amount of any such deficiency by making payments directly to the contractors and to the suppliers of materials and services as the same shall become due. The Trustee is not obligated to pay and shall not be responsible for any such deficiency, and the City shall save the Trustee whole and harmless from any obligation to pay such deficiency.

Contest of Impositions

The City shall have the right, in its own name or in the Trustee's name, to contest the validity or amount of any Imposition which the City is required to bear, pay and discharge pursuant to the terms of this Article by appropriate legal proceedings instituted at least ten days before the Imposition complained of becomes delinquent and may permit the Imposition so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee shall notify the City that, in the opinion of counsel, by nonpayment of any such items the interest of the Trustee in the Leased Property will be endangered or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments or charges or provide the Trustee with full security against any loss which may result from nonpayment in form satisfactory to the Trustee.

Insurance

The City shall, during the Lease Term, cause the Leased Property to be kept continuously insured against such risks customarily insured against for facilities such as the Leased Property and shall pay (except as otherwise provided in the Lease), as the same become due, all premiums in respect thereof, such insurance to include the following policies of insurance:

(a) Insurance insuring the Leased Property against loss or damage by fire, lightning and all other risks covered by the extended coverage insurance endorsement then in use in the State in an amount not less than the replacement value of the Leased Property and issued by such insurance company or companies authorized to do business in the State as may be selected by the City. The replacement value of the Leased Property may be determined from time to time at the request of the Trustee or the City (but not less frequently than every five years) by one of the insurers, to be selected, subject to the insurer's approval, and paid by the City. The policy or policies of such insurance with shall name the City and the Trustee as insureds, as their respective interests may appear. All proceeds from such policies of insurance with respect to the Leased Property shall be applied as provided in the Lease.

(b) Comprehensive general accident and public liability insurance (including coverage for all losses whatsoever arising from the ownership, maintenance, operation or use of any automobile, truck or other motor vehicle), under which the City and the Trustee are named as insureds, in an amount not less than $1,000,000 combined single limit for bodily injuries and property damage.

(c) Workers' compensation and unemployment coverages to the extent, if any, required by the laws of the State.

The City may elect to be self–insured for all or any part of the foregoing requirements of the Declaration of Trust if (i) the City annually obtains a written evaluation with respect to such self insurance program from an individual or firm selected by the City and acceptable to the Trustee qualified to survey risks and to recommend insurance coverage for entities engaged in operations similar to those of the City and having a favorable reputation for skill and experience in making such surveys and recommendations (an "Insurance Consultant"), (ii) the evaluation is to the effect that the self insurance program is sound, (iii) unless the evaluation states that such reserves are not necessary, the City maintains adequate reserves for the self-insurance program, and (iv) in the case of workers' compensation, adequate reserves created by the City for such self-insurance program are maintained in such amount and manner as are acceptable to the State. The City will pay any fees and expenses of such Insurance Consultant in connection therewith.

Maintenance and Modification of Leased Property by the City

The City will at its own expense (a) keep the Leased Property in a safe condition, (b) with respect to the Leased Property, comply with all applicable health and safety standards and all other industrial requirements or restrictions enacted or promulgated by the State, or any political subdivision or agency thereof, or by the government of the United States of America or any agency thereof, and (c) keep the Leased Property in good repair and in good operating condition and make from time to time all necessary repairs thereto and renewals and replacements thereof; provided, however, that the City will have no obligation to operate, maintain, preserve, repair, replace or renew any element or unit of the Leased Property, the maintenance, repair, replacement or renewal of which becomes uneconomical to the City because of damage, destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulations. The City shall not permit or suffer others to commit a nuisance in or about the Leased Property or itself commit a nuisance in connection with its use of the Leased Property. The City will pay all costs and expenses of operation of the Leased Property.

The City may, also at its own expense, make from time to time any additions, modifications or improvements to the Leased Property that it may deem desirable for its business purposes and that do not materially impair the structural strength or effective use, or materially decrease the value, of the Leased Property. All additions, modifications or improvements made by the City pursuant to the authority of this

Section shall (a) be made in a workmanlike manner and in strict compliance with all laws and ordinances applicable thereto, (b) when commenced, be pursued to completion with due diligence and (c) when completed, be deemed a part of the Leased Property.

During the Lease Term, the Leased Property will be used by the City only for the purpose of performing essential governmental or proprietary functions of the City consistent with the permissible scope of the City's authority.

Damage, Destruction and Condemnation

The City shall bear the risk of loss with respect to the Leased Property during the Lease Term. If (a) the Leased Property or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Leased Property or any part thereof shall be nonexistent or deficient or taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, the City and the Trustee will cause the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Leased Property, unless the City shall have exercised its option to purchase the Trustee's interest in the Leased Property by making payment of the Purchase Price as provided in the Lease. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the City and shall be held and appropriated by the City for the exclusive purpose of paying Rent under the Lease.

If the City determines that the repair, restoration, modification or improvement of the Leased Property is not economically feasible or in the best interest of the City, then, in lieu of making such repair, restoration, modification or improvement and if permitted by law, the City shall promptly purchase the Trustee's interest in the Leased Property pursuant to **Section 10.01(b)** by paying the Purchase Price and such Net Proceeds shall be applied by the City to such payment to the extent required for such payment. Any balance of the Net Proceeds remaining after paying the Purchase Price shall belong to the City.

Assignment and Subleasing by the City

Except as expressly provided in the Lease, none of the City's right, title and interest in, to and under the Lease and in the Leased Property may be assigned or encumbered by the City for any reason; except that the City may sublease any one or more parts of the Leased Property if the City obtains and causes to be delivered to the Trustee an opinion of Special Counsel that such subleasing will not adversely affect the tax status of the Interest Portion of the Basic Rent Payments. Any such sublease of all or part of the Leased Property shall be subject to the Lease and the rights of the Trustee in, to and under the Lease and the Leased Property.

Events of Default

Any of the following shall constitute an "Event of Default" under the Lease:

(a) Failure by the City to make any deposits required under the Lease to pay Basic Rent in the Lease Revenue Fund at the time specified therein and the continuance of such failure for ten business days;

(b) Failure by the City to make any Supplemental Rent Payment when due and the continuance of such failure for ten days after written notice specifying such failure and requesting that it be remedied is given to the City by the Trustee;

(c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease, other than as referred to in subparagraph (a) or (b) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to the City by the Trustee unless such party shall agree in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be corrected within the applicable period, such party will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected;

(d) Any statement, representation or warranty made by the City in or pursuant to the Lease or the execution, delivery or performance of either of them shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made;

(e) Any provision of the Lease shall at any time for any reason cease to be valid and binding on the City, or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the City or any governmental agency or authority if the loss of such provision would materially adversely affect the rights or security of the Trustee; or

(f) The City becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee, receiver or custodian for the City or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian for the City or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian is appointed by the City or a substantial part of its property and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement, moratorium or any proceeding under bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is instituted by or against the City and, if instituted against the City, is consented to or acquiesced in by the City or is not dismissed within 60 days.

Remedies on Default

Whenever any Event of Default exists, the Trustee shall have the right, without any further demand or notice, to take one or any combination of the following remedial steps:

(a) By written notice to the City, the Trustee may declare all Rent payable by the City hereunder to the end of the then current Original Term or Renewal Term to be due;

(b) With or without terminating the Lease, the Trustee may enter the premises where the Leased Property is located and retake possession of the Leased Property or require the City at the City's expense to promptly return any or all of the Leased Property to the possession of the Trustee at a place specified by the Trustee and sell the Leased Property or lease the Leased Property or, for the account of the City, sublease the Leased Property continuing to hold the City liable for the difference between (a) the Rent payable by the City hereunder for the then current Original Term or Renewal Term, as the case may be, and (b) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the Trustee in exercising its remedies under the Lease, including without limitation all expenses of taking possession, removing, storing, reconditioning, and selling or leasing or subleasing the Leased Property and all brokerage, auctioneers and attorneys' fees);

(c) The Trustee may terminate any rights the City may have in any funds held by the Trustee under the Declaration of Trust; and

(d) The Trustee may take whatever action at law or in equity necessary or desirable to enforce its rights in the Leased Property and under the Lease.

Amendments, Changes and Modifications

The Lease may be amended by the Trustee and the City, provided that (a) no amendment that materially adversely affects the rights of the Owners of the Certificates shall be effective unless it shall have been consented to by the Owners of a majority, in principal amount, of the Certificates, if any, then outstanding, (b) no amendment that affects the amount or due date of any Basic Rent Payment or of the Purchase Price shall be effective unless consented to by the Owners of all of the Certificates, if any, then outstanding, and (c) any amendment shall comply with the applicable requirements of the Declaration of Trust.

* * *

APPENDIX E

PROPOSED FORM OF OPINION OF SPECIAL COUNSEL

City of Monett, Missouri
Monett, Missouri

UMB Bank, N.A.
Kansas City, Missouri

UMB Bank, N.A.,
as Trustee
Kansas City, Missouri

Re: $2,859,000 City of Monett, Missouri, Taxable Certificates of Participation (Recovery Zone Economic Development Bonds) Series 2010

Ladies and Gentlemen:

We have acted as Special Counsel in connection with the above-referenced Certificates of Participation (the "Certificates"), evidencing interests of the Owners thereof in Basic Rent Payments to be made by the City of Monett, Missouri (the "City") under a Lease Purchase Agreement dated as of June 1, 2010 (the "Lease"), between UMB Bank, N.A., as lessor (the "Trustee"), and the City, as lessee. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Lease.

We have examined (i) the Lease, (ii) the Declaration of Trust dated as of June 1, 2010 (the "Declaration of Trust"), executed by the Trustee, (iii) the Tax Compliance Agreement dated as of June 1, 2010 (the "Tax Compliance Agreement"), between the City and the Trustee, and (iv) certificates of officers and officials of the City and the Trustee. In addition, we have reviewed and considered the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations thereunder promulgated by the United States Treasury Department.

In rendering the opinions set forth herein, we have assumed without undertaking to verify the same by independent investigation, (a) as to questions of fact, the accuracy of all representations of the Trustee and the City set forth in the Lease, the Tax Compliance Agreement and the Declaration of Trust and all certificates of officials of the Trustee, the City and others examined by us, and (b) the conformity to original documents of all documents submitted to us as copies and the authenticity of such original documents and all documents submitted to us as originals.

Based upon and subject to the foregoing, we are of the opinion, under existing law, as follows:

1. The Lease, the Tax Compliance Agreement and the Declaration of Trust have been approved by the City, and the Lease and the Tax Compliance Agreement have been duly authorized, executed and delivered by the City and constitute legal, valid and binding agreements of the City, enforceable in accordance with their terms, except that the Lease is enforceable only during each fiscal year for which sufficient funds have been appropriated.

2. The Certificates have been duly authorized, executed and delivered in accordance with the Declaration of Trust, are entitled to the benefits and security of the Declaration of Trust and evidence interests in the right to receive Basic Rent Payments under the Lease, which right to receive Basic Rent Payments is

enforceable against the City in accordance with the terms of the Certificates, the Declaration of Trust and the Lease.

3. The Interest Portion of each Basic Rent Payment represented by the Certificates is exempt from income taxation by the State of Missouri.

We express no opinion as to the title to or the description of the property subject to the Lease.

We express no opinion regarding the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Certificates. Further, we express no opinion regarding tax consequences arising with respect to the Certificates other than as expressly set forth in this opinion.

The rights of the owners of the Certificates and the enforceability of the Certificates, the Declaration of Trust and the Lease may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Very truly yours,

EXCEPT AS OTHERWISE PROVIDED IN THE DECLARATION OF TRUST (DESCRIBED HEREIN), THIS GLOBAL CERTIFICATE MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY (DESCRIBED HEREIN) OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

NUMBER _____ **$**_____

CITY OF MONETT, MISSOURI
TAXABLE CERTIFICATE OF PARTICIPATION
(RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)
SERIES 2010

Evidencing Proportionate Interests of the Owners thereof in Basic Rent Payments to be made by the City of Monett, Missouri, as Lessee Pursuant to a Lease Purchase Agreement with UMB Bank, N.A., as Lessor

Interest Rate	Payment Date	Certificate Date	CUSIP
_____%	_____	June 30, 2010	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM:

THIS IS TO CERTIFY that the registered owner identified above of this Certificate of Participation (the "Certificate") is the Owner of the proportionate interest hereinafter stated in a Lease Purchase Agreement dated as of June 1, 2010 (the "Lease"), between UMB Bank, N.A., a national banking association duly organized and existing under the laws of the United States of America, as Trustee (the "Trustee"), and the City of Monett, Missouri, a third-class city and political subdivision duly organized and existing under the laws of the State of Missouri (the "City"), including payments of Basic Rent to be made thereunder (the "Basic Rent Payments"). The City is authorized to enter into the Lease pursuant to applicable laws, including the Constitution and statutes of the State of Missouri and an ordinance of the City. This Certificate is secured by a pledge of Basic Rent pursuant to a Declaration of Trust dated as of June 1, 2010, by the Trustee, as amended or supplemented from time to time (the "Declaration of Trust"), which is on file at the corporate trust office of the Trustee. All capitalized terms used herein and not otherwise defined have the meanings assigned to those terms in the Declaration of Trust.

THE REGISTERED OWNER of this Certificate is entitled to receive, subject to the terms of the Lease and the Declaration of Trust, on the payment date specified above (the "Certificate Payment Date"), or if selected for prepayment, on the Prepayment Date, the principal sum specified above, representing a portion of the Basic Rent Payment designated as principal coming due on the Certificate Payment Date or such Prepayment Date, and to receive the registered owner's proportionate share of Basic Rent Payments designated as interest on January 1 and July 1, commencing on January 1, 2011, to and including the Certificate Payment Date or the Prepayment Date, whichever is earlier. Said proportionate share of the Basic Rent Payments designated as interest is computed on the principal sum specified above from the Certificated Date specified above, or the most recent date to which such interest has been paid, at the interest rate specified above on the basis of a 360-day year of twelve 30-day months.

SPECIMEN

SAID AMOUNTS are payable in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts. The amounts representing principal and prepayment premium, if any, are payable by check or draft at the principal office of the Trustee in Kansas City, Missouri (or at such other office as the Trustee designates) upon the presentation and surrender of this Certificate; the amounts representing interest are payable to the Person in whose name this Certificate is registered in the register maintained by the Trustee at the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding each interest payment date (a "Record Date") by check or draft mailed to the said registered owner at his address as it appears in said register or in the case of an amount representing interest to be paid to any registered owner of Certificates representing an aggregate amount of principal of $500,000 or more, by electronic transfer to such registered owner upon written notice given to the Trustee by such registered owner not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the name of the bank (which shall be in the continental United States), the bank's ABA routing number and the account number to which such registered owner wishes to have such transfer directed.

BASIC RENT PAYMENTS are payable solely from Available Revenues which means, for any fiscal year, including any balances of the City from previous fiscal years encumbered to pay Rent under the Lease, amounts budgeted or appropriated out of the income and revenue of the City for such fiscal year plus any unencumbered balances of the City from previous fiscal years that are legally available to pay Rent during such fiscal year and all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Declaration of Trust.

NEITHER THE BASIC RENT PAYMENTS NOR ANY OTHER AMOUNTS DUE UNDER THE LEASE CONSTITUTE A DEBT, A GENERAL OBLIGATION OR, EXCEPT FROM AVAILABLE REVENUES, A LIABILITY OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. THE CITY SHALL NOT BE OBLIGATED TO PAY THE SAME EXCEPT FROM AVAILABLE REVENUES. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED TO THE PAYMENT OF THE BASIC RENT PAYMENTS OR ANY OTHER AMOUNTS DUE UNDER THE LEASE. THE REGISTERED OWNER SHALL NOT HAVE THE RIGHT TO REQUIRE OR COMPEL THE EXERCISE OF THE TAXING POWER OF THE CITY FOR THE PAYMENT OF THE PRINCIPAL PORTION AND INTEREST PORTION OF BASIC RENT UNDER THE LEASE REPRESENTED BY THIS CERTIFICATE OR THE MAKING OF ANY OTHER PAYMENTS PROVIDED FOR IN THE LEASE.

This Certificate is one of a duly authorized series of certificates of participation designated "City of Monett, Missouri, Taxable Certificates of Participation (Recovery Zone Economic Development Bonds), Series 2010" (the "Certificates") for the purpose of (1) providing funds to pay the costs of improvements to the water portion of the City's combined waterworks and sewerage system, including primarily the installation of water lines (the "Project"); (2) fund a reserve fund for the Certificates, and (3) paying the costs of delivering the Certificates. Under the Lease, the Trustee will lease a portion of the Project consisting of certain personal property (the "Leased Property") to the City. This Certificate has been executed by the Trustee pursuant to and is governed by the terms of the Declaration of Trust. Copies of the Lease and the Declaration of Trust are on file at the office of the City Clerk of the City and at the corporate trust office of the Trustee, and reference to the Lease and the Declaration of Trust and any and all amendments and supplements thereto is made for a description of the pledges and covenants of the City securing the Basic Rent Payments, the nature, extent and manner of enforcement of such pledges and covenants and the rights and the terms and conditions upon which the Certificates are delivered thereunder.

The Declaration of Trust permits certain amendments or supplements to the Declaration of Trust and the Lease not prejudicial to the Certificate owners to be made without the consent of or notice to the Certificate owners, certain other amendments or supplements thereto to be made with the consent of the Owners of not less than a majority in aggregate Principal Portion of Basic Rent represented by the

Certificates then Outstanding and other amendments or supplements thereto to be made only with the consent of all Certificate owners.

The Certificates with a payment date on July 1, 2030, are subject to mandatory prepayment on July 1, 2026, and on each July 1 thereafter prior to maturity, in the amounts set forth in the Declaration of Trust at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Certificates being prepaid plus the Interest Portion of Basic Rent represented by such Certificates accrued to the Prepayment Date.

The Certificates with a payment date on July 1, 2035, are subject to mandatory prepayment on July 1, 2031, and on each July 1 thereafter prior to maturity, in the amounts set forth in the Declaration of Trust at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Certificates being prepaid plus the Interest Portion of Basic Rent represented by such Certificates accrued to the Prepayment Date.

The Certificates with payment dates on or after July 1, 2021, and thereafter, will be subject to optional prepayment, on July 1, 2020, and thereafter in whole or in part at any time, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Certificates being prepaid, plus the Interest Portion of Basic Rent accrued to the Prepayment Date, from amounts paid by the City upon the exercise of its option to purchase the Equipment or partially prepay Basic Rent Payments pursuant to the terms of the Lease.

The Certificates shall be subject to extraordinary optional prepayment on any Basic Rent Payment Date, in whole but not in part, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented thereby plus the Interest Portion of Basic Rent accrued to the Prepayment Date, in the event of substantial damage to or destruction or condemnation (other than by the City or any entity controlled by otherwise affiliated with the City) of, or loss of title to, substantially all of the Leased Property, or as a result of changes in the Constitution of Missouri or legislative or administrative action by the State or the United States, the Lease becomes unenforceable, and the City purchases the Trustee's interest in the Leased Property pursuant to the Lease. The Certificates are not otherwise subject to optional prepayment.

In the event any of the Certificates are to be prepaid, notice thereof identifying the Certificates to be prepaid will be given by first class mail, postage prepaid, mailed not less than 30 days nor more than 60 days prior to the Prepayment Date to each registered owner of Certificates to be prepaid. The failure of the registered owner of any Certificate to be so redeemed to receive notice of prepayment mailed as herein provided shall not affect or invalidate the prepayment of such Certificate. All Certificates for which notice of prepayment is given will cease to bear interest on the specified Prepayment Date, provided moneys or certain securities for their prepayment are on deposit at the place of payment at that time, shall cease to be entitled to any benefit or security under the Declaration of Trust and shall no longer be deemed to be outstanding under the Declaration of Trust.

The Certificates are being issued by means of a book-entry system with no physical distribution of certificates to be made except as provided in the Indenture. One certificate with respect to each date on which the Certificates are stated to mature, registered in the nominee name of the Securities Depository, is being issued. The book-entry system will evidence positions held in the Certificates by the Securities Depository's participants, beneficial ownership of the Certificates in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants. The Trustee and the City will recognize the Securities Depository nominee, while the Registered Owner of this Certificate, as the owner of this Certificate for all purposes, including (i) payments of principal of, prepayment premium, if any, and interest on, this Certificate, (ii) notices and (iii) voting. Transfers of principal, interest and any prepayment premium payments to participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Trustee and the City will not be responsible or liable for

such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or Persons acting through such participants. While the Securities Depository nominee is the owner of this Certificate, notwithstanding the provision herein above contained, payments of principal of and interest on this Certificate shall be made in accordance with existing arrangements between the Securities Depository, the Trustee and the City.

EXCEPT AS OTHERWISE PROVIDED IN THE DECLARATION OF TRUST, THIS GLOBAL CERTIFICATE MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

This Certificate shall be transferable upon the Certificate register, which shall be kept for that purpose at the principal office of the Trustee in Kansas City, Missouri (or such other office as may be designated by the Trustee), upon surrender and cancellation of this Certificate together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner of his, her or its duly authorized attorney and upon payment of the charges provided in the Declaration of Trust. Upon such transfer a new fully registered Certificate or Certificates of the same maturity and aggregate principal amount will be issued to the transferee. The Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Trustee shall not be affected by any notice to the contrary.

The Certificates may be delivered in the form of fully registered Certificates in the denomination of $5,000 or any integral multiple thereof, subject to certain limitations and as otherwise provided in the Declaration of Trust. The Certificates, upon surrender thereof at the principal office of the Trustee in Kansas City, Missouri, with a written request for exchange satisfactory to the Trustee duly executed by the registered owner of his, her or its duly authorized attorney in writing, may be exchanged for an equal aggregate principal amount of fully registered Certificates of any authorized denomination of the same maturity. No service charge shall be made for any transfer or exchange of Certificates, but the Trustee may require payment of any tax or governmental charge in connection therewith.

THE TRUSTEE has no obligation or liability to the registered owners of the Certificates to make payments of principal or interest with respect to the Certificates. The Trustee's sole obligations are to administer, for the benefit of the registered owners thereof, the various funds established under the Declaration of Trust.

THE CITY has certified, recited and declared that all acts, conditions and things required by the Constitution and statutes of the State of Missouri and the Lease to exist, to have happened and to have been performed precedent to the delivery of the Lease, exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be executed by an authorized officer as of the date set forth above.

UMB BANK, N.A.,
as Trustee

By:_____
Authorized Signatory

SPECIMEN

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

_____

Please Print or Typewrite Name, Address and
Employee Identification Number or Social Security Number of Transferee

the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____ Attorney to transfer the within Certificate on the register kept for registration thereof, with full power of substitution in the premises.

Dated: _____

_____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Certificate in every particular.

Signature Guaranteed By:

_____

(Name of Eligible Guarantor Institution as defined by SEC Rule 17 Ad-15 (17 CFR 240.17 Ad-15 or such other similar rule as Trustee may deem applicable))

By: _____
Title: _____

SPECIMEN

CITY'S CLOSING CERTIFICATE

$2,859,000
City of Monett, Missouri
Taxable Certificates of Participation
(Recovery Zone Economic Development Bonds)
Series 2010

We, the undersigned, are duly qualified and authorized officials of the City of Monett, Missouri (the "City"), and we hereby certify in connection with the issuance of the above-described Certificates (the "Certificates"), as follows:

1. **Meaning of Words and Terms.** Capitalized terms used herein and not otherwise defined shall be as defined in the Lease Purchase Agreement dated as of June 1, 2010 (the "Lease"), between the City, as lessee, and UMB Bank, N.A. (the "Trustee"), as lessor.

2. **Organization and Authority.** The City is a third-class city and political subdivision duly organized and existing under the laws of the State of Missouri. The City has complied with all provisions of the Constitution and the laws of the State of Missouri, and has full power and authority to consummate all transactions contemplated by the ordinance of the City Council of the City (the "City Council") authorizing the Certificates passed on June 21, 2010 (the "Approving Ordinance"), and any and all other agreements relating thereto.

3. **Transcript of Proceedings.** The documents listed on the closing list included in this transcript (the "Transcript") constitute a full, true and correct transcript of all documents and proceedings in connection with the issuance of the Certificates and the execution and delivery by the City of the Lease; none of such documents or proceedings have been modified, amended or repealed; and such facts as are stated in the Transcript still exist.

4. **Meetings.** Attached hereto as **Exhibit A** is a true and correct copy of the Excerpt of Minutes of Meeting of the City Council held on June 21, 2010, at which meeting a quorum was present and acting throughout, and said Excerpt of Minutes of Meeting remains in full force and effect. The meeting was held at a place convenient and reasonably accessible to the public and at a time reasonably convenient to the public and was otherwise held in accordance with the procedural requirements of the City and applicable law of the State of Missouri. Every reasonable effort was made to grant special access to said meeting to handicapped or disabled individuals. Notice of such meeting was given at the times and in the manner provided by applicable law of the State of Missouri.

5. **Ordinances of the City Council.** Attached hereto as **Exhibit B** is a full, true and correct copy of the Ordinance of the City Council designating a Recovery Zone, passed on December 21, 2009 (the "Recovery Zone Ordinance," together with the Approving Ordinance, collectively, the "Ordinances"), and said Recovery Zone Ordinance has not been otherwise modified, amended or repealed, and remains in full force and effect. Attached hereto as **Exhibit C** is a full, true and correct copy of the Approving Ordinance, passed on June 21 2010, approving the transaction and authorizing the execution of the City Documents (defined below), and said Approving Ordinance has not been otherwise modified, amended or repealed, and remains in full force and effect. Said Ordinances are the only official action taken by the City Council that are presently in effect relating to the transaction contemplated by the Lease.

6. **Incumbency of Officers.** The following named persons were the duly qualified and acting officials of the City at all times during which such persons participated in the proceedings authorizing the Certificates as shown in the Transcript:

Name	Title
James Orr	Mayor
Jerry Dierker	Commissioner
Mike Brownsberger	Commissioner

7. **Execution of Documents.** The following documents (the "City Documents") have been executed and delivered in the name and on behalf of the City by its duly authorized officers, pursuant to and in full compliance with the Approving Ordinance; the copies of the City Documents contained in the Transcript are true, complete and correct copies or counterparts of said documents as executed and delivered by the City and are in substantially the same form and text as the copies of such documents which were before the City Council of the City and approved by the Approving Ordinance; and said documents have not been amended, modified or rescinded and are in full force and effect as of the date hereof:

(a) Lease, pursuant to which the City will lease the Leased Property on a year-to-year basis from the Trustee with an option to purchase;

(b) Certificate Purchase Agreement dated June 21, 2010 (the "Purchase Agreement"), among the City, the Trustee and UMB Bank, N.A. (the "Underwriter");

(c) Tax Compliance Agreement dated as of June 1, 2010, between the City and the Trustee; and

(d) Continuing Disclosure Undertaking dated June 30, 2010, entered into by the City.

8. **Representations and Warranties.** The City has duly performed all of its obligations required to be performed, at or prior to the date of this Closing Certificate, by the Purchase Agreement and each of the City's representations and warranties contained in the Purchase Agreement are true as of the date hereof.

The City hereby further certifies that (i) since the date of the Preliminary Official Statement there has not been any material adverse change in the business, properties, financial condition or results of operations of the City, whether or not arising from transactions in the ordinary course of business, from that set forth in the Preliminary Official Statement, and except in the ordinary course of business or as set forth in the Preliminary Official Statement, the City has not incurred any material liability; (ii) there is no action, suit, proceeding or, to the knowledge of the City, any inquiry or investigation at law or in equity or before or by any public board or body pending or, to the knowledge of the City, threatened against or affecting the City, its officers or its property or, to the best of the knowledge of the City, any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the City, the transactions contemplated hereby or by the City Documents, the Ordinances or the Official Statement or the validity or enforceability of the Certificates, the City Documents or the Purchase Agreement, which are not disclosed in the Official Statement; (iii) to the knowledge of the City, the information contained in ***Appendix A*** to the Official Statement is true in all material respects and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; (iv) the City has duly authorized, by all necessary action, the execution, delivery and due performance by the City of the City Documents; and (v) the representations and warranties of the City set forth herein were accurate and complete as of the date hereof and are accurate and complete as of the Closing Time.

The representations and warranties of the City contained in the City Documents are true and correct on and as of the date hereof with the same effect as if made on the date hereof. All such representations and warranties, as well as those herein will be deemed to be for the benefit of the

purchasers of the Certificates, the Trustee, the Underwriter and the attorneys providing legal opinions in connection with the Certificates.

9. **Preliminary Official Statement and Official Statement.** The Preliminary Official Statement and the Official Statement contained in the Transcript constitute full, true and correct copies of the Preliminary Official Statement and final Official Statement relating to the Certificates. To the best of our knowledge, in said Preliminary Official Statement and in the final Official Statement the City has not made an untrue statement of a material fact or omitted to state a material fact (except for the omission of such information in the Preliminary Official Statement as is permitted by Rule 15c2-12(b)(1) of the Securities and Exchange Commission) necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. As of this date there has been no material adverse change in the financial condition or the financial affairs of the City since the date of the issuance of the Preliminary Official Statement or the final Official Statement, and no other event has occurred which is necessary to be disclosed in the Preliminary Official Statement or the final Official Statement in order to make the statements therein not misleading in any material respect as of the date hereof. The City has heretofore caused to be delivered to the Underwriter copies of the Preliminary Official Statement. For the purpose of enabling the Underwriter to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the City hereby deems the information regarding the City contained in the Preliminary Official Statement to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1), such as offering prices, interest rates, selling compensation, aggregate principal amount, principal per maturity, delivery dates, ratings, identity of the underwriters and other terms of the Certificates depending on such matters.

10. **Non-Litigation.** There is no litigation, controversy, suit or other proceeding of any kind pending, or to our knowledge threatened, wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way (a) the legal organization of the City or its boundaries (b) the right or title of any of its officers to their respective offices, (c) the legality of any of its official acts shown to have been done in the transcript furnished to the Underwriter, or (d) the constitutionality or validity of the indebtedness represented by the Certificates, or the validity of the Certificates, or any of the proceedings had in relation to the authorization, issuance or sale of the Certificates, or the means provided for the Basic Rent Payments under the Lease, or any agreement or instrument to which the City is a party and which is used or contemplated for use in the consummation of the transactions contemplated by the Lease, the Ordinances and the Official Statement.

11. **No Event of Default.** No condition or event exists that constitutes, or with the giving of notice or the passage of time or both would constitute, a Default or an Event of Default under the City Documents.

12. **No Interested Officers.** To the City's knowledge, no member of the City Council has any pecuniary interest, directly or indirectly, in any contract, employment, purchase or sale made, or to be made in connection with the proposed transaction contemplated in the Lease.

13. **No Legal Violation.** To the City's knowledge, the City's execution and delivery of the City Documents and the performance of the terms thereof by the City will not violate any provision of law, or any ordinance of the City Council, or any applicable judgment, ordinance, rule or regulation, of any court or any public or governmental agency or authority, and will not conflict with, violate or result in the breach of any of the provisions of or constitute a default under, any indenture, mortgage or other agreement or instrument to which the City is a party or by which it or its properties are bound.

14. **Approvals.** All approvals, consents, authorizations and ordinances required to be obtained by the City in connection with the City Documents and the performance of the terms thereof by the City have been duly obtained.

15. Receipt for Purchase Price. The City received on the date hereof from the Underwriter the full purchase price of the Certificates, said purchase price being hereby acknowledged to be calculated as follows:

Principal Amount	$2,859,000.00
Less Underwriting Discount	(25,044.84)
Total Purchase Price	$2,833,955.16

[Remainder of this page intentionally left blank]

DATED: June 30, 2010.

CITY OF MONETT, MISSOURI

By: _____
Mayor

(SEAL)

ATTEST:

_____
City Clerk

EXHIBIT A

EXCERPT OF MINUTES OF MEETING

CERTIFICATION OF
EXCERPT OF MINUTES OF MEETING AND ORDINANCES

I, the undersigned, being the duly qualified and authorized City Clerk of the City Council of the City of Monett, Missouri (the "City"), hereby certify that the following is a true and accurate excerpt from the minutes of the regular meeting of the City Council, held on June 21, 2010, at 9:30 a.m., at the Monett City Hall Council Room at 217 5th Street, in Monett, Missouri.

The following officials were present or absent from the meeting, as indicated:

	Present/Absent
James Orr, Mayor	Present
Jerry Dierker, Commissioner	Present
Mike Brownsberger, Commissioner	Present

The Mayor declared that a quorum was present and called the meeting to order.

* * * *

(Other Proceedings)

* * * *

The matter of authorizing the issuance and delivery of $2,859,000 principal amount of Taxable Certificates of Participation (Recovery Zone Economic Development Bonds), Series 2010, and related documents came on for consideration and was discussed.

Commissioner Dierker presented and moved the adoption of a Ordinance entitled as follows:

AN ORDINANCE AUTHORIZING AND DIRECTING THE ISSUANCE, SALE AND DELIVERY OF $2,859,000 PRINCIPAL AMOUNT OF TAXABLE CERTIFICATES OF PARTICIPATION (RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS), SERIES 2010, OF THE CITY OF MONETT, MISSOURI; PRESCRIBING THE FORM AND DETAILS OF SAID CERTIFICATES; AUTHORIZING THE CITY TO ENTER INTO A LEASE PURCHASE AGREEMENT WITH UMB BANK, N.A., AS TRUSTEE; APPROVING A DECLARATION OF TRUST MADE BY SAID TRUSTEE PURSUANT TO WHICH THE CERTIFICATES WILL BE EXECUTED; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH.

Commissioner Brownsberger seconded the motion to adopt the Ordinance. Thereupon, the Ordinance was read, considered and discussed, and, the question being put to a roll call vote, the vote thereon was as follows:

Aye: Orr, Brownsberger and Dierker.

Nay: None.

The Mayor declared the motion carried and the Ordinance duly passed.

* * * *

(Other Proceedings)

* * * *

There being no further business to come before the meeting, on motion duly made, seconded and carried, the meeting was adjourned.

DATED: June 21, 2010.

Janie Knight

City Clerk of the City of Monett, Missouri

CERTIFICATE REGARDING NOTICE OF MEETING

I, the undersigned, City Clerk of the City of Monett, Missouri, certify that (1) the attached notice of meeting of the City Council, held on June 21, 2010, was posted at least 24 hours prior to the commencement of the meeting on a bulletin board or other prominent place at Monett City Hall, 217 5th St., Monett, Missouri, the principal office and meeting place of the City Council, which is easily accessible to the public and clearly designated for posting notices of the City Council, and (2) the attached notice of meeting of the City Council was made available at least 24 hours prior to the commencement of the meeting to any representative of the news media who requested notices of meetings of the City.

Dated: June 22, 2010.

Jamie Knight

City Clerk of the City of Monett, Missouri

NOTICE OF MEETING

The Monett City Council will meet in regular session, Monday, June 21, 2010 at 9:30 a.m. in the Monett City Hall Council room. The following is a tentative agenda for that meeting:

Consideration and/or approval of:

- Minutes of a previous session dated May 20, 2010
- Monthly Expenditures

- Third Reading of Bill 7983 to amend Section 500.030 of the City Code related to building permit fee schedules
- First Reading of an ordinance repealing Section 525.010 (4) of the City Code and adopting a new section relating to stormwater management

Emergency consideration of:

- An ordinance authorizing the issuance, sale and delivery of taxable certificates of participation (Recovery Zone Economic Development Bonds) Series 2010
- A Memorandum of Understanding/Authorization to Use Radio Frequencies between City of Monett and Cox Monett Hospital

.....

- Review of bids for new trash truck
- Consideration of Building Board recommendation to demolish structure at 314 Pearl

Janie Knight

Janie Knight, City Clerk

EXHIBIT B

ORDINANCE DESIGNATING A RECOVERY ZONE

CERTIFICATION OF CITY DOCUMENTS

I hereby certify the attachment hereto is a true copy of an original ordinance number 7958 dated 12-21-09 found in the Monett City records in the City Clerk's office at Monett, Missouri.

Dated this 18 day of June, 2010.

Janie Knight

Janie Knight City Clerk

BILL NO. 7958 ORDINANCE NO. 7958

AN ORDINANCE DESIGNATING A RECOVERY ZONE PURSUANT TO THE AMERICAN RECOVERY AND REINVESTMENT TAX ACT OF 2009 FOR THE PURPOSE OF ISSUING RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS AND RECOVERY ZONE FACILITY BONDS.

WHEREAS, the City of Monett, Missouri (the "City") anticipates receiving one or more allocations of Recovery Zone Economic Development Bonds or Recovery Zone Facility Bonds pursuant to the American Recovery and Reinvestment Tax Act of 2009, codified in Title 26 of the United States Code (the "Act") and Internal Revenue Service, Notice 2009-50, issued on June 12, 2009 (collectively, the "Allocations"); and

WHEREAS, the City understands that any such Allocations that it has or will receive are to be used for the issuance of Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds pursuant to Section 1400U-2 or 1400U-3, respectively, of the Internal Revenue Code of 1986, as amended (the "Code"), which are referred to collectively as "Recovery Zone Bonds"; and

WHEREAS, the City understands that Recovery Zone Bonds are to be issued with respect to or to finance certain expenditures located in or attributable to an area within the jurisdiction of the City that the City determines has a significant level of one or more of the following factors: poverty, unemployment, home foreclosures, or general distress (each a "Distress Factor"); and

WHEREAS, the City initially expects that it will issue Recovery Zone Economic Development Bonds for the purpose of funding waterline, well house and related improvements to the water system of the City and, if sufficient proceeds of the Recovery Zone Economic Development Bonds are available, repairs and improvements to the City Hall Auditorium and Park Casino owned by the City (collectively, the "Initial Recovery Zone Project"); and

WHEREAS, the City will also investigate the use of other funding sources for the Initial Recovery Zone Project as described in Section 3 and Section 4; and

WHEREAS, the City desires to designate the area described in Section 2 as a "Recovery Zone" to provide for the possible issuance of Recovery Zone Bonds (such area being referred to herein as the "Recovery Zone");

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF MONETT, MISSOURI, AS FOLLOWS:

Section 1. Finding of Distress Factor. The City Council of the City (the "City Council") hereby finds and determines that the Recovery Zone identified in Section 2 suffers from a significant level of general distress due to increased unemployment in calendar years 2008 and 2009 in Barry County, Missouri, and Lawrence County, Missouri, and a recent decrease in taxable sales within the City's boundaries as evidenced by a decrease in sales tax revenues between fiscal years 2008 and 2009 of City.

Section 2. Designation of Recovery Zone. Based upon the findings and determinations set forth in Section 1, the City Council hereby designates the entire area within the jurisdictional boundaries of the City as the "Recovery Zone" for the City.

Section 3. Reimbursement of Expenditures; Additional Funding Sources. The City expects to make expenditures on and after the date of adoption of this Ordinance in connection with the Initial Recovery Zone Project, and the City intends to reimburse itself for such expenditures with the proceeds of the Recovery Zone Bonds. The maximum principal amount of Recovery Zone Economic Development Bonds expected to be issued in the form of certificates of participation for the Initial Recovery Zone Project is $2,859,850. The City may pursue additional financing for the Initial Recovery Zone Project in the approximate amount of $430,000 through the issuance of taxable certificates of participation, and will also evaluate the availability of other funds of the City for use in financing the Initial Recovery Zone Project.

Section 4. Further Action. The appropriate staff and officers of the City are authorized and directed to take all necessary steps to indentify appropriate projects for which the issuance of bonds will further the goals established for Recovery Zone Bonds in order to cure the Distress Factor identified with Section 1 within the Recovery Zone; to identify other economic development incentives and programs which may be available under Federal or Missouri laws for such projects which will further the goals established for Recovery Zone Bonds; and to work with Barry County, Missouri, Lawrence County, Missouri and the Missouri Department of Economic Development as applicable to plan for the issuance of Recovery Zone Bonds for identified projects.

PASSED by the City Council of Monett, Missouri and **APPROVED** by the Mayor this 21ST day of December, 2009.

Mayor

(Seal)

ATTEST:

City Clerk

EXHIBIT C

ORDINANCE AUTHORIZING THE LEASE PURCHASE AGREEMENT AND RELATED DOCUMENTS

BILL NO. 7989

ORDINANCE NO. 7989

AN ORDINANCE AUTHORIZING AND DIRECTING THE ISSUANCE, SALE AND DELIVERY OF $2,859,000 PRINCIPAL AMOUNT OF TAXABLE CERTIFICATES OF PARTICIPATION (RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS), SERIES 2010, OF THE CITY OF MONETT, MISSOURI; PRESCRIBING THE FORM AND DETAILS OF SAID CERTIFICATES; AUTHORIZING THE CITY TO ENTER INTO A LEASE PURCHASE AGREEMENT WITH UMB BANK, N.A., AS TRUSTEE; APPROVING A DECLARATION OF TRUST MADE BY SAID TRUSTEE PURSUANT TO WHICH THE CERTIFICATES WILL BE EXECUTED; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH.

WHEREAS, the City of Monett, Missouri (the "City") desires to improve the waterworks portion of the City's combined waterworks and sewerage system, including the installation of water lines, fire hydrants, a backhoe, a well house and other equipment and furnishings and related projects (the "Project"); and

WHEREAS, in order to facilitate the foregoing and to pay the cost thereof, it is necessary and desirable for the City to take the following actions:

1. Enter into an annually renewable Lease Purchase Agreement dated as of June 1, 2010 (the "Lease"), with UMB Bank, N.A., as Trustee (the "Trustee"), pursuant to which the City will lease the Project on a year-to-year basis from the Trustee with an option to purchase the Trustee's interest in the Project, in substantially the form on file with the City; and

2. Approve the Preliminary Official Statement, in substantially the form on file with the City, and an Official Statement, both respecting the City of Monett, Missouri Taxable Certificates of Participation (Recovery Zone Economic Development Bonds), Series 2010 (the "Certificates"), evidencing proportionate interests of the owners thereof in Basic Rent Payments to be made by the City under the Lease, to be in such forms as are approved by the Mayor (together, the "Official Statement"); and

3. Deliver a Continuing Disclosure Undertaking dated June 30, 2010 (the "Continuing Disclosure Undertaking"), pursuant to which the City agrees to provide certain financial and other information with respect to the Certificates, in substantially the form on file with the City; and

4. Enter into a Tax Compliance Agreement dated as of June 1, 2010 (the "Tax Compliance Agreement"), between the City and the Trustee, which sets forth certain representations, facts, expectations, terms and conditions relating to the use and investment of the proceeds of the Certificates; to establish and maintain the City's right to receive interest subsidy payments from the United States with respect to the Certificates; and to provide guidance for complying with the arbitrage rebate provisions of §148(f) of the Internal Revenue Code, in substantially the form on file with the City; and

5. Enter into a Certificate Purchase Agreement dated as of the date set forth therein (the "Certificate Purchase Agreement"), between the City and UMB Bank, N.A. (the "Underwriter"), under which the City agrees to sell and the Underwriter agrees to purchase the

Certificates upon such terms and conditions thereof as set forth in the Certificate Purchase Agreement, in substantially the form on file with the City; and

6. Approve the Declaration of Trust dated as of June 1, 2010 (the "Declaration of Trust"), made by the Trustee, as settlor and trustee, pursuant to which the Trustee will execute the Certificates.

The Lease, the Official Statement, the Continuing Disclosure Undertaking, the Tax Compliance Agreement and the Certificate Purchase Agreement are referred to together herein as the "City Documents."

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF MONETT, MISSOURI, AS FOLLOWS:

Section 1. Authorization and Approval of City Documents. The City Documents are hereby authorized and approved in substantially the forms submitted to and reviewed by the City Council of the City on the date hereof, with such changes therein as shall be approved by the Mayor of the City, the Mayor's execution thereof to be conclusive of the approval thereof.

The obligation of the City to pay Basic Rent Payments (as defined in the Lease) under the Lease is subject to annual appropriation and shall constitute a current expense of the City and shall not in any way be construed to be an indebtedness or liability of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness or liability by the City, nor shall anything contained in the Lease constitute a pledge of the general tax revenues, funds or moneys of the City, and all provisions of the Lease shall be construed so as to give effect to such intent.

The Mayor is hereby authorized and directed to execute and deliver the City Documents on behalf of and as the act and deed of the City. The City Clerk is hereby authorized to affix the City's seal to the City Documents and to attest said seal and the signature of the Mayor.

Section 2. Approval of Declaration of Trust. The City hereby recognizes and acknowledges that the Trustee, pursuant to the Declaration of Trust, intends to execute and deliver the Certificates and hereby approves the form of the Declaration of Trust submitted to and reviewed by the City Council on the date hereof with such changes as shall be approved by the Mayor, the Mayor's execution of the Lease being conclusive of the approval of the Declaration of Trust. The City Council hereby acknowledges and consents to the execution and delivery of the Certificates pursuant to the Declaration of Trust.

Section 3. Sale of Certificates. The sale of the Certificates to the Underwriter in the principal amount of $2,859,000 is hereby approved. The Certificate Purchase Agreement is hereby authorized and approved in substantially the form submitted to and reviewed by the City Council on the date hereof, with such changes therein as shall be approved by the Mayor of the City, the Mayor's execution thereof to be conclusive of the approval hereof. The Mayor is hereby authorized and directed to execute and deliver the Certificate Purchase Agreement on behalf of the City. The interest rates, prepayment dates and other terms of the Certificates shall be set forth in the Certificate Purchase Agreement and the Declaration of Trust.

Section 4. Approval of Official Statement. The Preliminary Official Statement and the final Official Statement are hereby authorized and approved, in such form as shall be approved by the Mayor, said Mayor's execution thereof to be conclusive evidence of the approval thereof, and the public

distribution of the final Official Statement by the Underwriter are in all respects hereby authorized and approved. The Mayor is hereby authorized to execute and deliver the final Official Statement on behalf of and as the act and deed of the City.

For the purpose of enabling the Underwriter to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the City hereby deems the information regarding the City contained in the Preliminary Official Statement to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1), and the appropriate officers of the City are hereby authorized, if requested, to provide the Underwriter a letter or certification to such effect and to take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Underwriter to comply with the requirement of such Rule.

Section 5. Further Authority. The City shall, and the appropriate staff and officers of the City are hereby authorized and directed to, take such actions, expend such funds and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance and to carry out, comply with and perform the duties of the City with respect to the City Documents, the other documents authorized or approved hereby and the Project. Without limiting the foregoing, the City Council is hereby authorized, if required, to execute any certificate or agreement to allow the Underwriter to comply with Rule 15c2-12 of the Securities and Exchange Commission.

Section 6. Severability. If any one or more of the terms, provisions or conditions of this ordinance shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, none of the remaining terms, provisions or conditions of this ordinance shall be affected thereby and each provision of this ordinance shall be valid and enforceable to the fullest extent permitted by law.

Section 7. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the City Council.

PASSED by the City Council of Monett, Missouri and **APPROVED** by the Mayor this 21st day of June, 2010.

James Orr

Mayor, James Orr

(SEAL)

ATTEST:

Janie Knight

City Clerk-Janie Knight

DESIGNATION OF AUTHORIZED CITY REPRESENTATIVES

Relating to

$2,859,000
City of Monett, Missouri
Taxable Certificates of Participation
(Recovery Zone Economic Development Bonds)
Series 2010

The following named persons are hereby designated Authorized City Representatives under the Lease Purchase Agreement dated as of June 1, 2010, between the City of Monett, Missouri and UMB Bank, N.A. and the signature appearing opposite each person's name is the true and genuine signature of such person:

Name	Signature
James Orr, Mayor	James Orr

Each of the above named persons shall serve in such capacity until such time as his/her successor has been appointed.

IN WITNESS WHEREOF, the undersigned has hereunto set her signature this June 21, 2010.

CITY OF MONETT, MISSOURI

By: Janice Knight
City Clerk of the City of Monett, Missouri

The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

[To be Completed by Issuer]

CITY OF MONETT, MISSOURI
[Name of Issuer]

December 19, 2003
[Date]

[For Municipal Issues:
Underwriting Department—Eligibility; 50th Floor]
[For Corporate Issues:
General Counsel's Office; 49th Floor]
The Depository Trust Company
55 Water Street
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

CITY OF MONETT, MISSOURI
(Issuer)

By: _____
(Authorized Officer's Signature)

Jerry Fulp, Mayor
(Print Name)

217 - 5th Street
(Street Address)

Monett, Missouri 65708
(City) (State) (Country) (Zip Code)

(417) 235-3763
(Phone Number)

(E-mail Address)

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

By: _____

DTCC

The Depository Trust & Clearing Corporation

[2/02]

SCHEDULE A
(To Blanket Issuer Letter of Representations)

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities 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 Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. 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 Securities 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 Securities 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 highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com** and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities 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.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent, 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, Agent, or Issuer, 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 Issuer or Agent, 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.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

UMB BANK

Date: April 26, 1999

The Depository Trust Company
Mr. Vincent A. Mauro
Vice President
55 Water Street - 19th Floor
New York, NY 10041

Dear Mr. Mauro:

RE: Operational Arrangements Letter of Representations

From time to time, this organization may be appointed as a trustee, paying agent, transfer agent, or an agent in some other capacity for securities issues that DTC will be requested to make eligible for its services. The undersigned confirms that when this organization acts in one of these capacities for any such issues, it hereby represents that, to the extent within its control, it will comply with the requirements stated in the DTC Operations Arrangements memorandum dated December 12, 1994, as they may be amended from time to time.

UMB BANK, N.A.
(Name of Organization)

(Authorized Officer's Signature)

Frank C. Bramwell
(Please Print Name)

Vice President
(Title)

8162r/58
P.O. Box 419226
Kansas City, Missouri
64141-6226
(816) 860-7000

Member FDIC

TRUSTEE'S CLOSING CERTIFICATE
AND RECEIPT FOR PURCHASE PRICE

$2,859,000
City of Monett, Missouri
Taxable Certificates of Participation
(Recovery Zone Economic Development Bonds)
Series 2010

The undersigned, UMB Bank, N.A. (the "Trustee"), as trustee under the Declaration of Trust dated as of June 1, 2010 (the "Declaration of Trust"), executed by the Trustee for the purpose of authorizing the execution and delivery of the above-described Certificates (the "Certificates"), does hereby certify as follows:

1. The Trustee is a national banking association duly organized under the laws of the United States of America and has full power and authority to act as Trustee in the State of Missouri as provided in the Declaration of Trust.

2. The duties and obligations of the Trustee under the Declaration of Trust, the Lease Purchase Agreement dated as of June 1, 2010 (the "Lease"), between the Trustee and the City of Monett, Missouri (the "City"), the Certificate Purchase Agreement dated June 21, 2010, among the Trustee, the City and UMB Bank, N.A. (the "Underwriter"), and the Tax Compliance Agreement dated as of June 1, 2010, between the City and the Trustee (collectively, the "Trustee Documents"), and the compliance with the provisions of the Trustee Documents will not conflict with or constitute a breach of or default under any laws, administrative regulations, consent decree or any agreement or other instrument to which the Trustee is subject.

3. The Trustee Documents have each been duly executed on behalf of the Trustee, its corporate seal affixed thereto and attested, by duly authorized officers of the Trustee, and said persons were at that time and still are at the date hereof the duly elected or appointed, qualified and acting officers of the Trustee and were and still are at the date hereof authorized to perform said acts.

4. Pursuant to the Declaration of Trust and prior to the delivery of the Certificates, each such Certificate so delivered was signed on behalf of the Trustee by an authorized officer or employee of the Trustee and each of said persons was at the time of the acts mentioned above and still is at the date hereof authorized to perform said acts.

5. The Certificates have been duly registered in the registration books maintained by the Trustee pursuant to the Declaration of Trust in the names specified by the Underwriter.

6. On the date hereof, the Trustee delivered the Certificates to the Underwriter.

7. The Trustee has received in trust the purchase price, being $2,833,955.16 (representing the principal amount of the Certificates less an underwriting discount of $25,044.84).

DATED: June 30, 2010.

UMB BANK, N.A., as Trustee

By: Betty Loch
Title: Authorized Signatory

UNDERWRITER'S RECEIPT AND REPRESENTATION

$2,859,000
City of Monett, Missouri
Taxable Certificates of Participation
(Recovery Zone Economic Development Bonds)
Series 2010

This certificate is being delivered by UMB Bank, N.A. (the "Underwriter"), in connection with the issuance of the above-described certificates (the "Certificates") being issued on the date of this Receipt (the "Issue Date") by the City of Monett, Missouri (the "Issuer"). Based on its records and information available to the undersigned which the undersigned believes to be correct, the Underwriter represents as follows:

Capitalized words and terms used in this Receipt, unless the context requires otherwise, shall have the same meanings as set forth in the Declaration of Trust dated as of June 1, 2010 (the "Declaration of Trust"), executed by the Trustee.

1. **Authorized Representative.** The undersigned is the duly authorized representative of the Underwriter.

2. **Receipt for Certificates.** The Underwriter acknowledges receipt by the Depository Trust Company on behalf of the Underwriter on the Issue Date of the Certificates consisting of "book-entry-only" certificates in a form acceptable to the Underwriter.

3. **Public Offering.** The initial offering price and interest rate for each maturity of the Certificates is attached to this certificate as **Schedule I**. All of the Certificates of each maturity were offered to the public in a bona fide public offering at the initial offering prices on the date the Certificate Purchase Agreement was executed (the "Sale Date"). On the Sale Date, the Underwriter reasonably expected that at least 10% of each maturity of the Certificates would be sold to the public at prices not higher than the initial offering prices. For purposes of this paragraph, "public" means persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers. The aggregate offering price of the Certificates is $2,859,000, plus accrued interest, if any. At the request of the Issuer, the Underwriter will provide information explaining the factual basis for the Underwriter's certifications in this paragraph if (1) the Issuer requests the information in connection with an audit or inquiry by the Internal Revenue Service or the Securities and Exchange Commission or (2) the information is required to be retained by the Issuer pursuant to future regulation or similar guidance from the Internal Revenue Service, the Securities and Exchange Commission or other federal or state regulatory authority.

4. **Debt Service Reserve Fund.** The funding of the Debt Service Reserve Fund securing the Certificates in an amount equal to the Debt Service Reserve Requirement was an essential factor in marketing the Certificates, and facilitates the marketing of the Certificates at an interest rate comparable to that of other issues of a similar type. The amount being deposited in the Debt Service Reserve Fund does not exceed the least of (i) 10% of the proceeds of the Certificates, (ii) the maximum annual debt service on the Certificates (net of Interest Subsidy Payments), or (iii) 125% of the average annual debt service on the Certificates (net of Interest Subsidy Payments).

5. **Compliance with Certificate Purchase Agreement.** The Underwriter acknowledges that it has timely received in satisfactory form and manner all proceedings, certificates, opinions, letters and other documents required to be submitted to it pursuant to the Certificate Purchase Agreement on the

date of the delivery of and payment for the Certificates (except to the extent the Underwriter has waived or consented to modification of certain provisions thereof), and that the Issuer has in all respects complied with and satisfied all of its obligations to us which are required under the Certificate Purchase Agreement to be complied with and satisfied on or before the date hereof.

6. **Reliance.** The Issuer may rely on the foregoing representations in making its certification as to issue price of the Certificates under the Internal Revenue Code of 1986, as amended (the "Code"), and Gilmore & Bell, P.C., Special Tax Counsel, may rely on the foregoing representations in rendering their opinion regarding federal tax matters arising with respect to the Certificates, including any opinion on the status of the Certificates as "recovery zone economic development bonds" as defined in Section 1400U-2 of the Code and that the Issuer is entitled under Code Section 6431 to receive payments from the United States on each Certificate payment date equal to 45 percent of the Interest Portion of the Basic Rent Payment paid on that date; provided, however, nothing herein represents our interpretation of any laws, and in particular, regulations under the Internal Revenue Code of 1986, as amended.

Dated: June 30, 2010.

UMB BANK, N.A.

By:_____

Title: Philip B. Richter, Senior Vice President

PiperJaffray®

*** CLOSING MEMORANDUM***

DATE: June 24, 2010

TO: Attached Distribution List

FROM: Todd Goffoy (913) 345-3373

RE: $2,859,000
City of Monett, Missouri
Taxable Certificates of Participation
Recovery Zone Economic Development Bonds
Series 2010

CLOSING DATE, TIME & LOCATION: Wednesday June 30, 2010
9:00 a.m. Central Time
By Telephone

SOURCES AND USES

SOURCES	
Par Amount of Certificates	$2,859,000.00
City Cash Contribution	24,064.84
	$2,883,064.84
USES	
Project Costs	$2,581,820.00
Debt Service Reserve Fund	220,000.00
Underwriter's Discount	25,044.84
Costs of Issuance	56,200.00
TOTAL USES	$2,883,064.84

TRANSFER OF FUNDS

UMB BANK TRANSFER INSTRUCTIONS:

Transfer #1
On the morning of closing, UMB Bank, as underwriter, shall initiate an electronic transfer in the amount of $2,833,955.16 (*Par Amount less Underwriter's Discount)* to:

Wire to:	UMB Bank, NA
ABA #	101000695
BNF Name:	Trust Department
BNF A/C:	9800006823
Ref:	Monett, Series 2010
Attn:	Betty Loehr ext. 3007

CITY OF MONETT TRANSFER INSTRUCTIONS:

Transfer #2
On the morning of closing, the City of Monett shall initiate an electronic transfer in the amount of $24,064.84 (*City Cash Contribution)* to:

Wire to:	UMB Bank, NA
ABA #	101000695
BNF Name:	Trust Department
BNF A/C:	9800006823
Ref:	Monett, Series 2010
Attn:	Betty Loehr ext. 3007

APPLICATION OF FUNDS

Upon receipt of both transfers, UMB Bank, as Trustee, shall make the following deposits:

A. $2,638,020.00 shall be deposited into the Acquisition Fund and used to pay project costs, including the costs of issuance. The cost of issuance will be paid upon receipt of an invoice based on requisitions submitted pursuant to the Declaration of Trust.

B. $220,000.00 shall be deposited in the Debt Service Reserve Fund.

MISCELLANEOUS

Upon confirmation that the electronic transfers have been received and that other required activities have been completed, Special Tax Counsel will provide signed legal opinions to the Underwriter and authorize the release and distribution of the Certificates.

Because of the redelivery requirements of the Depository Trust Company, it is imperative that the above activities be completed no later than 11:30 a.m. Central Time on the morning of the closing.

Anyone with questions, corrections or revisions should immediately notify Todd Goffoy.

SOURCES AND USES OF FUNDS

City of Monett, Missouri
Recovery Zone Economic Development Certificates of Participation
Series 2010 - FINAL

Dated Date	06/30/2010
Delivery Date	06/30/2010

Sources:	
Bond Proceeds:	
Par Amount	2,859,000.00
Other Sources of Funds:	
City Cash Contribution	24,064.84
	2,883,064.84

Uses:	
Project Fund Deposits:	
Project Fund	2,581,820.00
Other Fund Deposits:	
Debt Service Reserve Fund	220,000.00
Cost of Issuance:	
Special Tax Counsel	30,000.00
Financial Advisor	18,500.00
Rating Agency Fee	5,700.00
Trustee Fee	1,500.00
CUSIP	500.00
	56,200.00
Underwriter's Discount:	
Underwriter's Discount	25,044.84
	2,883,064.84

BOND DEBT SERVICE

City of Monett, Missouri
Recovery Zone Economic Development Certificates of Participation
Series 2010 - FINAL

Dated Date	06/30/2010
Delivery Date	06/30/2010

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
01/01/2011			82,891.46	82,891.46	
07/01/2011	69,000	1.550%	82,433.50	151,433.50	234,324.96
01/01/2012			81,898.75	81,898.75	
07/01/2012	80,000	2.250%	81,898.75	161,898.75	243,797.50
01/01/2013			80,998.75	80,998.75	
07/01/2013	80,000	2.750%	80,998.75	160,998.75	241,997.50
01/01/2014			79,898.75	79,898.75	
07/01/2014	80,000	3.250%	79,898.75	159,898.75	239,797.50
01/01/2015			78,598.75	78,598.75	
07/01/2015	80,000	3.750%	78,598.75	158,598.75	237,197.50
01/01/2016			77,098.75	77,098.75	
07/01/2016	85,000	4.200%	77,098.75	162,098.75	239,197.50
01/01/2017			75,313.75	75,313.75	
07/01/2017	85,000	4.500%	75,313.75	160,313.75	235,627.50
01/01/2018			73,401.25	73,401.25	
07/01/2018	85,000	4.800%	73,401.25	158,401.25	231,802.50
01/01/2019			71,361.25	71,361.25	
07/01/2019	90,000	5.100%	71,361.25	161,361.25	232,722.50
01/01/2020			69,066.25	69,066.25	
07/01/2020	90,000	5.350%	69,066.25	159,066.25	228,132.50
01/01/2021			66,658.75	66,658.75	
07/01/2021	95,000	5.550%	66,658.75	161,658.75	228,317.50
01/01/2022			64,022.50	64,022.50	
07/01/2022	100,000	5.650%	64,022.50	164,022.50	228,045.00
01/01/2023			61,197.50	61,197.50	
07/01/2023	100,000	5.800%	61,197.50	161,197.50	222,395.00
01/01/2024			58,297.50	58,297.50	
07/01/2024	105,000	5.900%	58,297.50	163,297.50	221,595.00
01/01/2025			55,200.00	55,200.00	
07/01/2025	105,000	6.000%	55,200.00	160,200.00	215,400.00
01/01/2026			52,050.00	52,050.00	
07/01/2026	110,000	6.500%	52,050.00	162,050.00	214,100.00
01/01/2027			48,475.00	48,475.00	
07/01/2027	115,000	6.500%	48,475.00	163,475.00	211,950.00
01/01/2028			44,737.50	44,737.50	
07/01/2028	120,000	6.500%	44,737.50	164,737.50	209,475.00
01/01/2029			40,837.50	40,837.50	
07/01/2029	125,000	6.500%	40,837.50	165,837.50	206,675.00
01/01/2030			36,775.00	36,775.00	
07/01/2030	130,000	6.500%	36,775.00	166,775.00	203,550.00
01/01/2031			32,550.00	32,550.00	
07/01/2031	130,000	7.000%	32,550.00	162,550.00	195,100.00
01/01/2032			28,000.00	28,000.00	
07/01/2032	135,000	7.000%	28,000.00	163,000.00	191,000.00
01/01/2033			23,275.00	23,275.00	
07/01/2033	140,000	7.000%	23,275.00	163,275.00	186,550.00

BOND DEBT SERVICE

City of Monett, Missouri
Recovery Zone Economic Development Certificates of Participation
Series 2010 - FINAL

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
01/01/2034			18,375.00	18,375.00	
07/01/2034	150,000	7.000%	18,375.00	168,375.00	186,750.00
01/01/2035			13,125.00	13,125.00	
07/01/2035	375,000	7.000%	13,125.00	388,125.00	401,250.00
	2,859,000		2,827,749.96	5,686,749.96	5,686,749.96

NET DEBT SERVICE

City of Monett, Missouri
Recovery Zone Economic Development Certificates of Participation
Series 2010 - FINAL

Period Ending	Principal	Interest	Total Debt Service	Recovery Zone 45% Credit	Debt Service Reserve Fund	Net Debt Service
07/01/2011	69,000	165,324.96	234,324.96	(74,396.24)		159,928.72
07/01/2012	80,000	163,797.50	243,797.50	(73,708.88)	4,400	165,688.62
07/01/2013	80,000	161,997.50	241,997.50	(72,898.88)	4,400	164,698.62
07/01/2014	80,000	159,797.50	239,797.50	(71,908.88)	4,400	163,488.62
07/01/2015	80,000	157,197.50	237,197.50	(70,738.88)	4,400	162,058.62
07/01/2016	85,000	154,197.50	239,197.50	(69,388.88)	4,400	165,408.62
07/01/2017	85,000	150,627.50	235,627.50	(67,782.38)	4,400	163,445.12
07/01/2018	85,000	146,802.50	231,802.50	(66,061.12)	4,400	161,341.38
07/01/2019	90,000	142,722.50	232,722.50	(64,225.12)	4,400	164,097.38
07/01/2020	90,000	138,132.50	228,132.50	(62,159.62)	4,400	161,572.88
07/01/2021	95,000	133,317.50	228,317.50	(59,992.88)	4,400	163,924.62
07/01/2022	100,000	128,045.00	228,045.00	(57,620.26)	4,400	166,024.74
07/01/2023	100,000	122,395.00	222,395.00	(55,077.76)	4,400	162,917.24
07/01/2024	105,000	116,595.00	221,595.00	(52,467.76)	4,400	164,727.24
07/01/2025	105,000	110,400.00	215,400.00	(49,680.00)	4,400	161,320.00
07/01/2026	110,000	104,100.00	214,100.00	(46,845.00)	4,400	162,855.00
07/01/2027	115,000	96,950.00	211,950.00	(43,627.50)	4,400	163,922.50
07/01/2028	120,000	89,475.00	209,475.00	(40,263.76)	4,400	164,811.24
07/01/2029	125,000	81,675.00	206,675.00	(36,753.76)	4,400	165,521.24
07/01/2030	130,000	73,550.00	203,550.00	(33,097.50)	4,400	166,052.50
07/01/2031	130,000	65,100.00	195,100.00	(29,295.00)	4,400	161,405.00
07/01/2032	135,000	56,000.00	191,000.00	(25,200.00)	4,400	161,400.00
07/01/2033	140,000	46,550.00	186,550.00	(20,947.50)	4,400	161,202.50
07/01/2034	150,000	36,750.00	186,750.00	(16,537.50)	4,400	165,812.50
07/01/2035	375,000	26,250.00	401,250.00	(11,812.50)	224,400	165,037.50
	2,859,000	2,827,749.96	5,686,749.96	(1,272,487.56)	325,600	4,088,662.40

BOND SUMMARY STATISTICS

City of Monett, Missouri
Recovery Zone Economic Development Certificates of Participation
Series 2010 - FINAL

Dated Date	06/30/2010
Delivery Date	06/30/2010
Last Maturity	07/01/2035
Arbitrage Yield	3.489689%
True Interest Cost (TIC)	3.567090%
Net Interest Cost (NIC)	6.479657%
All-In TIC	3.744454%
Average Coupon	6.422772%
Average Life (years)	15.399
Duration of Issue (years)	14.352
Par Amount	2,859,000.00
Bond Proceeds	2,859,000.00
Total Interest	2,827,749.96
Net Interest	2,852,794.80
Bond Years from Dated Date	44,026,941.67
Bond Years from Delivery Date	44,026,941.67
Total Debt Service	5,686,749.96
Maximum Annual Debt Service	401,250.00
Average Annual Debt Service	227,444.73
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	8.760000
Total Underwriter's Discount	8.760000
Bid Price	99.124000

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bonds	1,329,000.00	100.000	5.228%	8.486
2030 Term Bonds	600,000.00	100.000	6.500%	18.086
2035 Term Bonds	930,000.00	100.000	7.000%	23.546
	2,859,000.00			15.399

	TIC	All-In TIC	Arbitrage Yield
Par Value	2,859,000.00	2,859,000.00	2,859,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	(25,044.84)	(25,044.84)	
- Cost of Issuance Expense		(56,200.00)	
- Other Amounts			
Target Value	2,833,955.16	2,777,755.16	2,859,000.00
Target Date	06/30/2010	06/30/2010	06/30/2010
Yield	3.567090%	3.744454%	3.489689%

BOND PRICING

City of Monett, Missouri
Recovery Zone Economic Development Certificates of Participation
Series 2010 - FINAL

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bonds:					
	07/01/2011	69,000	1.550%	1.550%	100.000
	07/01/2012	80,000	2.250%	2.250%	100.000
	07/01/2013	80,000	2.750%	2.750%	100.000
	07/01/2014	80,000	3.250%	3.250%	100.000
	07/01/2015	80,000	3.750%	3.750%	100.000
	07/01/2016	85,000	4.200%	4.200%	100.000
	07/01/2017	85,000	4.500%	4.500%	100.000
	07/01/2018	85,000	4.800%	4.800%	100.000
	07/01/2019	90,000	5.100%	5.100%	100.000
	07/01/2020	90,000	5.350%	5.350%	100.000
	07/01/2021	95,000	5.550%	5.550%	100.000
	07/01/2022	100,000	5.650%	5.650%	100.000
	07/01/2023	100,000	5.800%	5.800%	100.000
	07/01/2024	105,000	5.900%	5.900%	100.000
	07/01/2025	105,000	6.000%	6.000%	100.000
		1,329,000			
2030 Term Bonds:					
	07/01/2026	110,000	6.500%	6.500%	100.000
	07/01/2027	115,000	6.500%	6.500%	100.000
	07/01/2028	120,000	6.500%	6.500%	100.000
	07/01/2029	125,000	6.500%	6.500%	100.000
	07/01/2030	130,000	6.500%	6.500%	100.000
		600,000			
2035 Term Bonds:					
	07/01/2031	130,000	7.000%	7.000%	100.000
	07/01/2032	135,000	7.000%	7.000%	100.000
	07/01/2033	140,000	7.000%	7.000%	100.000
	07/01/2034	150,000	7.000%	7.000%	100.000
	07/01/2035	375,000	7.000%	7.000%	100.000
		930,000			
		2,859,000			

Dated Date	06/30/2010	
Delivery Date	06/30/2010	
First Coupon	01/01/2011	
Par Amount	2,859,000.00	
Original Issue Discount		
Production	2,859,000.00	100.000000%
Underwriter's Discount	(25,044.84)	(0.876000)
Purchase Price	2,833,955.16	99.124000%
Accrued Interest		
Net Proceeds	2,833,955.16	

RESERVE FUND

City of Monett, Missouri
Recovery Zone Economic Development Certificates of Participation
Series 2010 - FINAL

Debt Service Reserve Fund

Date	Deposit	Interest @ 2%	Principal	Reserve Earnings to Project	Debt Service	Balance
06/30/2010	220,000					220,000
07/01/2010		12.22		(12.22)		220,000
01/01/2011		2,200.00		(2,200.00)		220,000
07/01/2011		2,200.00		(2,200.00)		220,000
01/01/2012		2,200.00			(2,200)	220,000
07/01/2012		2,200.00			(2,200)	220,000
01/01/2013		2,200.00			(2,200)	220,000
07/01/2013		2,200.00			(2,200)	220,000
01/01/2014		2,200.00			(2,200)	220,000
07/01/2014		2,200.00			(2,200)	220,000
01/01/2015		2,200.00			(2,200)	220,000
07/01/2015		2,200.00			(2,200)	220,000
01/01/2016		2,200.00			(2,200)	220,000
07/01/2016		2,200.00			(2,200)	220,000
01/01/2017		2,200.00			(2,200)	220,000
07/01/2017		2,200.00			(2,200)	220,000
01/01/2018		2,200.00			(2,200)	220,000
07/01/2018		2,200.00			(2,200)	220,000
01/01/2019		2,200.00			(2,200)	220,000
07/01/2019		2,200.00			(2,200)	220,000
01/01/2020		2,200.00			(2,200)	220,000
07/01/2020		2,200.00			(2,200)	220,000
01/01/2021		2,200.00			(2,200)	220,000
07/01/2021		2,200.00			(2,200)	220,000
01/01/2022		2,200.00			(2,200)	220,000
07/01/2022		2,200.00			(2,200)	220,000
01/01/2023		2,200.00			(2,200)	220,000
07/01/2023		2,200.00			(2,200)	220,000
01/01/2024		2,200.00			(2,200)	220,000
07/01/2024		2,200.00			(2,200)	220,000
01/01/2025		2,200.00			(2,200)	220,000
07/01/2025		2,200.00			(2,200)	220,000
01/01/2026		2,200.00			(2,200)	220,000
07/01/2026		2,200.00			(2,200)	220,000
01/01/2027		2,200.00			(2,200)	220,000
07/01/2027		2,200.00			(2,200)	220,000
01/01/2028		2,200.00			(2,200)	220,000
07/01/2028		2,200.00			(2,200)	220,000
01/01/2029		2,200.00			(2,200)	220,000
07/01/2029		2,200.00			(2,200)	220,000
01/01/2030		2,200.00			(2,200)	220,000
07/01/2030		2,200.00			(2,200)	220,000
01/01/2031		2,200.00			(2,200)	220,000
07/01/2031		2,200.00			(2,200)	220,000
01/01/2032		2,200.00			(2,200)	220,000
07/01/2032		2,200.00			(2,200)	220,000
01/01/2033		2,200.00			(2,200)	220,000
07/01/2033		2,200.00			(2,200)	220,000

RESERVE FUND

City of Monett, Missouri
Recovery Zone Economic Development Certificates of Participation
Series 2010 - FINAL

Debt Service Reserve Fund

Date	Deposit	Interest @ 2%	Principal	Reserve Earnings to Project	Debt Service	Balance
01/01/2034		2,200.00			(2,200)	220,000
07/01/2034		2,200.00			(2,200)	220,000
01/01/2035		2,200.00			(2,200)	220,000
07/01/2035		2,200.00	220,000		(222,200)	
	220,000	110,012.22	220,000	(4,412.22)	(325,600)	

Yield To Receipt Date: 2.0000013%

PROJECT FUND

City of Monett, Missouri
Recovery Zone Economic Development Certificates of Participation
Series 2010 - FINAL

Project Fund

Date	Deposit	Interest @ 3.4896892%	Principal	Scheduled Draws	Balance
06/30/2010	2,581,820		2,581,820	2,581,820	
	2,581,820	0	2,581,820	2,581,820	

PROJECT FUND

City of Monett, Missouri
Recovery Zone Economic Development Certificates of Participation
Series 2010 - FINAL

Reserve Earnings to Project

Date	Deposit	Interest	Principal	Debt Service Reserve Fund	Scheduled Draws	Balance
07/01/2010				12.22	12.22	
01/01/2011				2,200.00	2,200.00	
07/01/2011				2,200.00	2,200.00	
	0	0	0	4,412.22	4,412.22	

Request No. 1 **Date: June 30, 2010**

WRITTEN REQUEST FOR DISBURSEMENT FROM ACQUISITION FUND

To: UMB Bank, N.A.
1010 Grand Blvd., 4th Floor
Kansas City, Missouri 64106
Attention: Corporate Trust Department

Ladies and Gentlemen:

Pursuant to **Section 5.02** of the Lease Purchase Agreement (the "Lease") dated as of June 1, 2010, between UMB Bank, N.A. (the "Trustee") and the City of Monett, Missouri (the "City"), and **Section 6.04** of the Declaration of Trust (the "Declaration of Trust"), the City hereby requests payment in accordance with this request and said sections of the Lease and the Declaration of Trust, and the City hereby states and certifies that (a) all terms of this request are used with the meanings used in the Lease and the Declaration of Trust, (b) the names of the persons, firms or corporations, if any, to whom the payments requested hereby are due, the amounts to be paid are as set forth on **Attachment I** hereto, (c) the amount hereby requested has been paid or is justly due and is hereby requested to be paid to contractors, subcontractors, materialmen, engineers, architects or other persons (whose names and addresses are stated on **Attachment I** hereto) who have performed necessary and appropriate work or furnished necessary and appropriate materials in the acquisition and installation of the Project (a brief description of such work and materials and the several amounts so paid or due being set forth on **Attachment I** hereto) or represents interest accruing on the Certificates prior to the Completion Date, (d) no part of the several amounts paid or due, as stated in this certificate has been, is being or will be made the basis for the withdrawal of any moneys in any previous, pending or subsequently filed certificate, (e) there has not been filed with or served upon the City any notice of any lien, right to a lien or attachment upon or claim affecting the right of any person, firm or corporation to receive payment of the respective amounts stated in said certificate which has not been released or will not be released simultaneously with the payment of such obligation, and (f) invoices, statements, vouchers or bills for the amounts requested and lien waivers for all services or materials furnished by subcontractors, except as to any retainage, related to amounts specified in this certificate are attached hereto.

Pursuant to **Section 5.02** of the Lease and **Section 6.04** of the Declaration of Trust, the City hereby states and certifies that (a) each of the City's representations contained in the Lease is true, correct and not misleading as though made as of the date hereof, and (b) no event exists that constitutes, or with the giving of notice of the passage of time or both would constitute, an Event of Default.

CITY OF MONETT, MISSOURI

By: James Ow
Authorized Representative

ATTACHMENT I

SCHEDULE OF PAYMENTS REQUESTED

[The Following Are Costs of Issuance that shall be paid from the Costs of Issuance Subaccount of the Acquisition Fund]

Payee and Address	Amount	Description
Gilmore & Bell, P.C.	$30,000	Special Tax Counsel
Piper Jaffray & Co.	$18,500	Financial Advisor
Standard & Poors	$5,700	Rating Agency
UMB Bank, N.A.	$1,500	Trustee
CUSIP	$471	CUSIP Numbers

[See attached invoices for payment instructions]

GILMORE & BELL, P.C.

816-221-1000
FAX: 816-221-1018
WWW.GILMOREBELL COM

ATTORNEYS AT LAW
2405 GRAND BOULEVARD, SUITE 1100
KANSAS CITY, MISSOURI 64108-2521
TAX ID: 43-1611738

ST. LOUIS, MISSOURI
WICHITA, KANSAS
LINCOLN, NEBRASKA

Matter No. 600478.005 **June 30, 2010**
Invoice No. 10486

City of Monett, Missouri
$2,859,000
Taxable Certificates of Participation
(Recovery Zone Economic Development Bonds)
Series 2010

For legal services rendered and out-of-pocket expenses incurred in connection with the authorizationand issuance by the City of Monett, Missouri of its Taxable Certificates of Participation (Recovery Zone Economic Development Bonds), Series 2010, in the aggregate principal amount of $2,859,000, including preparation and examination of proceedings relating to the authorization, delivery and security for the Certificates, including the Lease Purchase Agreement, Declaration of Trust, Certificate Purchase Agreement, Tax Compliance Agreement and preparation and examination of related documents and closing certificates, assembling transcripts and rendering a legal opinion on the Certificates, preparation of the Certificates, Preparation of a Preliminary Official Statement and final Official Statement and miscellaneous consultation and advice.	$30,000.00
Total Fees	$30,000.00

WIRE INSTRUCTIONS:
Commerce Bank of Kansas City
Kansas City, Missouri
(ABA #101000019)
For the Account of Gilmore & Bell, P.C.
(Account #2765058)

Note: Please Reference the Invoice or Matter Number

DWQ

PiperJaffray®

June 30, 2010

INVOICE

$2,859,000
City of Monett, Missouri
Taxable Certificates of Participation
Recovery Zone Economic Development Bonds
Series 2010

PLACEMENT AGENT SERVICES:

For Financial Advisory services rendered on the above-referenced financing $18,500.00

TOTAL AMOUNT DUE $18,500.00

Please remit payment to:

Bank Name:	U.S. Bank
Bank City & State:	Minneapolis, MN
ABA/Routing Number:	#091 000 022
Account Number:	#173103114547
Account Name:	Piper Jaffray
For Further Credit To:	GL 064-15500
Ref:	City of Monett, MO COP 2010 / pfs10-0694

CHECK PAYMENT INSTRUCTIONS:

Piper Jaffray & Co.
Attn: Capital Markets Accounting, Mail Code #J10S04
800 Nicollet Mall
Minneapolis, MN 55402-7020

STANDARD
&POOR'S

The McGraw-Hill Companies

Standard & Poor's Financial Services, LLC
Federal I.D.: 26-3740348
DBA Standard & Poor's Ratings Services

Invoice No.: 10245595
Acct. No.: 1000072664
Date: 06/10/10
Page: 1
Purchase Order:

0201

MR. A. TODD GOFFOY
PIPER JAFFRAY & CO.
11150 OVERBROOK RD-STE 300
LEAWOOD KS 66211

Services Provided To:

MR. A. TODD GOFFOY
PIPER JAFFRAY & CO.
11150 OVERBROOK RD-STE 300
LEAWOOD KS 66211

101114	ANALYTICAL SERVICES RENDERED IN CONNECTION WITH: US$2,859,000 City of Monett, Missouri, Taxable Certificates of Participation (Recovery Zone Economic Development Bonds), Series 2010, dated: June 30, 2010, due: July 1, 2035	$5,700.00

FOR INQUIRIES PLEASE CONTACT:
STEVEN BARNETT
PHONE: 1-800-767-1896 EXT #6
FAX: 1-212-438-5178
steve_barnett@standardandpoors.com

Special Instructions
PLEASE REFERENCE INVOICE OR STATEMENT NUMBER ON ALL CHECKS AND WIRE TRANSFERS

TOTAL AMOUNT DUE $5,700.00 USD

This Invoice Due and Payable As Of: 06/10/10

Make Checks Payable To:
STANDARD
&POOR'S

To Insure Proper Credit, DETACH HERE ▲ and RETURN THIS PORTION With Your Remittance

Standard & Poor's Financial Services, LLC Federal I.D.:26-3740348
DBA Standard & Poor's Ratings Services

Invoice No.: 10245595
Acct. No.: 1000072664
Date: 06/10/10

BILLED TO:

0201

MR. A. TODD GOFFOY
PIPER JAFFRAY & CO.
11150 OVERBROOK RD-STE 300
LEAWOOD KS 66211

PAY BY WIRE TRANSFER:

BANK OF AMERICA
SAN FRANCISCO CA
STANDARD AND POOR'S
ACCOUNT NO. 12334-02500
ABA No. 0260-0959-3
PLEASE REFERENCE INVOICE #

REMIT TO:

STANDARD AND POOR'S
2542 COLLECTION CENTER DRIVE
CHICAGO, IL 60693

TOTAL AMOUNT DUE $5,700.00 USD

10000726640 10245595 00570000 1 700 10 07 0610 1

FEE INVOICE

Trust No.	**136460.1**
Trustware No.	
Invoice Date	**06/29/10**

City of Monett
(DO NOT MAIL)

If you have questions, please contact:

Administrator:	Betty Loehr
Phone Number	816-860-3007
E-Mail Address	betty.loehr@umb.com

RE: **$2,859,000 City of Monett, Missouri Taxable Certificates of Participation Recovery Zone Economic Development Bonds Series 2010**

Acceptance Fee	$1,500.00

Payment is due upon receipt. Please return one copy with your payment.
Late payments will be subject to a 1.5% per month interest charge.

Please remit to:

Attn: Trust Fees
UMB Bank N.A.
PO Box 419260
Kansas City, MO 64141-6260

CUSIP GLOBAL SERVICES
OPERATED BY CUSIP SERVICE BUREAU

Federal Tax Id Number 26-3740348

BILL TO:

LANDON BOEHM
UMB BANK
1010 GRAND BLVD
KANSAS CITY MO 64106

CUSTOMER:

LANDON BOEHM
UMB BANK
1010 GRAND BLVD
KANSAS CITY MO 64106

EFFECTIVE JANUARY 2010, CGS ISSUANCE FEES WILL INCREASE. CGS reserves the right to change fees at any time.

INVOICE NO.	INVOICE DATE	ACCOUNT NO.	SUPPLEMENT DATE
34906373	06/15/2010	- 8800020211	06/18/2010

CUSIP NO.	COUPON	DATED DATE	MATURITY	DESCRIPTION	AMOUNT
ISSUER: MONETT MO CTFS PARTN					
609308 AA 9		06/30/2010	07/01/2011	TAXABLE-RECOVERY ZONE ECONOMIC	148.00
609308 AB 7		06/30/2010	07/01/2012	TAXABLE-RECOVERY ZONE ECONOMIC	18.00
609308 AC 5		06/30/2010	07/01/2013	TAXABLE-RECOVERY ZONE ECONOMIC	18.00
609308 AD 3		06/30/2010	07/01/2014	TAXABLE-RECOVERY ZONE ECONOMIC	18.00
609308 AE 1		06/30/2010	07/01/2015	TAXABLE-RECOVERY ZONE ECONOMIC	18.00
609308 AF 8		06/30/2010	07/01/2016	TAXABLE-RECOVERY ZONE ECONOMIC	18.00
609308 AG 6		06/30/2010	07/01/2017	TAXABLE-RECOVERY ZONE ECONOMIC	18.00
609308 AH 4		06/30/2010	07/01/2018	TAXABLE-RECOVERY ZONE ECONOMIC	18.00
609308 AJ 0		06/30/2010	07/01/2019	TAXABLE-RECOVERY ZONE ECONOMIC	18.00
609308 AK 7		06/30/2010	07/01/2020	TAXABLE-RECOVERY ZONE ECONOMIC	18.00
609308 AL 5		06/30/2010	07/01/2021	TAXABLE-RECOVERY ZONE ECONOMIC	18.00
609308 AM 3		06/30/2010	07/01/2022	TAXABLE-RECOVERY ZONE ECONOMIC	18.00
609308 AN 1		06/30/2010	07/01/2023	TAXABLE-RECOVERY ZONE ECONOMIC	18.00
609308 AP 6		06/30/2010	07/01/2024	TAXABLE-RECOVERY ZONE ECONOMIC	18.00
609308 AQ 4		06/30/2010	07/01/2025	TAXABLE-RECOVERY ZONE ECONOMIC	18.00

CONTINUED

CUSIP GLOBAL SERVICES
OPERATED BY CUSIP SERVICE BUREAU

Federal Tax Id Number 26-3740348

Invoice No.: 34906373
Invoice Date: 06/15/2010
Account No.: - 8800020211

For faster processing, we accept Credit Cards. Please call (212) 438- 6500 for details.

BILL TO:

LANDON BOEHM
UMB BANK
1010 GRAND BLVD
KANSAS CITY MO 64106

REMIT TO:

Standard & Poor's
2542 Collection Center Dr
Chicago IL 60693

CONTINUED

88000202114 34906373 00047100 1 130 10 13 0610 0

CUSIP GLOBAL SERVICES
OPERATED BY CUSIP SERVICE BUREAU

Federal Tax Id Number 26-3740348

BILL TO:

LANDON BOEHM
UMB BANK
1010 GRAND BLVD
KANSAS CITY MO 64106

CUSTOMER:

LANDON BOEHM
UMB BANK
1010 GRAND BLVD
KANSAS CITY MO 64106

EFFECTIVE JANUARY 2010, CGS ISSUANCE FEES WILL INCREASE. CGS reserves the right to change fees at any time.

INVOICE NO.	INVOICE DATE	ACCOUNT NO.	SUPPLEMENT DATE
34906373	06/15/2010	- 8800020211	06/18/2010

CUSIP NO.	COUPON	DATED DATE	MATURITY	DESCRIPTION	AMOUNT
609308 AR 2		06/30/2010	07/01/2030	TAXABLE-RECOVERY ZONE ECONOMIC	18.00
609308 AS 0		06/30/2010	07/01/2035	TAXABLE-RECOVERY ZONE ECONOMIC	18.00
				Disclosure Fee	35.00

17 Item(s)

TOTAL DUE $471.00

CUSIP GLOBAL SERVICES
OPERATED BY CUSIP SERVICE BUREAU

Federal Tax Id Number 26-3740348

Invoice No.: 34906373
Invoice Date: 06/15/2010
Account No.: - 8800020211

For faster processing, we accept Credit Cards. Please call (212) 438- 6500 for details.

BILL TO:

LANDON BOEHM
UMB BANK
1010 GRAND BLVD
KANSAS CITY MO 64106

REMIT TO:

Standard & Poor's
2542 Collection Center Dr
Chicago IL 60693

TOTAL DUE $471.00

88000202114 34906373 00047100 1 130 10 13 0610 0

File Number: 20100083785F
Date Filed: 08/13/2010 10:43 AM
Robin Carnahan
Secretary of State

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]
DeMoss, Jennifer (816) 221-1000

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

Gilmore & Bell, P. C.
2405 Grand Blvd., Suite 1100
Kansas City MO 64108
EMail: jdemoss@gilmorebell.com Fax: (816) 221-1018

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME

1a. ORGANIZATION'S NAME CITY OF MONETT, MISSOURI				
OR 1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
1c. MAILING ADDRESS 217 5TH STREET	CITY MONETT	STATE MO	POSTAL CODE 65708	COUNTRY USA
1e. TYPE OF ORGANIZATION MUNICIPALITY	1f. JURISDICTION OF ORGANIZATION MISSOURI	1g. ORGANIZATIONAL ID # None		☐ None

1. SECURED PARTY'S NAME

2a. ORGANIZATION'S NAME UMB BANK, N.A., AS TRUSTEE				
OR 2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
2c MAILING ADDRESS 1010 GRAND BLVD., 4TH FLOOR	CITY KANSAS CITY	STATE MO	POSTAL CODE 64106	COUNTRY USA

This FINANCING STATEMENT covers the following collateral:

ALL ASSETS COVERED BY THAT CERTAIN LEASE PURCHASE AGREEMENT DATED AS OF JUNE 1, 2010 BETWEEN DEBTOR AND SECURED PARTY, AS AMENDED FROM TIME TO TIME, INCLUDING WITHOUT LIMITATION FIXTURES AND EQUIPMENT AND PRODUCTS AND PROCEEDS THEREOF.

5 ALTERNATE NAME DESIGNATION ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG LIEN ☐ NON-UCC

6 ☐ This FINANCING STATEMENT is to be filed[for record] (or recorded) in the REAL ESTATE RECORDS

8 OPTIONAL FILER REFERENCE DATA
600478.005

STANDARD
&POOR'S

130 East Randolph Street
Suite 2900
Chicago, IL 60601
tel 312 233-7001
reference no.: 1126199

June 8, 2010

City of Monett
PO Box 110
Monett, MO 65708
Attention: Mr. Dennis Pyle, City Administrator

Re: ***US$2,859,000 City of Monett, Missouri, Taxable Certificates of Participation (Recovery Zone Economic Development Bonds), Series 2010, dated: June 30, 2010, due: July 1, 2035***

Dear Mr. Pyle:

Pursuant to your request for a Standard & Poor's rating on the above-referenced obligations, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions,* have assigned a rating of "A". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on

CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

Standard & Poor's is pleased to be of service to you. For more information on Standard & Poor's, please visit our website at www.standardandpoors.com. If we can be of help in any other way, please call or contact us at nypublicfinance@standardandpoors.com. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services
a Standard & Poor's Financial Services LLC business

Standard & Poor's/JS

md
enclosures
cc: Mr. A. Todd Goffoy
Mr. Rick McConnell

STANDARD
& POOR'S

STANDARD
&POOR'S

130 East Randolph Street
Suite 2900
Chicago, IL 60601
tel 312 233-7001
reference no.: 1129822

June 8, 2010

City of Monett
PO Box 110
Monett, MO 65708
Attention: Mr. Dennis Pyle, City Administrator

Re: ***Issuer Credit Rating,***
Monett City, Missouri

Dear Mr. Pyle:

Pursuant to your request for a Standard & Poor's rating on the above-referenced issuer, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions,* have assigned a rating of "A+". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would facilitate the process. You must promptly notify us of all material changes in the financial

information and the documents. Standard & Poor's may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

Standard & Poor's is pleased to be of service to you. For more information on Standard & Poor's, please visit our website at www.standardandpoors.com. If we can be of help in any other way, please call or contact us at nypublicfinance@standardandpoors.com. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services
a Standard & Poor's Financial Services LLC business

Standard & Poor's

md
enclosures
cc: Mr. A. Todd Goffoy
Mr. Rick McConnell

STANDARD
&POOR'S

Standard & Poor's Ratings Services
Terms and Conditions
Applicable To
U.S. Public Finance Ratings

Request for a rating. Standard & Poor's issues public finance ratings for a fee upon request from an issuer, or from an underwriter, financial advisor, investor, insurance company, or other entity, provided that the obligor and issuer (if different from the obligor) each has knowledge of the request. The term "issuer/obligor" in these Terms and Conditions means the issuer and the obligor if the obligor is different from the issuer.

Agreement to Accept Terms and Conditions. Standard & Poor's assigns Public Finance ratings subject to the terms and conditions stated herein and in the rating letter. The issuer/obligor's use of a Standard & Poor's public finance rating constitutes agreement to comply in all respects with the terms and conditions contained herein and in the rating letter and acknowledges the issuer/obligor's understanding of the scope and limitations of the Standard & Poor's rating as stated herein and in the rating letter.

Fees and expenses. In consideration of our analytic review and issuance of the rating, the issuer/obligor agrees to pay Standard & Poor's a rating fee. Payment of the fee is not conditioned on Standard & Poor's issuance of any particular rating. In most cases an annual surveillance fee will be charged for so long as we maintain the rating. The issuer/obligor will reimburse Standard & Poor's for reasonable travel and legal expenses if such expenses are not included in the fee. Should the rating not be issued, the issuer/obligor agrees to compensate Standard & Poor's based on the time, effort, and charges incurred through the date upon which it is determined that the rating will not be issued.

Scope of Rating. The issuer/obligor understands and agrees that (i) an issuer rating reflects Standard & Poor's current opinion of the issuer/obligor's overall financial capacity to pay its financial obligations as they come due, (ii) an issue rating reflects Standard & Poor's current opinion of the likelihood that the issuer/obligor will make payments of principal and interest on a timely basis in accordance with the terms of the obligation, (iii) a rating is an opinion and is not a verifiable statement of fact, (iv) ratings are based on information supplied to Standard & Poor's by the issuer/obligor or by its agents and upon other information obtained by Standard & Poor's from other sources it considers reliable, (v) Standard & Poor's does not perform an audit in connection with any rating and a rating does not represent an audit by Standard & Poor's, (vi) Standard & Poor's relies on the issuer/obligor, its accountants, counsel, and other experts for the accuracy and completeness of the information submitted in connection with the rating and surveillance process, (vii) Standard & Poor's undertakes no duty of due diligence or independent verification of any information, (viii) Standard & Poor's does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a rating or the results obtained from the use of such information, (ix) Standard & Poor's may raise, lower, suspend, place on CreditWatch, or withdraw a rating at any time, in Standard & Poor's sole discretion, and (x) a rating is not a "market" rating nor a recommendation to buy, hold, or sell any financial obligation.

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Information to be Provided by the Issuer/obligor. The issuer/obligor shall meet with Standard & Poor's for an analytic review at any reasonable time Standard & Poor's requests. The issuer/obligor also agrees to provide Standard & Poor's promptly with all information relevant to the rating and surveillance of the rating including information on material changes to information previously supplied to Standard & Poor's. The rating may be affected by Standard & Poor's opinion of the accuracy, completeness, timeliness, and reliability of information received from the issuer/obligor or its agents. Standard & Poor's undertakes no duty of due diligence or independent verification of

information provided by the issuer/obligor or its agents. Standard & Poor's reserves the right to withdraw the rating if the issuer/obligor or its agents fails to provide Standard & Poor's with accurate, complete, timely, or reliable information.

Standard & Poor's Not an Advisor, Fiduciary, or Expert. The issuer/obligor understands and agrees that Standard & Poor's is not acting as an investment, financial, or other advisor to the issuer/obligor and that the issuer/obligor should not and cannot rely upon the rating or any other information provided by Standard & Poor's as investment or financial advice. Nothing in this Agreement is intended to or should be construed as creating a fiduciary relationship between Standard & Poor's and the issuer/obligor or between Standard & Poor's and recipients of the rating. The issuer/obligor understands and agrees that Standard & Poor's has not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the U.S. Securities Act of 1933.

Limitation on Damages. The issuer/obligor agrees that Standard & Poor's, its officers, directors, shareholders, and employees shall not be liable to the issuer/obligor or any other person for any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the rating or the related analytic services provided for in an aggregate amount in excess of the aggregate fees paid to Standard & Poor's for the rating, except for Standard & Poor's gross negligence or willful misconduct. In no event shall Standard & Poor's, its officers, directors, shareholders, or employees be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, legal fees, or losses (including, without limitation, lost profits and opportunity costs). In furtherance and not in limitation of the foregoing, Standard & Poor's will not be liable in respect of any decisions made by the issuer/obligor or any other person as a result of the issuance of the rating or the related analytic services provided by Standard & Poor's hereunder or based on anything that appears to be advice or recommendations. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort (including, without limitation, negligence), or otherwise. The issuer/obligor acknowledges and agrees that Standard & Poor's does not waive any protections, privileges, or defenses it may have under law, including but not limited to, the First Amendment of the Constitution of the United States of America.

Term. This Agreement shall terminate when the ratings are withdrawn. Notwithstanding the foregoing, the paragraphs above, "Standard & Poor's Not an Advisor, Fiduciary, or Expert" and "Limitation on Damages", shall survive the termination of this Agreement or any withdrawal of a rating.

Third Parties. Nothing in this Agreement, or the rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of the rating. No person is intended as a third party beneficiary to this Agreement or to the rating when issued.

Binding Effect. This Agreement shall be binding on, and inure to the benefit of, the parties hereto and their successors and assigns.

Severability. In the event that any term or provision of this Agreement shall be held to be invalid, void, or unenforceable, then the remainder of this Agreement shall not be affected, impaired, or invalidated, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

Complete Agreement. This Agreement constitutes the complete agreement between the parties with respect to its subject matter. This Agreement may not be modified except in a writing signed by authorized representatives of both parties.

Governing Law. This Agreement and the rating letter shall be governed by the internal laws of the State of New York. The parties agree that the state and federal courts of New York shall be the exclusive forums for any dispute arising out of this Agreement and the parties hereby consent to the personal jurisdiction of such courts.

STANDARD
&POOR'S

PUBLIC FINANCE

Monett City, Missouri

Primary Credit Analysts:
Corey Friedman
Chicago
(1) 312-233-7010
corey_friedman@
standardandpoors.com

Secondary Credit Analysts:
Blake Yocom
Chicago
(1) 312-233-7056
blake_yocom@
standardandpoors.com

Credit Profile		
US$2.859 mil taxable certs of part (recov zone econ dev bnds) ser 2010 dtd 06/30/2010 due 07/01/2035		
Long Term Rating	A/Stable	New
ICR		
Long Term Rating	A+/Stable	New

RatingsDirect
Publication Date
June 9, 2010

Rationale

Standard & Poor's Ratings Services assigned its 'A' rating with a stable outlook to the city of Monett, Mo.'s 2010 taxable certificates of participation (COPs), reflecting the city's covenant to annually appropriate rental payments sufficient to pay debt service.

Standard & Poor's also assigned its 'A+' issuer credit rating (ICR) to Monett. The ICR reflects our assessment of the city's:

- Role as a subregional economic center with access to larger economic bases for employment opportunities;
- Adequate income and strong wealth characteristics;
- Good financial reserves, with a reliance on sales tax revenues and non-general fund sources, to fund the city's general fund; and
- Low debt burden.

In our opinion, high debt carrying charges are a limiting factor.

The city is issuing the COPs for improvements to its water system. Monett will also fund a debt service reserve at the standard three-prong test. The city's covenant to annually appropriate rent payments sufficient to pay debt service secures the COPs. We understand that the city intends on using net revenues from the water fund to pay debt service.

Monett intends to issue the COPs as taxable Recovery Zone Economic Development Bonds, in which the city will receive a 45% interest credit. It intends on appropriating annual debt service on a gross basis, before receiving the interest credit.

The city is in southwestern Missouri, about 48 miles southwest of Springfield, Mo. Monett is located mostly in Barry County, with some portions in Lawrence County. The population level is currently more than 8,900 residents, up 20% during the 2000s. Most residents work within the city area with some driving about 45 minutes to 60 minutes to Joplin or Springfield, Mo. and even Bentonville, Ark. for employment opportunities. Within the city limits, framing manufacturer EFCO and Jack Henry & Co., a financial software company, make up the city's leading employers with 1,380 employees and 1,145 employees, respectively. Tyson Foods, Inc. is the city's third-leading employer with over 630 employees. Because of these employers and others, Monett's daytime population reaches approximately 12,000 people. Due to the economic downturn, the city's leading employers felt some negative impact in terms of maintaining employment levels. However, those levels have stabilized. Unemployment levels in Barry County averaged 8.3% in 2009 and 8.6% through April 2010.

Income characteristics are adequate with strong wealth characteristics, in our view. The city's assessed valuation (AV) increased 5%, when averaged between tax years 2006 and 2010. Monett's market value is nearly at $513 million, or $57,400 per capita, which we consider strong. However, income levels for the city have historically been adequate, in our view. The city's 2008 median household effective buying income levels were at 85% of the state and 78% of the nation, respectively. The city's 10 leading taxpayers account for a diverse 19% of the city's tax base, with Jack Henry & Co. accounting for 8.3% of AV.

Monett's financial reserves, in relation to the city's budget size, are good, in our view. At fiscal year-end March 31, 2009, the city ended with a $570,000 unreserved general fund balance, or 5.5% of expenditures, a figure we consider to be good. It ended fiscal 2010 with an approximate $550,000 to $600,000 general fund surplus, mainly from receiving its portion ($650,000) of the statewide settlement with the cellular phone companies. The city established an emergency reserve fund within the general fund with $200,000 of the surplus and the remainder going to the unreserved portion of the general fund. With that, Monett's total reserves are more than $1 million at the conclusion of fiscal 2010. The city intends on building the emergency reserve to $500,000 by adding $50,000 monthly until it reaches that level. At the end of May 2010, it was at $300,000. Monett mainly relies on sales taxes (32% of fiscal 2009 general fund revenues) and payments in lieu of taxes (27%) to fund its general fund operations. The city does not levy a property tax for the general fund. It does currently levy three sales taxes: a 1% tax for general purposes; a half-cent tax for capital projects, and another quarter-cent tax for capital improvements to the police station. Sales tax collections declined nearly 9% in fiscal 2010 compared with the previous year. Monett is budgeting for sales tax collections to be flat in fiscal 2011 and breakeven in the general fund.

Standard & Poor's considers the city's financial management practices "good" under its Financial Management Assessment (FMA) methodology, indicating financial practices exist in most areas but that governance officials might not formalize or regularly monitor all of them. Monett uses a combination of historical trends and gathering data from various sources in formulating its revenue and expenditure assumptions. It updates its council on budget to actual performance on a monthly basis. Budget amendments are done as necessary. The city does not maintain formal financial projections, but does maintain a formal rolling capital improvement plan. Monett's investment policy

follows the state guidelines, with monthly updates on holdings and returns. It does not maintain a formal debt management policy. The city's fund balance policy is to maintain reserves at no less than 8%-10% of general fund revenues, a level the city is above.

In our view, Monett's overall debt burden is low at $1,661 per capita and 2.9% of market value. Direct debt amortization is rapid with nearly two-thirds being repaid over the next 10 years. Debt carrying charges are high, about 23%-28% of governmental fund expenditures less capital outlay. We understand that the city may issue additional debt for a new water treatment plant that will cost approximately $10 million and may go through the state revolving fund to issue the bonds.

Outlook

The stable outlook reflects Standard & Poor's expectation of Monett maintaining at least good financial reserves due to its reliance on economically sensitive revenues. However, a dramatic downturn in reserves without corrective budgetary action will put downward pressure on the rating.

Related Criteria And Research

- USPF Criteria: Appropriation-Backed Obligations, June 13, 2007
- USPF Criteria: GO Debt, Oct. 12, 2006

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The McGraw-Hill Companies

MISSOURI
Department of Economic Development

REPORT OF RECOVERY ZONE BOND ISSUANCE

Issuance of Recovery Zone Bonds should be reported to the Department of Economic Development using this form. Complete one Report for each bond issue. Please type or print.

Part A Bond Issuer

Name of Issuer				Issuer's Federal Identification Number
City of Monett, Missouri				43-6000225
Issuer's Street Address	County	City or Town		Zip
217 5th Street	Barry	Monett		65708
Issuer's Mailing Address (if different)	PO Box	City or Town		Zip
same				
Name of Issuer's Spokesperson	Title	Telephone	E-mail	
Dennis Pyle	City Administrator	(417)235-3355	dpyle@cityofmonett.com	
Name of Bond Counsel for Issuer	Firm	Telephone	E-mail	
Rick McConnell	Gilmore & Bell, PC	(816)221-1000	rmcconnell@gilmorebell.com	
Address	PO Box	City or Town	State	Zip
2405 Grand Boulevard, Suite 1100		Kansas City	MO	64108

Part B Description of Project of Financing

Project Name			
N/A- Project consists of improvements to the water portion of the City's combined waterworks and sewerage system			
Project's Street Address	City or Town		Zip
Various	Monett		65708
Principal Beneficiary Name			
City of Monett, Missouri			
Principal Beneficiary Street Address	City or Town	State	Zip
See above			

Part C Bonds, Terms and Conditions

Name of Bonds	CUSIP number of bond with latest maturity if assigned	Interest Rate(s)
Taxable Certificates of Participation, Series 2010	609308 AS0	1.550 to 7.00%
Term of Bond Issue (Principal Amortization Period)	**Date Bonds Issued**	**Expiration Date (Including Extension)**
July 1, 2035	June 30, 2010	June 30, 2010

Type of Bond Issued	Disposition of Bond Proceeds	
☑ Recovery Zone Economic Development Bonds	Land	
Type of bond issued Taxable Certificates of Participation	New Building Construction	
	Capital Improvements	$2,557,755
☐ Recovery Zone Facility Bonds	Machinery & Equipment	
Type of bond issued _____	Issuance Expenses	$81,245
	Other Debt Service Reserve Fund	$220,000
	Total amount of bond issuance	$2,859,000

Attestation of Issuer	
I certify that the above information is accurate to the best of my knowledge and that I am authorized to submit this report on behalf of the bond issuer.	
Signature of Issuer's Spokesperson	Date June 30, 2010
Printed Name of Issuer's Spokesperson Dennis Pyle	Title City Administrator
Signature of County/City Allocatee	
Signature of County/City Representative	Date June 30, 2010
Printed Name of County/City Representative CHERRY WARREN	Title Presiding Comm., Barry County, MO

Send to: Department of Economic Development
Recovery Zone Bond
301 West High Street
PO Box 1157
Jefferson City, MO 65102

Phone: (573) 751-5097
Fax: (573) 522-5033

ADDENDUM
TO
REPORT OF RECOVERY ZONE BOND ISSUANCE

Barry County, Missouri received an allocation of Recovery Zone Economic Development Bond limitation in the amount of $1,571,000. Barry County has assigned a portion of its allocation, in the amount of $972,470, to the City of Monett, Missouri, pursuant to Resolution No. 12-03-2009.

Lawrence County, Missouri received an allocation of Recovery Zone Economic Development Bond limitation in the amount of $1,942,000. Lawrence County has assigned a portion of its allocation, in the amount of $1,887,380, to the City of Monett, Missouri, pursuant to Resolution No. 112509.

The City is using the combined allocation assigned to it by Barry County, and Lawrence County to issue the Certificates, and the aggregate face amount of the Certificates does not exceed the City's allocation, as assigned, of the national Recovery Zone Economic Development Bond limitation.

State of Missouri
Recovery Zone Bond Notice of Intent to Issue

RECEIVED
AUG 31 2009
By

Date: August 21, 2009

City or County: Barry County

Street Address: 700 Main, Suite 2
Cassville, Missouri 65625

Telephone: (417) 847-4628 Fax:

Name of Chief Elected Official: Cherry Warren, Presiding Commissioner

Name of Authorized Representative (if applicable):

Amount of Original Allocation of **Recovery Zone Economic Development Bonds**: $1,571,000

Amount of Recovery Zone Economic Development Bonds to be Issued: $1,571,000

Estimated Date of Bond Closing: February 2010

Issuing Entity, if Other than City or County:

Amount of Recovery Zone Economic Development Bonds Waived (use Waiver Form): $0

Remaining Amount of Recovery Zone Economic Development Bonds: $0

(Please attach separate page description of project(s) using RZB. Include a description of activities, beneficiaries and numbers of jobs created or retained.)

Amount of Original Allocation of **Recovery Zone Facility Bonds**: $2,356,000

Amount of Recovery Zone Facility Bonds to be Issued: $2,356,000

Estimated Date of Bond Closing: March 2010

Issuing Entity, if Other than City or County:

Amount of Recovery Zone Facility Bonds Waived (use Waiver Form): $0

Remaining Amount of Recovery Zone Facility Bond Allocation: $0

(Please attach separate page description of project(s) using RZB. Include a description of activities, beneficiaries and numbers of jobs created or retained.)

I hereby certify that the city/county of Barry County, as duly authorized by its governing body, intends to issue recovery zone economic development bonds or recovery zone facility bonds, as specified above.

Signature
Chief Elected Official or Authorized Representative

Date 8-27-09

Submit original form to:

Missouri Department of Economic Development
Recovery Zone Bonds
301 West High Street, P.O. Box 1157
Jefferson City, Missouri 65102

MISSOURI
Department of Economic Development

REPORT OF RECOVERY ZONE BOND ISSUANCE

Issuance of Recovery Zone Bonds should be reported to the Department of Economic Development using this form. Complete one Report for each bond issue. Please type or print.

Part A Bond Issuer

Name of Issuer				Issuer's Federal Identification Number
City of Monett, Missouri				43-6000225
Issuer's Street Address: 217 5th Street	County: Barry	City or Town: Monett		Zip: 65708
Issuer's Mailing Address (if different): same	PO Box	City or Town		Zip
Name of Issuer's Spokesperson: Dennis Pyle	Title: City Administrator	Telephone: (417)235-3355	E-mail: dpyle@cityofmonett.com	
Name of Bond Counsel for Issuer: Rick McConnell	Firm: Gilmore & Bell, PC	Telephone: (816)221-1000	E-mail: rmcconnell@gilmorebell.com	
Address: 2405 Grand Boulevard, Suite 1100	PO Box	City or Town: Kansas City	State: MO	Zip: 64108

Part B Description of Project of Financing

Project Name		
N/A- Project consists of improvements to the water portion of the City's combined waterworks and sewerage system		
Project's Street Address: Various	City or Town: Monett	Zip: 65708
Principal Beneficiary Name: City of Monett, Missouri		
Principal Beneficiary Street Address: See above	City or Town	State / Zip

Part C Bonds, Terms and Conditions

Name of Bonds	CUSIP number of bond with latest maturity if assigned	Interest Rate(s)
Taxable Certificates of Participation, Series 2010	609308 AS0	1.550 to 7.00%
Term of Bond Issue (Principal Amortization Period)	**Date Bonds Issued**	**Expiration Date (Including Extension)**
July 1, 2035	June 30, 2010	June 30, 2010

Type of Bond Issued	Disposition of Bond Proceeds	
☑ Recovery Zone Economic Development Bonds Type of bond issued: Taxable Certificates of Participation	Land	
	New Building Construction	
	Capital Improvements	$2,557,755
☐ Recovery Zone Facility Bonds Type of bond issued:	Machinery & Equipment	
	Issuance Expenses	$81,245
	Other: Debt Service Reserve Fund	$220,000
	Total amount of bond issuance	$2,859,000

Attestation of Issuer	
I certify that the above information is accurate to the best of my knowledge and that I am authorized to submit this report on behalf of the bond issuer.	
Signature of Issuer's Spokesperson Dennis L. Pyle	Date June 30, 2010
Printed Name of Issuer's Spokesperson Dennis Pyle	Title City Administrator
Signature of County/City Allocatee	
Signature of County/City Representative Sam Goodman	Date June 30, 2010
Printed Name of County/City Representative SAM GOODMAN	Title PRESIDING COMMISSIONER, Lawrence County, MO

Send to:	Department of Economic Development Recovery Zone Bond 301 West High Street PO Box 1157 Jefferson City, MO 65102	Phone: (573) 751-5097 Fax: (573) 522-5033

ADDENDUM
TO
REPORT OF RECOVERY ZONE BOND ISSUANCE

Barry County, Missouri received an allocation of Recovery Zone Economic Development Bond limitation in the amount of $1,571,000. Barry County has assigned a portion of its allocation, in the amount of $972,470, to the City of Monett, Missouri, pursuant to Resolution No. 12-03-2009.

Lawrence County, Missouri received an allocation of Recovery Zone Economic Development Bond limitation in the amount of $1,942,000. Lawrence County has assigned a portion of its allocation, in the amount of $1,887,380, to the City of Monett, Missouri, pursuant to Resolution No. 112509.

The City is using the combined allocation assigned to it by Barry County, and Lawrence County to issue the Certificates, and the aggregate face amount of the Certificates does not exceed the City's allocation, as assigned, of the national Recovery Zone Economic Development Bond limitation.

RECEIVED
AUG 31 2009
By

State of Missouri
Recovery Zone Bond Notice of Intent to Issue

Date: August 21, 2009

City or County: Lawrence County

Street Address: 1 East Courthouse Square, Suite 104
Mt. Vernon, Missouri 65712

Telephone: (417) 466-3666 Fax:

Name of Chief Elected Official: Sam Goodman, Presiding Commissioner

Name of Authorized Representative (if applicable):

Amount of Original Allocation of **Recovery Zone Economic Development Bonds**: $1,942,000

Amount of Recovery Zone Economic Development Bonds to be Issued: $1,942,000

Estimated Date of Bond Closing: February 2010

Issuing Entity, if Other than City or County:

Amount of Recovery Zone Economic Development Bonds Waived (use Waiver Form): $0

Remaining Amount of Recovery Zone Economic Development Bonds: $0

(Please attach separate page description of project(s) using RZB. Include a description of activities, beneficiaries and numbers of jobs created or retained.)

Amount of Original Allocation of **Recovery Zone Facility Bonds**: $2,912,000

Amount of Recovery Zone Facility Bonds to be Issued: $2,912,000

Estimated Date of Bond Closing: March 2010

Issuing Entity, if Other than City or County:

Amount of Recovery Zone Facility Bonds Waived (use Waiver Form): $0

Remaining Amount of Recovery Zone Facility Bond Allocation: $0

(Please attach separate page description of project(s) using RZB. Include a description of activities, beneficiaries and numbers of jobs created or retained.)

I hereby certify that the city/county of Lawrence County, as duly authorized by its governing body, intends to issue recovery zone economic development bonds or recovery zone facility bonds, as specified above

Signature: Sam Goodman
Chief Elected Official or Authorized Representative

Date: 8/26/09

Submit original form to

Missouri Department of Economic Development
Recovery Zone Bonds
301 West High Street, P.O. Box 1157
Jefferson City, Missouri 65102

GILMORE & BELL
A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
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ST. LOUIS, MISSOURI
WICHITA, KANSAS
LINCOLN, NEBRASKA

June 30, 2010

UMB Bank, N.A.
Kansas City, Missouri

Re: $2,859,000 City of Monett, Missouri, Taxable Certificates of Participation (Recovery Zone Economic Development Bonds) Series 2010

Ladies and Gentlemen:

We have acted as Special Counsel in connection with a transaction involving the above-captioned Certificates of Participation (the "Certificates"), evidencing proportionate interests of the owners thereof in Basic Rent Payments to be made by the City of Monett, Missouri (the "City") under a Lease Purchase Agreement dated as of June 1, 2010 (the "Lease"), between UMB Bank, N.A., a national banking association (the "Trustee"), and the City. This opinion supplements our approving legal opinion of even date herewith related to the Certificates. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Lease.

We have examined the originals or copies, certified or otherwise identified to our satisfaction, of the final Official Statement dated June 21, 2010 (the "Official Statement"), and such other documents, certificates, letters, opinions, records and other instruments as we deem necessary to render this opinion.

In connection with the preparation of the Official Statement, we have generally reviewed information furnished to us by, and have participated in conferences with, representatives of the City and the UMB Bank, N.A., as original purchaser of the Certificates (the "Underwriter"), and we have relied upon certificates of officials of such parties and of other public officials and persons as we have deemed appropriate.

We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of such statements. We have considered the information contained in the Official Statement and, based upon our review and discussions, and assuming the accuracy of the information contained in the aforementioned documents, certificates, opinions, letters, records and instruments, nothing has come to our attention which leads us to believe that the Official Statement contains any untrue statement of a material fact, or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. We express no view, however, as to the statistical or financial information relating to the City included in **Appendix A** to the Official Statement, the Financial Statements of the City included in **Appendix B** to the Official Statement or any other financial, technical or statistical data or any estimates, projections, assumptions or expressions of opinions included in the Official Statement or any Appendix thereto.

This opinion is delivered to you for your use only and may not be used or relied upon by any party other than the addressees for any purpose whatsoever without our prior written approval in each instance.

Very truly yours,

Gilmore & Bell, P.C.

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June 30, 2010

City of Monett, Missouri
Monett, Missouri

UMB Bank, N.A.
Kansas City, Missouri

UMB Bank, N.A.,
as Trustee
Kansas City, Missouri

Re: $2,859,000 City of Monett, Missouri, Taxable Certificates of Participation (Recovery Zone Economic Development Bonds) Series 2010

Ladies and Gentlemen:

We have acted as Special Counsel in connection with the above-referenced Certificates of Participation (the "Certificates"), evidencing interests of the Owners thereof in Basic Rent Payments to be made by the City of Monett, Missouri (the "City") under a Lease Purchase Agreement dated as of June 1, 2010 (the "Lease"), between UMB Bank, N.A., as lessor (the "Trustee"), and the City, as lessee. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Lease.

We have examined (i) the Lease, (ii) the Declaration of Trust dated as of June 1, 2010 (the "Declaration of Trust"), executed by the Trustee, (iii) the Tax Compliance Agreement dated as of June 1, 2010 (the "Tax Compliance Agreement"), between the City and the Trustee, and (iv) certificates of officers and officials of the City and the Trustee. In addition, we have reviewed and considered the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations thereunder promulgated by the United States Treasury Department.

In rendering the opinions set forth herein, we have assumed without undertaking to verify the same by independent investigation, (a) as to questions of fact, the accuracy of all representations of the Trustee and the City set forth in the Lease, the Tax Compliance Agreement and the Declaration of Trust and all certificates of officials of the Trustee, the City and others examined by us, and (b) the conformity to original documents of all documents submitted to us as copies and the authenticity of such original documents and all documents submitted to us as originals.

Based upon and subject to the foregoing, we are of the opinion, under existing law, as follows:

1. The Lease, the Tax Compliance Agreement and the Declaration of Trust have been approved by the City, and the Lease and the Tax Compliance Agreement have been duly authorized,

executed and delivered by the City and constitute legal, valid and binding agreements of the City, enforceable in accordance with their terms, except that the Lease is enforceable only during each fiscal year for which sufficient funds have been appropriated.

2. The Certificates have been duly authorized, executed and delivered in accordance with the Declaration of Trust, are entitled to the benefits and security of the Declaration of Trust and evidence interests in the right to receive Basic Rent Payments under the Lease, which right to receive Basic Rent Payments is enforceable against the City in accordance with the terms of the Certificates, the Declaration of Trust and the Lease.

3. The Interest Portion of each Basic Rent Payment represented by the Certificates is exempt from income taxation by the State of Missouri.

We express no opinion as to the title to or the description of the property subject to the Lease.

We express no opinion regarding the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Certificates. Further, we express no opinion regarding tax consequences arising with respect to the Certificates other than as expressly set forth in this opinion.

The rights of the owners of the Certificates and the enforceability of the Certificates, the Declaration of Trust and the Lease may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Very truly yours,

Gilmore & Bell, P.C.

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ST. LOUIS, MISSOURI
WICHITA, KANSAS
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June 30, 2010

UMB Bank, N.A., as Trustee
Kansas City, Missouri

Re: $2,859,000 City of Monett, Missouri, Taxable Certificates of Participation (Recovery Zone Economic Development Bonds) Series 2010

Ladies and Gentlemen:

This opinion supplements our approving legal opinion, dated the date hereof, involving the issuance of $2,859,000 aggregate principal amount of Taxable Certificates of Participation (Recovery Zone Economic Development Bonds), Series 2010 (the "Certificates"), evidencing interests of the owners thereof in Basic Rent Payments to be made by the City of Monett, Missouri (the "City") under a Lease Purchase Agreement dated as of June 1, 2010 (the "Lease"), between UMB Bank, N.A., as lessor (the "Trustee"), and the City, as lessee. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Lease.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, that the Certificates are exempt from registration under Section 3(a)(2) of the Securities Act of 1933, as amended, and the Declaration of Trust is exempt from qualification under the Trust Indenture Act of 1939, as amended.

This opinion is delivered to you for your use only and may not be used or relied upon by, or published or communicated to, any third party for any purpose whatsoever without our prior written approval in each instance.

Very truly yours,

Gilmore & Bell, P.C.

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ST. LOUIS, MISSOURI
WICHITA, KANSAS
LINCOLN, NEBRASKA

June 30, 2010

City of Monett, Missouri
Monett, Missouri

Re: $2,859,000 City of Monett, Missouri, Taxable Certificates of Participation (Recovery Zone Economic Development Bonds) Series 2010

Ladies and Gentlemen:

We have acted as Special Counsel in connection with a transaction involving the above-captioned Certificates of Participation (the "Certificates"), evidencing proportionate interests of the owners thereof in Basic Rent Payments to be made by the City of Monett, Missouri (the "City") under a Lease Purchase Agreement dated as of June 1, 2010 (the "Lease"), between UMB Bank, N.A., a national banking association (the "Trustee"), and the City. This opinion supplements our approving legal opinion dated the date of this opinion relating to the Certificates. We have examined the law and the certified proceedings, certifications and other documents that we deem necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify them by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, that the Certificates constitute "recovery zone economic development bonds" as defined in Section 1400U-2 of the Internal Revenue Code of 1986, as amended (the "Code"), and the City is entitled under Code Section 6431 to receive direct payments from the United States on each Certificate payment date equal to 45 percent of the Interest Portion of the Basic Rent Payment paid on that date (the "Interest Subsidy Payments"). The opinion set forth in this paragraph is subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Certificates in order to preserve the status of the Certificates as recovery zone economic development bonds, including all requirements applicable to bonds the interest on which is excluded from gross income for federal income tax purposes. The City has agreed to comply with all of these requirements in the Tax Compliance Agreement dated as of June 1, 2010, executed in connection with the Certificates. Failure to comply with certain of these requirements may result in the termination of the Interest Subsidy Payments and a demand for repayment to the United States of all Interest Subsidy Payments made to the City during the term of the Certificates.

We wish to point out certain key facts relating to the Interest Subsidy Payments. First, under current procedures of the U.S. Internal Revenue Service, the City must submit in a timely manner a separate written request for payment of each Interest Subsidy Payment. Failure to comply with these procedures may result in late payment or non-payment of one or more Interest Subsidy Payments. Second, under Code Sections 6401 and 6402, Interest Subsidy Payments are treated as "overpayments" of tax, and the U.S. Internal Revenue Service may offset all or a portion of one or more Interest Subsidy

Payments against certain liabilities of the City, including unpaid federal payroll taxes, debts owed to other federal agencies, and other federal taxes due.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Very truly yours,

Gilmore & Bell P.C.