

City of Monett, Missouri

Basic Financial Statements With Independent Auditor's Report

For the Year Ended
March 31, 2018

CITY OF MONETT, MISSOURI

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INDEPENDENT AUDITOR'S REPORT

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To the Honorable Mayor and
Commissioners
City of Monett, Missouri

Other offices in Missouri
and Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monett, Missouri (the City) as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of March 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios and schedule of employer contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual non-major fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Cochran Head Vick + Co., P.C.

Kansas City, Missouri
August 16, 2018

Management's Discussion and Analysis
City of Monett, Missouri
March 31, 2018

The Management's Discussion and Analysis of the City of Monett, Missouri's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended March 31, 2018. Please read it in conjunction with the City's financial statements, which begin on page 10.

Financial Highlights

1. The City's total net position increased by \$648,732 during the fiscal year as a result of current year activities. The City's governmental activities increased by \$232,641 and the City's business activities increased by \$416,091 for the year.

2. The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of March 31, 2018, by \$53,846,788 (net position). Of this amount \$12,253,755 is unrestricted and may be used to meet future obligations of the City.

Using This Annual Report

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

Government-Wide Financial Statements

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

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

Governmental Activities - Most of the City's basic services are reported here. Taxes are the primary source of financing for these activities.

Business-Type Activities -The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's utility services are provided here.

Fund Financial Statements

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

Management's Discussion and Analysis
City of Monett, Missouri
March 31, 2018

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

Proprietary Funds – When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

Notes to the Basic Financial Statements

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

Government-Wide Financial Analysis

Our analysis below focuses on net position (Figure 1) and changes in net position (Figure 2) of the governmental and business-type activities.

Figure 1 – Statement of Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 8,235,517	\$ 4,808,080	\$ 15,196,354	\$ 14,640,809	\$ 23,431,871	\$ 19,448,889
Capital assets	24,866,869	23,415,207	31,235,629	32,162,697	56,102,498	55,577,904
Total assets	<u>33,102,386</u>	<u>28,223,287</u>	<u>46,431,983</u>	<u>46,803,506</u>	<u>79,534,369</u>	<u>75,026,793</u>
Deferred outflows - pension	1,071,341	2,205,076	554,416	1,096,062	1,625,757	3,301,138
Total deferred outflows of resources	<u>1,071,341</u>	<u>2,205,076</u>	<u>554,416</u>	<u>1,096,062</u>	<u>1,625,757</u>	<u>3,301,138</u>
Long-term debt	6,781,596	3,952,885	17,279,316	18,400,906	24,060,912	22,353,791
Other liabilities	663,850	212,306	1,782,016	2,149,291	2,445,866	2,361,597
Total liabilities	<u>7,445,446</u>	<u>4,165,191</u>	<u>19,061,332</u>	<u>20,550,197</u>	<u>26,506,778</u>	<u>24,715,388</u>
Deferred inflow - pension	509,272	276,804	297,288	137,683	806,560	414,487
Total deferred inflows of resources	<u>509,272</u>	<u>276,804</u>	<u>297,288</u>	<u>137,683</u>	<u>806,560</u>	<u>414,487</u>
Net position:						
Net investment in capital assets	19,969,971	20,015,524	14,195,270	14,035,215	34,165,241	34,050,739
Restricted	3,816,075	3,776,580	3,611,717	3,899,428	7,427,792	7,676,008
Unrestricted	2,432,963	2,194,264	9,820,792	9,277,045	12,253,755	11,471,309
Total net position	<u>\$ 26,219,009</u>	<u>\$ 25,986,368</u>	<u>\$ 27,627,779</u>	<u>\$ 27,211,688</u>	<u>\$ 53,846,788</u>	<u>\$ 53,198,056</u>

Total net position of the City increased by \$648,732 for the year due to current year activity. Total liabilities for the City increased \$1,791,390. Restricted net position of the City totaled \$7,427,792 as of March 31, 2018. This amount represents funds that are restricted for capital improvements, debt service, parks and recreation, and pension benefits.

**Management's Discussion and Analysis
City of Monett, Missouri
March 31, 2018**

Figure 2 – Statement of Changes in Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 1,209,627	\$ 1,158,914	\$ 27,435,217	\$ 27,181,514	\$ 28,644,844	\$ 28,340,428
Operating grants and contributions	37,529	44,344	-	-	37,529	44,344
Capital grants and contributions	55,394	39,029	209,513	604,880	264,907	643,909
General revenues:						
Sales taxes	4,200,690	3,885,847	-	-	4,200,690	3,885,847
Motor vehicle and gas taxes	360,093	354,926	-	-	360,093	354,926
Franchise taxes	369,076	848,976	-	-	369,076	848,976
Other taxes	45,279	45,941	-	-	45,279	45,941
Intergovernmental activity taxes	254,342	227,757	-	-	254,342	227,757
Interest	22,323	4,528	51,511	21,982	73,834	26,510
Gain on disposal of capital assets	6,298	17,362	10,955	10,863	17,253	28,225
Other	94,563	168,310	-	-	94,563	168,310
	<u>6,655,214</u>	<u>6,795,934</u>	<u>27,707,196</u>	<u>27,819,239</u>	<u>34,362,410</u>	<u>34,615,173</u>
Expenses:						
General government	589,137	694,091	-	-	589,137	694,091
Public safety	4,655,142	4,447,916	-	-	4,655,142	4,447,916
Public works	2,297,983	2,160,796	-	-	2,297,983	2,160,796
Parks and recreation	1,337,216	1,340,379	-	-	1,337,216	1,340,379
Airport	516,926	523,718	-	-	516,926	523,718
Cemetery	184,121	172,920	-	-	184,121	172,920
Interest on long-term debt	133,025	135,892	-	-	133,025	135,892
Water	-	-	2,503,375	2,616,039	2,503,375	2,616,039
Electric	-	-	17,594,925	17,471,873	17,594,925	17,471,873
Sewer	-	-	3,121,316	2,800,727	3,121,316	2,800,727
Sanitation	-	-	627,214	602,833	627,214	602,833
Fiber	-	-	153,298	163,841	153,298	163,841
Total expenses	<u>9,713,550</u>	<u>9,475,712</u>	<u>24,000,128</u>	<u>23,655,313</u>	<u>33,713,678</u>	<u>33,131,025</u>
Change in net position	(3,058,336)	(2,679,778)	3,707,068	4,163,926	648,732	1,484,148
Payment in lieu of taxes (PILOTS)	2,740,977	2,676,244	(2,740,977)	(2,676,244)	-	-
Transfers	550,000	600,000	(550,000)	(600,000)	-	-
Change in net position after PILOTS and transfers	232,641	596,466	416,091	887,682	648,732	1,484,148
Net position, beginning	25,986,368	25,389,902	27,211,688	26,324,006	53,198,056	51,713,908
Net position, ending	<u>\$ 26,219,009</u>	<u>\$ 25,986,368</u>	<u>\$ 27,627,779</u>	<u>\$ 27,211,688</u>	<u>\$ 53,846,788</u>	<u>\$ 53,198,056</u>

Governmental Activities

Governmental activities increased the net position of the City by \$232,641. Tax revenues for the City were \$5,229,480, which represents 56% of the funding of these activities. Program revenues for the functions totaled \$1,302,550 or 14% of the funding. The following table shows the cost of the City's programs as well as each programs' net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

**Management's Discussion and Analysis
City of Monett, Missouri
March 31, 2018**

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

	Total Cost of Services	Net Cost of Services
General government	\$ 589,137	\$ 433,281
Public safety	4,655,142	4,155,951
Public works	2,297,983	2,270,612
Parks and recreation	1,337,216	1,024,935
Airport	516,926	229,945
Cemetery	184,121	163,251
Interest on long-term debt	133,025	133,025
	\$ 9,713,550	\$ 8,411,000

Business-Type Activities

Business-type activities increased the City's net position by \$416,091. Total charges for services revenue increased \$253,703 over 2017 primarily from increased activity in the Electric and Sewer funds. Expenses increased \$344,815 over the prior year mostly due to increases in pension costs and depreciation expense.

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of March 31, 2018, were \$6,385,030. Of this amount \$245,946 is non-spendable, \$3,226,995 is restricted, and \$2,912,089 is unassigned.

Fund balance of the City's General Fund increased \$1,535,791 from March 31, 2017, primarily due to \$1,159,626 in net unspent proceeds from the \$3,484,000 Series 2017 lease purchase agreement which provided funding for the construction of the City's new aquatic center.

The Transportation Sales Tax Fund is used to account for proceeds of the City's transportation sales tax. The ending fund balance increased \$296,124 to an ending balance of \$1,019,590 at March 31, 2018.

In 2018, the City established the Park Sales Tax Fund to account for proceeds of the City's park sales tax. The ending fund balance which is restricted for parks and recreation was \$229,136 at March 31, 2018.

The Tax Increment Financing #1 Fund and the Tax Increment Financing #2 Fund balances totaled \$5,805, and \$478,146, a decrease of \$21 and \$49,891, respectively. The fund balance of these funds is restricted to provide funds for the retirement of related tax increment financing obligations. The Tax Increment Financing #2 Fund is projected to provide approximately \$100,000 in excess revenue annually, which will retire the outstanding principal on the Series 2014 bonds ahead of schedule.

The Capital Improvement Sales Tax Fund balance totaled \$100,434, a decrease of \$118,080 from 2017. The entire fund balance is restricted for capital improvements.

In 2018, the City established the Airport Improvement Fund to set aside funding for future airport improvements. The ending fund balance was \$234,258 at March 31, 2018.

The City's Enterprise Funds net position increased by \$416,091 as the Water, Sewer, Sanitation, and Fiber Funds all reported increases to net position while the Electric Fund reported a decrease in net position.

Management's Discussion and Analysis
City of Monett, Missouri
March 31, 2018

General Fund Budgetary Highlights

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

The original General Fund budget projected revenues of \$5,634,930 and other financing sources of \$7,470,590 totaling \$13,105,520 while total expenditures were budgeted at \$13,131,820. The final amended budget included a decrease in total revenues of \$645,625 and other financing sources of \$34,590 while total expenditures and transfers out were decreased by \$1,997,095. The General Fund's actual revenues and other financing sources exceeded the final budgeted revenues amounts by \$92,593 primarily due to tax and rental revenues. The General Fund's actual expenditures and other financing uses were under the final budget by \$152,618 primarily related to public safety expenditures.

Capital Asset and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$24,866,869 (net of accumulated depreciation) as of March 31, 2018. This represents a \$1,451,662 increase over the prior year. Capital assets for business-type activities were \$31,235,629 as of March 31, 2018. This represents a decrease of \$927,068 from the prior year.

During the fiscal year, the City of Monett was involved in several large capital projects that affected the financial statements. The City began construction on the aquatic center, Lowes Lane, Bridle Lane and Callan infrastructure projects. The City also purchased a new trash truck.

Additional information on the City's capital assets can be found in Note 6 in the Notes to the Basic Financial Statements.

Debt Administration

Total debt of the governmental activities as of March 31, 2018, was \$6,781,596, which is an increase of \$2,828,711 from the prior year. The increase is primarily due to proceeds from the \$3,484,000 Series 2017 lease purchase agreement to provide funding for the construction of the City's new aquatic center.

Total debt of the business-type activities as of March 31, 2018, was \$17,279,316, a decrease of \$1,121,590 from the prior year. This is primarily due to principal payments made in the current year.

Additional information on the City's long-term debt can be found in Note 7 in the Notes to the Basic Financial Statements.

Economic Factors and Next Year's Budget

During FY2017-2018, general economic conditions in Monett remained positive. Local industries experienced strong growth in their businesses and two local plants (Schreiber Foods and International Dehydrated Foods) underwent large expansions that increased production. Total General Fund revenues were down from one year ago and expenditures increased due to the construction of the new Monett Aquatics Center and the completion of the Bridle/Callan Realignment road improvements.

The City's utility operations (Electric, Water, Sewer, Sanitation, Fiber) experienced a 1% increase in operating revenue over the prior year and a 1.6 % increase in operating expenditures. Net operating revenue from utility operations was \$3,982,320 which represented a 3.1 % decrease from the prior year.

Management's Discussion and Analysis
City of Monett, Missouri
March 31, 2018

The largest governmental capital projects undertaken during the fiscal year related to the design and construction of the new Monett Aquatic Center and the completion of the Bridle/Callan Realignment road project. The City's Sidewalk Improvement Program replaced approximately 3,500 linear feet of sidewalks that improved a walk-to-school route to Monett Elementary School. At the end of the fiscal year, the City had approved a bid award for the Enterprise Drive road project. This improvement will connect Chapell Drive to Bridle Lane along the north side of the main EFCO office/plant and is a prerequisite for a future overpass that would carry Chapell Drive over the BNSF railroad and connect to Business Route 60. City personnel and resources were involved in the reconstruction of sidewalks along Front Street, 5th Street and 4th Street for the new downtown park and Events Pavilion. The Events Pavilion project was designed and constructed by Monett Main Street, Inc. and then conveyed to the City in May 2018 as an extension of its park system. As the owner, the City has assumed responsibility for all maintenance and scheduling of the new downtown park and pavilion. The City continued to make improvements to the Wastewater Treatment Plant utilizing low-interest loans from the SRF program and the anticipated proceeds from the Tyson Foods settlement.

In 2017-2018, the City experienced the most commercial/residential construction since records have been kept as measured by the value-added of new construction. Building permits were issued for 24 new single-family homes and 39 apartment units for a total of \$10,075,313. Expansions at Schreiber Foods, International Dehydrated Foods, Monett R-1 Schools, Win-Tech, the new Aquatic Center and several retail commercial renovations were valued at \$16,386,191. Total value added by building permits issued in this fiscal year was \$26,461,504.

In FY2018-2019 the City has started construction on the Enterprise Drive project that will connect Chapell Drive and Bridle Lane as well as improvements to the US 60/MO Rte. 37 intersection. The intersection project is a shared cost with the Missouri Department of Transportation and will alleviate on-going congestion issues for a section of US Hwy 60 between MO Rte. 37 and Eisenhower Street. Specifically, it will add an additional eastbound lane at the stoplight as well as adding a new right turn lane for traffic transitioning onto southbound MO Rte. 37. Through July of 2018, there have been permits issued for 12 new single-family homes and several commercial renovations. A large building expansion at EFCO's main plant is expected to begin in the second half of 2018 that will expand and streamline their manufacturing process.

The City intends to continue to seek federal and state funding for the expansion of the Monett Regional Airport as detailed in the City's Airport Master Plan Update. This includes the acquisition of approximately 380 acres of adjacent properties for an expanded runway protection zone (RPZ), a 6,001' x 100' relocated runway and the extension of the existing runway for use as a parallel taxiway for the new runway. The airport expansion has received federal and state support and financial assistance but seeks additional funding for the design and construction of the airfield improvements. The City has utilized federal Airport Improvement Program (AIP) funds for land acquisition activities and will be seeking funds through the Supplemental Appropriation from the AIP for FY2018, FY2019 and FY2020. These supplemental funds were awarded the Federal Aviation Administration (FAA) with the Consolidated Appropriations Act of 2018. This Act appropriated additional discretionary funds for 100% grants to non-primary airports that are classified as regional, local or basic airports not located within a Metropolitan Statistical Area. Monett is specifically identified as being an eligible recipient.

In FY2018-2019, the City anticipates receiving grant funds through the Federal Emergency Management Agency's (FEMA) Hazard Mitigation Grant Program to acquire three properties within the downtown floodplain zone. These funds will be used to purchase and demolish the structures that experience frequent flood damage. The grant will also provide funds to demolish the City's Public Works facility located at 100 Sixth Street. The City intends to convert this area into greenspace and extend the downtown park system. The City is required to provide a 25% local match and has applied for Community Development Block Grant funds to pay the City's match.

Management's Discussion and Analysis
City of Monett, Missouri
March 31, 2018

As a result of the anticipated HMGP grant award, the City will finalize plans to construct a new Public Works facility on City owned land outside of the floodplain. The new location is south of Cleveland Avenue (Business 60) and west of Seventeenth Street. The project budget is estimated to be \$1.2 million and will likely be funded from the City's reserves. This project is expected to begin in early 2019 with a completion date of December 31, 2019.

The City's Electric Department purchases wholesale electricity from Empire District Electric for distribution and re-sale to its customers. This contract expires in 2020 and the City has partnered with the City of Mount Vernon to form the Southwest Missouri Public Energy Pool that will aggregate loads and seek power suppliers through an RFP process. The solicitation and review of RFP's have been completed and pool members are in negotiation with a selected power supplier for an all-requirements contract that will supply energy, capacity and reserves for five years beginning in June, 2020. The City anticipates significant reductions in wholesale energy costs as a result of the new pool contracts. Please refer to the footnote provided in this report for more details.

The City will continue its leadership role with the Tri-State Water Coalition with the objective of identifying a long-term source of drinking water for the growing southwest region of Missouri. A reallocation of water from one or more of the area's lakes that are managed by the Corps of Engineers is possible with the next step involving commitments from communities that would eventually take water from these sources. Monett has an adequate supply of drinking water but may participate in this project if the costs and benefits are favorable, especially when considering that the project will provide water for the region based on a 50-year future demand.

Through the first four months of FY2018-2019, the City hasn't experienced any unanticipated expenses that would change our outlook or guidance for the budget ending March 31, 2019.

Contacting the City's Financial Management

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

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

Dennis Pyle, City Administrator
Lisa Crawford, City Clerk

CITY OF MONETT, MISSOURI
Statement of Net Position
March 31, 2018

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and investments	\$ 3,817,569	\$ 7,356,311	\$ 11,173,880
Receivables:			
Taxes	771,251	-	771,251
Special assessments	-	20,000	20,000
Accounts and other	39,974	3,412,845	3,452,819
Due from other governments	52,864	-	52,864
Prepays, deposits, and other assets	245,946	44,295	290,241
Inventory	-	810,861	810,861
Restricted assets:			
Cash and investments	2,056,246	3,293,177	5,349,423
Special assessments - long-term	-	160,000	160,000
Net pension asset	1,251,667	98,865	1,350,532
Capital assets:			
Not being depreciated	4,842,238	345,282	5,187,520
Being depreciated, net of depreciation	20,024,631	30,890,347	50,914,978
Total assets	<u>33,102,386</u>	<u>46,431,983</u>	<u>79,534,369</u>
Deferred Outflows of Resources			
Deferred outflow - pension related activity	1,071,341	554,416	1,625,757
Total deferred outflows of resources	<u>1,071,341</u>	<u>554,416</u>	<u>1,625,757</u>
Liabilities			
Accounts payable	506,451	1,127,066	1,633,517
Accrued liabilities	73,617	37,497	111,114
Accrued interest	65,030	131,662	196,692
Payable from restricted assets:			
Customer deposits	11,950	485,791	497,741
Court bonds	6,802	-	6,802
Long term debt:			
Due within one year	1,046,126	1,243,365	2,289,491
Due in more than one year	5,735,470	16,035,951	21,771,421
Total liabilities	<u>7,445,446</u>	<u>19,061,332</u>	<u>26,506,778</u>
Deferred Inflows of Resources			
Deferred inflow - pension related activity	509,272	297,288	806,560
Total deferred inflows of resources	<u>509,272</u>	<u>297,288</u>	<u>806,560</u>
Net Position			
Net investment in capital assets	19,969,971	14,195,270	34,165,241
Restricted :			
Capital projects	1,354,282	2,398,561	3,752,843
Debt service	418,921	857,163	1,276,084
Parks and recreation	229,136	-	229,136
Pension benefits	1,813,736	355,993	2,169,729
Unrestricted	2,432,963	9,820,792	12,253,755
Total net position	<u>\$ 26,219,009</u>	<u>\$ 27,627,779</u>	<u>\$ 53,846,788</u>

See accompanying notes to the basic financial statements

CITY OF MONETT, MISSOURI
Statement of Activities
For the Year Ended March 31, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Government activities							
General government	\$ 589,137	\$ 155,856	\$ -	\$ -	\$ (433,281)	\$ -	\$ (433,281)
Public safety	4,655,142	468,336	29,238	1,617	(4,155,951)	-	(4,155,951)
Public works	2,297,983	27,371	-	-	(2,270,612)	-	(2,270,612)
Parks and recreation	1,337,216	303,990	8,291	-	(1,024,935)	-	(1,024,935)
Airport	516,926	233,204	-	53,777	(229,945)	-	(229,945)
Cemetery	184,121	20,870	-	-	(163,251)	-	(163,251)
Interest on long-term debt	133,025	-	-	-	(133,025)	-	(133,025)
Total governmental activities	<u>9,713,550</u>	<u>1,209,627</u>	<u>37,529</u>	<u>55,394</u>	<u>(8,411,000)</u>	<u>-</u>	<u>(8,411,000)</u>
Business-type activities							
Water	2,503,375	3,056,411	-	62,403	-	615,439	615,439
Electric	17,594,925	20,171,215	-	175	-	2,576,465	2,576,465
Sewer	3,121,316	3,284,312	-	146,935	-	309,931	309,931
Sanitation	627,214	656,359	-	-	-	29,145	29,145
Fiber	153,298	266,920	-	-	-	113,622	113,622
Total business-type activities	<u>24,000,128</u>	<u>27,435,217</u>	<u>-</u>	<u>209,513</u>	<u>-</u>	<u>3,644,602</u>	<u>3,644,602</u>
Total primary government	<u>\$ 33,713,678</u>	<u>\$ 28,644,844</u>	<u>\$ 37,529</u>	<u>\$ 264,907</u>	<u>(8,411,000)</u>	<u>3,644,602</u>	<u>(4,766,398)</u>
General revenues:							
Taxes:							
Sales taxes					4,200,690	-	4,200,690
Motor vehicle and gas taxes					360,093	-	360,093
Franchise taxes					369,076	-	369,076
Other taxes					45,279	-	45,279
Intergovernmental activity taxes					254,342	-	254,342
Payment in lieu of taxes					2,740,977	(2,740,977)	-
Unrestricted investment earnings					22,323	51,511	73,834
Gain on disposal of capital assets					6,298	10,955	17,253
Other					94,563	-	94,563
Transfers					550,000	(550,000)	-
Total general revenues					<u>8,643,641</u>	<u>(3,228,511)</u>	<u>5,415,130</u>
Change in net position					232,641	416,091	648,732
Net position, beginning of year					25,986,368	27,211,688	53,198,056
Net position, end of year					<u>\$ 26,219,009</u>	<u>\$ 27,627,779</u>	<u>\$ 53,846,788</u>

See accompanying notes to the basic financial statements

CITY OF MONETT, MISSOURI
Balance Sheet - Governmental Funds
March 31, 2018

	General	Transportation Sales Tax Fund	Park Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 2,459,087	\$ 871,495	\$ 152,295	\$ 334,692	\$ 3,817,569
Receivables:					
Taxes	523,438	148,095	76,841	22,877	771,251
Accounts and other	39,974	-	-	-	39,974
Due from other governments	29,020	-	-	23,844	52,864
Due from other funds	-	-	-	1,711	1,711
Prepays, deposits and other assets	245,946	-	-	-	245,946
Restricted cash and investments	1,620,727	-	-	435,519	2,056,246
Total Assets	\$ 4,918,192	\$ 1,019,590	\$ 229,136	\$ 818,643	\$ 6,985,561
Liabilities					
Accounts payable	\$ 506,451	\$ -	\$ -	\$ -	\$ 506,451
Accrued liabilities	73,617	-	-	-	73,617
Court bonds payable	6,802	-	-	-	6,802
Customer deposits	11,950	-	-	-	11,950
Due to other funds	1,711	-	-	-	1,711
Total Liabilities	600,531	-	-	-	600,531
Fund balances:					
Nonspendable:					
Prepaid items	245,946	-	-	-	245,946
Restricted:					
Capital projects	1,159,626	1,019,590	-	334,692	2,513,908
Debt service	-	-	-	483,951	483,951
Parks and recreation	-	-	229,136	-	229,136
Unassigned	2,912,089	-	-	-	2,912,089
Total fund balance	4,317,661	1,019,590	229,136	818,643	6,385,030
Total liabilities, deferred inflows and fund balances	\$ 4,918,192	\$ 1,019,590	\$ 229,136	\$ 818,643	\$ 6,985,561

See accompanying notes to the basic financial statements

**CITY OF MONETT, MISSOURI
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
March 31, 2018**

Fund balances of governmental funds	\$	6,385,030
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Net pension assets are not available to pay for current period expenditures and are therefore deferred in the fund statements</p>		1,251,667
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund statements.</p>		24,866,869
<p>Deferred outflows and inflows related to pension activity are not required to be reported in the governmental funds but are required to be reported in the statement of net position</p>		562,069
<p>Liabilities for interest on long-term debt are recognized only when due in the governmental fund statements but are accrued in the government-wide statements.</p>		(65,030)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
<p style="padding-left: 20px;">Long-term liabilities</p>		(6,781,596)
<p>Net position of governmental activities</p>	\$	26,219,009

See accompanying notes to the basic financial statements

CITY OF MONETT, MISSOURI
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended March 31, 2018

	General	Transportation Sales Tax Fund	Park Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 3,276,034	\$ 962,790	\$ 229,136	\$ 147,085	\$ 4,615,045
Intergovernmental activity taxes	-	-	-	254,342	254,342
Licenses and permits	72,273	-	-	-	72,273
Intergovernmental	483,143	-	-	-	483,143
Charges for services	999,858	-	-	-	999,858
Rental	87,545	-	-	-	87,545
Investment earnings	18,253	-	-	4,070	22,323
Miscellaneous	114,387	-	-	-	114,387
Total Revenues	<u>5,051,493</u>	<u>962,790</u>	<u>229,136</u>	<u>405,497</u>	<u>6,648,916</u>
Expenditures:					
Current:					
General government	516,270	-	-	-	516,270
Public safety	4,113,607	-	-	-	4,113,607
Public works	1,874,378	-	-	7,347	1,881,725
Parks and recreation	3,533,587	-	-	-	3,533,587
Airport	372,823	-	-	-	372,823
Cemetery	155,819	-	-	-	155,819
Debt service:					
Principal	248,661	-	-	380,533	629,194
Interest and fiscal charges	32,704	-	-	67,145	99,849
Total Expenditures	<u>10,847,849</u>	<u>-</u>	<u>-</u>	<u>455,025</u>	<u>11,302,874</u>
Excess of Revenues Over (Under) Expenditures	(5,796,356)	962,790	229,136	(49,528)	(4,653,958)
Other financing sources (uses):					
Transfers in	1,235,130	-	-	234,258	1,469,388
Transfers out	(134,258)	(666,666)	-	(118,464)	(919,388)
Sale of capital assets	6,298	-	-	-	6,298
Proceeds from lease purchase agreement	3,484,000	-	-	-	3,484,000
Payments in lieu of taxes (PILOTS)	2,740,977	-	-	-	2,740,977
Total Other Financing Sources (Uses)	<u>7,332,147</u>	<u>(666,666)</u>	<u>-</u>	<u>115,794</u>	<u>6,781,275</u>
Net change in fund balances	1,535,791	296,124	229,136	66,266	2,127,317
Fund balances, beginning of year	<u>2,781,870</u>	<u>723,466</u>	<u>-</u>	<u>752,377</u>	<u>4,257,713</u>
Fund balances, end of year	<u>\$ 4,317,661</u>	<u>\$ 1,019,590</u>	<u>\$ 229,136</u>	<u>\$ 818,643</u>	<u>\$ 6,385,030</u>

See accompanying notes to the basic financial statements

CITY OF MONETT, MISSOURI
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2018

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

Net change in fund balances - total governmental funds \$ 2,127,317

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay costs in excess of capitalization threshold 3,143,900
Depreciation (1,692,238)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Principal payments and adjustments on long-term debt 701,017
Proceeds from issuance of lease purchase agreement (3,484,000)
Changes in unamortized bond issuance discount and premium (2,550)
Changes in accrued interest expense (30,626)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences and net pension obligations (530,179)

Change in net position of governmental activities \$ 232,641

See accompanying notes to the basic financial statements

CITY OF MONETT, MISSOURI
Statement of Net Position
Proprietary Funds
March 31, 2018

	Waterworks Fund	Electric Fund	Sewer Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
Assets					
Current assets:					
Cash and investments	\$ 2,552,443	\$ 3,487,695	\$ 388,139	\$ 928,034	\$ 7,356,311
Receivables					
Accounts and other	361,417	2,351,968	563,820	135,640	3,412,845
Special assessments	-	-	20,000	-	20,000
Prepaid expenses	9,683	21,781	9,630	3,201	44,295
Restricted cash and investments	1,263,675	-	2,029,502	-	3,293,177
Inventory	141,053	625,786	9,607	34,415	810,861
Total current assets	4,328,271	6,487,230	3,020,698	1,101,290	14,937,489
Noncurrent assets:					
Receivables					
Special assessments	-	-	160,000	-	160,000
Capital assets:					
Not being depreciated	64,158	58,400	210,623	12,101	345,282
Being depreciated, net of depreciation	17,689,391	1,150,880	11,219,844	830,232	30,890,347
Net pension Asset	30,741	46,676	6,598	14,850	98,865
Total noncurrent assets	17,784,290	1,255,956	11,597,065	857,183	31,494,494
Total assets	22,112,561	7,743,186	14,617,763	1,958,473	46,431,983
Deferred Outflow of Resources					
Deferred outflow - pension related activity	180,668	221,552	114,909	37,287	554,416
Liabilities					
Current liabilities:					
Accounts payable	8,855	1,084,478	10,620	23,113	1,127,066
Accrued liabilities	10,947	15,508	8,308	2,734	37,497
Due to other funds	-	-	-	-	-
Current liabilities (payable from restricted assets):					
Customer deposits	37,453	448,338	-	-	485,791
Interest payable	72,460	-	59,202	-	131,662
Current portion of long-term debt	541,487	61,099	638,183	2,596	1,243,365
Total current liabilities:	671,202	1,609,423	716,313	28,443	3,025,381
Long-term liabilities:					
Long-term debt	10,676,802	90,841	5,265,866	2,442	16,035,951
Total long-term liabilities:	10,676,802	90,841	5,265,866	2,442	16,035,951
Total liabilities	11,348,004	1,700,264	5,982,179	30,885	19,061,332
Deferred Inflow of Resources					
Deferred inflow - pension related activity	85,113	122,715	64,297	25,163	297,288
Net position					
Net investment in capital assets	6,569,349	1,187,021	5,596,567	842,333	14,195,270
Restricted net position for:					
Capital projects	660,279	-	1,738,282	-	2,398,561
Debt service	565,943	-	291,220	-	857,163
Pension benefits	126,296	145,513	57,210	26,974	355,993
Unrestricted	2,938,245	4,809,225	1,002,917	1,070,405	9,820,792
Total net position	\$ 10,860,112	\$ 6,141,759	\$ 8,686,196	\$ 1,939,712	\$ 27,627,779

See accompanying notes to the basic financial statements

CITY OF MONETT, MISSOURI
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended March 31, 2018

	Waterworks Fund	Electric Fund	Sewer Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
Operating revenues:					
Charges for services	\$ 3,032,016	\$ 20,107,810	\$ 3,021,953	\$ 920,787	\$ 27,082,566
Other	24,395	63,405	262,359	2,492	352,651
Total operating revenues	<u>3,056,411</u>	<u>20,171,215</u>	<u>3,284,312</u>	<u>923,279</u>	<u>27,435,217</u>
Operating expenses:					
Wages and benefits	721,341	1,051,415	610,183	229,999	2,612,938
Professional and consulting services	108,759	71,647	195,283	99,315	475,004
Insurance	16,058	72,442	21,228	4,849	114,577
Repairs and maintenance	320,268	420,177	643,919	48,959	1,433,323
Utilities	189,318	8,146	394,526	1,818	593,808
Supplies	141,563	225,741	47,046	21,062	435,412
Depreciation	637,786	164,802	885,463	140,053	1,828,104
Other operating expenses	73,972	171,453	71,430	52,001	368,856
Purchase of power	-	15,408,419	-	-	15,408,419
Landfill and recycling	-	-	-	182,456	182,456
Total operating expenses	<u>2,209,065</u>	<u>17,594,242</u>	<u>2,869,078</u>	<u>780,512</u>	<u>23,452,897</u>
Operating income	<u>847,346</u>	<u>2,576,973</u>	<u>415,234</u>	<u>142,767</u>	<u>3,982,320</u>
Nonoperating revenues (expenses):					
Interest income	4,043	24,328	23,140	-	51,511
Federal and State grants	62,403	175	146,935	-	209,513
Gain on capital asset disposal	-	-	455	10,500	10,955
Interest expense and fees	(294,310)	(683)	(252,238)	-	(547,231)
Total nonoperating revenues (expenses)	<u>(227,864)</u>	<u>23,820</u>	<u>(81,708)</u>	<u>10,500</u>	<u>(275,252)</u>
Income before transfers and payment in lieu of taxes	619,482	2,600,793	333,526	153,267	3,707,068
Transfers out	-	(550,000)	-	-	(550,000)
Payments in lieu of taxes (PILOTS)	<u>(315,187)</u>	<u>(2,073,122)</u>	<u>(325,976)</u>	<u>(26,692)</u>	<u>(2,740,977)</u>
Change in net position	304,295	(22,329)	7,550	126,575	416,091
Total net position, beginning of year	10,555,817	6,164,088	8,678,646	1,813,137	27,211,688
Total net position, end of year	<u>\$ 10,860,112</u>	<u>\$ 6,141,759</u>	<u>\$ 8,686,196</u>	<u>\$ 1,939,712</u>	<u>\$ 27,627,779</u>

See accompanying notes to the basic financial statements

CITY OF MONETT, MISSOURI
Statement of Cash Flows
Proprietary Funds
For the Year Ended March 31, 2018

	Waterworks Fund	Electric Fund	Sewer Fund	Nonmajor Enterprise Funds	Total
Cash flows from operating activities:					
Receipts from customers and others	\$ 3,084,126	\$ 20,107,679	\$ 3,085,616	\$ 903,846	\$ 27,181,267
Payments to suppliers	(789,453)	(16,375,931)	(1,366,283)	(402,151)	(18,933,818)
Payments to employees	(666,258)	(966,658)	(550,320)	(209,254)	(2,392,490)
Net cash provided by (used in) operating activities	<u>1,628,415</u>	<u>2,765,090</u>	<u>1,169,013</u>	<u>292,441</u>	<u>5,854,959</u>
Cash flows from noncapital financing activities:					
Transfers in (out)	-	(550,000)	-	-	(550,000)
Pilots in lieu of taxes	(315,187)	(2,073,122)	(325,976)	(26,692)	(2,740,977)
Intergovernmental revenues	-	175	-	-	175
Net Cash Flows Provided by (used in) Noncapital Financing Activities	<u>(315,187)</u>	<u>(2,622,947)</u>	<u>(325,976)</u>	<u>(26,692)</u>	<u>(3,290,802)</u>
Cash flows from investing activities:					
Interest received	4,043	24,328	23,140	-	51,511
Net cash flows provided by (used in) investing activities	<u>4,043</u>	<u>24,328</u>	<u>23,140</u>	<u>-</u>	<u>51,511</u>
Cash flows from capital and related financing activities:					
Purchases of capital assets	(80,541)	(118,843)	(514,212)	(176,485)	(890,081)
Intergovernmental revenues	62,403	-	146,935	-	209,338
Interest and fiscal charges	(297,020)	(683)	(261,296)	-	(558,999)
Proceeds from long-term debt	-	31,115	3,582	-	34,697
Principal payments on long-term debt	(520,800)	(8,856)	(592,164)	-	(1,121,820)
Net cash flows provided by (used in) capital and related financing activities	<u>(835,958)</u>	<u>(97,267)</u>	<u>(1,217,155)</u>	<u>(176,485)</u>	<u>(2,326,865)</u>
Net change in cash and equivalents	481,313	69,204	(350,978)	89,264	288,803
Cash and equivalents, beginning of year	3,334,805	3,418,491	2,768,619	838,770	10,360,685
Cash and equivalents, end of year	<u>\$ 3,816,118</u>	<u>\$ 3,487,695</u>	<u>\$ 2,417,641</u>	<u>\$ 928,034</u>	<u>\$ 10,649,488</u>
Total cash and investments reported on the Statement of Net Position					
	<u>\$ 3,816,118</u>	<u>\$ 3,487,695</u>	<u>\$ 2,417,641</u>	<u>\$ 928,034</u>	<u>\$ 10,649,488</u>
Cash and investments reported on the Statement of Net Position					
Cash and investments	\$ 2,552,443	\$ 3,487,695	\$ 388,139	\$ 928,034	\$ 7,356,311
Restricted cash and investments	1,263,675	-	2,029,502	-	3,293,177
Total cash and investments	<u>\$ 3,816,118</u>	<u>\$ 3,487,695</u>	<u>\$ 2,417,641</u>	<u>\$ 928,034</u>	<u>\$ 10,649,488</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income	\$ 847,346	\$ 2,576,973	\$ 415,234	\$ 142,767	\$ 3,982,320
Adjustments to reconcile operating income to net cash provided by operations:					
Depreciation and amortization	637,786	164,802	885,463	140,053	1,828,104
Change in compensated absences	(13,953)	(17,737)	(671)	(2,106)	(34,467)
Changes in net pension asset/liability	(116,716)	(183,979)	(103,872)	(39,136)	(443,703)
Changes in deferred outflows of resources	142,480	224,590	126,801	47,775	541,646
Changes in deferred inflows of resources	41,984	66,179	37,364	14,078	159,605
Changes in:					
Receivables	29,138	(62,943)	(218,696)	(19,433)	(271,934)
Special assessments	-	-	20,000	-	20,000
Prepaid expenses	401	3,144	688	144	4,377
Inventory	56,363	16,298	4,893	2,126	79,680
Accounts payable	3,721	(17,348)	1,568	6,039	(6,020)
Accrued liabilities	1,288	(4,296)	241	134	(2,633)
Customer deposits	(1,423)	(593)	-	-	(2,016)
Net cash provided by (used in) operating activities	<u>\$ 1,628,415</u>	<u>\$ 2,765,090</u>	<u>\$ 1,169,013</u>	<u>\$ 292,441</u>	<u>\$ 5,854,959</u>

See accompanying notes to the basic financial statements

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2018

(1) Summary of Significant Accounting Policies

The City of Monett, Missouri (the City) was incorporated on March 3, 1913. The City is a third class city and operates under a Mayor-Board of Commission form of government. The Mayor and the two Commissioners serve four-year terms. The City provides a variety of general governmental services to residents including general administrative services, public safety, public works, parks and recreation, airport, and cemetery operations. Other services include water, electric, sewer, fiber optic, and sanitation operations.

The accounting and reporting policies of the City conform to generally accepted accounting principles (GAAP) in the United States of America applicable to local governments. The following represent the more significant accounting and reporting policies and practices of the City.

A. Financial Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. Component units are separate legal entities which are included in the primary government's financial report. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not only, criterion for including a potential component unit within the reporting entity is the City's financial accountability for the potential component unit. An entity is considered a component unit if City officials appoint a voting majority of the component unit's governing body and the City is able to impose its will upon the component unit. Additionally, if the entity provides specific financial benefits to or imposes specific financial burdens on the City, it may be considered a component unit.

This report includes the financial statements of the City (the primary government) and its blended component unit, the City of Monett, Missouri Tax Increment Financing (TIF) Commission (the Commission). The Commission is governed by a board of which six members are appointed by the Mayor with the consent of the Board of Commission, two members appointed by the school district and one member each appointed by the commission of Lawrence and Barry County. Although it is legally separate from the City, the Commission is reported as if it were part of the primary government because its sole function is to use TIF as a method to finance economic development through payments in lieu of taxes (PILOTS) and economic activity taxes (EATS). The Commission does not issue separate financial statements.

B. Basis of Presentation

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds).

Government-wide financial statements

The statement of net position and the statement of activities display information about the City, the primary government, as a whole. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or supported from the general revenues of the City.

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2018

Fund financial statements

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

GOVERNMENTAL FUNDS

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (other than those in Proprietary Funds) are accounted for through Governmental Funds. The measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination.

The following are the City's major governmental funds:

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

Transportation Sales Tax Fund: The Transportation Sales Tax Fund accounts for the City's transportation sales taxes proceeds that are restricted to be used for transportation related purposes.

Park Sales Tax Fund: The Park Sales Tax Fund accounts for the City's park sales taxes proceeds that are restricted to be used for parks and recreational related purposes.

PROPRIETARY FUNDS

Proprietary Funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position.

The following are the City's major proprietary funds:

Waterworks Fund: This Fund accounts for the operations, maintenance, and improvement activities of the existing water system and capital improvements pertaining to the City wells, facilities, equipment and infrastructure.

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

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

The City reports the following fund type of nonmajor funds:

Special Revenue Funds – These funds account for specific revenue sources that are restricted for specified purposes.

Enterprise Funds – These funds account for the operations, maintenance, and improvement activities of the sanitation and fiber services.

City of Monett, Missouri
Notes to the Basic Financial Statements
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C. Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or when all eligibility requirements have been satisfied and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, sales tax, and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. This is a similar approach to that used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental Fund Financial Statements

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, certain revenue sources are deemed both measurable and available. The City considers all revenues for investment earnings, special assessments and state levied, locally shared taxes (including motor vehicle fees) and other intergovernmental revenues to be available if the revenues are collected within sixty days after year-end. Proceeds and payments of long-term debt are reported as other financing sources and uses.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which have not matured are recognized when due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Fund Financial Statements

The economic resources measurement focus and the accrual basis of accounting are utilized by the proprietary funds. Under this basis of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred. All assets and liabilities (whether current or noncurrent) associated with a proprietary fund's activities are included on its statement of net position and statement of activities. Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. All other revenues and expenses are considered nonoperating.

City of Monett, Missouri
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D. Cash and Investments

The City maintains a cash and investment pool in which a majority of the City's funds share. Each fund type's portion of this pool is displayed in the financial statements as cash and investments, and investments made in accordance with bond ordinances are reflected as restricted cash and investments. 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, banker's acceptances, and commercial paper. Investments are reported at fair value based on quoted market prices. Interest earned from the pool is allocated to the funds on the basis of average monthly cash and investment balances.

E. Accounts Receivable

Governmental activities accounts receivable consists of miscellaneous services provided to citizens. Business-type activities represent billed and unbilled charges for water, electric, sewer, sanitation and fiber services. Accounts receivable are shown net of an allowance for uncollectible accounts.

F. Special Assessments Receivable

Special assessments receivable reflects the property taxes collectible by the City for the purpose of repaying certain Special Assessment debt held by the City. The amount collectible by the City is reduced each year as the taxes are levied against the property and, subsequently, collected by the City.

G. Prepaid Items

Prepaid items reflect the payment of insurance premiums for coverage that benefits more than one fiscal period. The premium amounts are amortized using the consumption method over the policy periods in both the government-wide and fund financial statements.

H. Inventory

Inventory is stated at average cost. Inventories in the enterprise funds consist of expendable supplies and merchandise held for consumption or resale. The costs of these inventories are recorded as an expense when consumed or sold.

I. Capital Assets

Capital assets include land, construction in progress, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair value as of the date of the donation.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Fully depreciated capital assets are included in their respective accounts until their disposal.

City of Monett, Missouri
Notes to the Basic Financial Statements
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In conformity with GASB 34, infrastructure, such as streets and storm sewers, has been capitalized. Additionally, the City elected to depreciate its infrastructure assets. Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

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

J. *Compensated Absences*

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

K. *Deferred Outflows/inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. The item results from actuarial assumption changes, the difference between actual and projected earnings in calculating the net pension asset, and pension contributions made by the City subsequent to the pension valuation date. The contribution amount will be applied during the next fiscal year while the changes in actual versus projected amounts will be amortized over five to seven years.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category. The item relates to the change in actual and projected experience in calculating the pension liability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

City of Monett, Missouri
Notes to the Basic Financial Statements
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L. Interfund Activity

Loans – amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e., due from other funds) in lender funds and interfund payables (i.e. due to other funds) in borrower funds.

Services provided and used – sales and purchases of goods and services between funds for a price approximating their fair value. Interfund services provided and used are reported as revenues in funds providing the good or service and expenditures or expenses in the fund purchasing the good or service. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or statement of net position.

Payment in Lieu of Taxes (PILOTS) – paid from the City's enterprise funds to the general fund were \$2,740,977 for the year ended March 31, 2018.

Reimbursements – repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

M. Fund Balances

In the fund financial statements, governmental funds report the following fund balance classifications:

Non-Spendable – This consists of amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – This consists of amounts where constraints are placed on the use of those resources which are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed – This consists of amounts which can only be used for specific purposes determined by a formal action of passing an ordinance or resolution by City Council, the City's highest level of decision-making authority. Any changes or removal of specific purpose requires the same action by the City Council.

Assigned – This consists of amounts which are constrained by City management's intent to be used for a specific purpose but do not meet the criteria to be classified as committed. In accordance with the approved City policy only the City Council has the authority to assign amounts for a specific purpose in this category.

Unassigned – This consists of the residual fund balance that does not meet the requirements for the non-spendable, restricted, committed, or assigned classifications. A positive unassigned fund balance is only possible in the general fund.

The City has a fund balance policy that provides guidance for programs with multiple revenue sources. The policy is to use restricted resources first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

Per City policy, the general fund balance should be no less than 8% of general fund appropriations for the succeeding fiscal year in order to provide financial stability and provides the City with resources to achieve its objectives and the flexibility to respond to unexpected opportunities.

City of Monett, Missouri
Notes to the Basic Financial Statements
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N. Net Position Classifications

In the government-wide statements, equity is shown as net position and classified into three components:

- (1) Net investment in capital assets – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (2) Restricted net position – consisting of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities.
- (3) Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

O. Expenditures in Excess of Budget Appropriations

In violation of the budget ordinance, actual expenditures and transfers out exceeded budgeted appropriations in the Transportation Sales Tax Fund by \$11,666 and the Tax Increment Financing #1 Fund by \$533.

P. Use of Estimates

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

City of Monett, Missouri
Notes to the Basic Financial Statements
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(2) Cash and Investments

A reconciliation of cash and investments as shown on the government-wide statement of net position is as follows:

Cash on hand	\$	1,000
Demand deposits		7,233,890
Certificates of deposits		666,262
Banker's acceptance		937,496
Commercial paper		990,043
US treasuries and agency securities		5,968,252
Corporate bonds		110,903
Restricted cash equivalents held in trust		615,457
	<u>\$</u>	<u>16,523,303</u>

Government-wide Statement of Net Position

	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 3,817,569	\$ 7,356,311	\$ 11,173,880
Restricted cash and investments	2,056,246	3,293,177	5,349,423
	<u>\$ 5,873,815</u>	<u>\$ 10,649,488</u>	<u>\$ 16,523,303</u>

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is that, in the event of the failure of a counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's policy is to collateralize deposits with a standby letter of credit with the primary financial institution. The City collateralizes deposits at other financial institutions with securities held by the financial institution's agent and in the City's name.

As of March 31, 2018, the City's deposits were insured with Federal depository insurance, with the remaining uninsured balance collateralized by a \$10.5 million standby letter of credit and securities held in the City's name by their financial institution's agent. Accordingly, management has determined that none of the City's deposits were exposed to custodial credit risk as of March 31, 2018.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will be unable to fulfill its obligations. It is the City's policy to minimize credit risk by limiting its investments to Certificates of Deposit, bonds, or other obligations of the United States, and other debt securities given the highest available rating by a nationally recognized statistical rating organization. The ratings shown below are by Standard & Poor's as of year-end for each investment.

City of Monett, Missouri
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Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City structures the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in shorter-term securities.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by general accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted in active markets for identical assets; Level 2 inputs are significant other observable inputs such as third party pricing services for identical assets; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of March 31, 2018:

	<u>Level 1</u>	<u>S&P Rating</u>
<u>US Treasuries and Agency Securities</u>		
US Treasuries	\$ 5,572,033	AA+
Government National Mortgage Association	271,255	AA+
Federal Home Loan Bank	111,903	AA+
Federal National Mortgage Association	13,061	AA+
Total US Treasuries and Agency Securities	<u>\$ 5,968,252</u>	
<u>Corporate Bonds</u>		
Goldman Sachs	<u>\$ 110,903</u>	A+

All of the City's investments are classified as Level 1 of the fair value hierarchy using prices quoted in active markets for those securities.

(3) Tax Revenues and Taxes Receivable

The City's property taxes are levied and recorded each November 1 on the assessed value as of the prior January 1 for all property located in the City, and are delinquent on January 1 (the lien date) following the levy date. Assessed values are established by county assessors, subject to review by the County's Board of Equalization. The assessed value of local property at January 1, 2017, was \$152,993,213.

The City is permitted by the Missouri State Constitution to levy (without a vote of two-thirds of the voting electorate) taxes up to \$1.00 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt. The City does not levy property taxes.

City of Monett, Missouri
Notes to the Basic Financial Statements
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Tax revenues for the year consisted of the following:

	<u>Sales Taxes</u>	<u>Franchise Taxes</u>	<u>Other Taxes</u>	<u>Total</u>
Governmental funds:				
General Fund	\$ 2,861,679	\$ 369,076	\$ 45,279	\$ 3,276,034
Transportation Sales Tax Fund	962,790	-	-	962,790
Parks Sales Tax Fund	229,136	-	-	229,136
Nonmajor funds	147,085	-	-	147,085
	<u>\$ 4,200,690</u>	<u>\$ 369,076</u>	<u>\$ 45,279</u>	<u>\$ 4,615,045</u>

Taxes receivable represent sales tax and franchise taxes. Taxes receivable consisted of the following at March 31, 2018:

	<u>Sales Taxes</u>	<u>Franchise Taxes</u>	<u>Total</u>
Governmental funds:			
General Fund	\$ 441,123	\$ 82,315	\$ 523,438
Transportation Sales Tax Fund	148,095	-	148,095
Parks Sales Tax Fund	76,841	-	76,841
Nonmajor funds	22,877	-	22,877
	<u>\$ 688,936</u>	<u>\$ 82,315</u>	<u>\$ 771,251</u>

(4) Intergovernmental Revenue/Receivables

Intergovernmental revenue during the year consisted of the following:

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>	
Grants - Federal, State and Local State:	\$ 123,050	\$ -	\$ 123,050	
Motor vehicle fees and taxes	360,093	-	360,093	
Local:				
Intergovernmental activity taxes	-	254,342	254,342	
Total Intergovernmental Revenue	<u>\$ 483,143</u>	<u>\$ 254,342</u>	<u>\$ 737,485</u>	

	<u>Water Fund</u>	<u>Electric Fund</u>	<u>Sewer Fund</u>	<u>Total Enterprise Funds</u>
Grants - Federal, State and Local	<u>\$ 62,403</u>	<u>\$ 175</u>	<u>\$ 146,935</u>	<u>\$ 209,513</u>

City of Monett, Missouri
Notes to the Basic Financial Statements
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Amounts due from other governments at March 31, 2018, were as follows:

	General Fund	Nonmajor Funds	Total
State:			
Motor vehicle fees and taxes	\$ 29,020	\$ -	\$ 29,020
Local:			
Intergovernmental activity taxes	-	23,844	23,844
Total due from other governments	\$ 29,020	\$ 23,844	\$ 52,864

(5) Interfund Activity

Transfers between funds for the year ended March 31, 2018 were as follows:

	Transfers Out:				Total
		Transportation Sales Tax Fund	Nonmajor Governmental Funds	Electric Fund	
	General	Fund	Funds	Fund	
Transfers In:					
General Fund	\$ -	\$ 566,666	\$ 118,464	\$ 550,000	\$ 1,235,130
Nonmajor Governmental Funds	134,258	100,000	-	-	234,258
	\$ 134,258	\$ 666,666	\$ 118,464	\$ 550,000	\$ 1,469,388

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the Electric Fund to finance administrative services provided by the General fund. Any transfers within the governmental funds or within the proprietary funds have been eliminated in the government-wide statement of activities.

Interfund receivable and payable balances as of March 31, 2018 were as follows:

	Due to: Nonmajor Funds
Due from:	
Governmental activities:	
General Fund	\$ 1,711

The interfund balances represent sales taxes received that have not yet been transferred to the TIF funds at year end.

City of Monett, Missouri
Notes to the Basic Financial Statements
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(6) Capital Assets

A summary of the changes in capital assets for the year is as follows:

Governmental activities:	March 31, 2017	Additions	Retirements	March 31, 2018
Capital assets, not being depreciated				
Land	\$ 2,382,654	\$ 45,973	\$ -	\$ 2,428,627
Construction in progress	-	2,413,611	-	2,413,611
Total capital assets, not being depreciated	<u>2,382,654</u>	<u>2,459,584</u>	<u>-</u>	<u>4,842,238</u>
Capital assets, being depreciated				
Building and improvements	9,780,851	99,106	-	9,879,957
Machinery and equipment	7,762,475	336,353	16,000	8,082,828
Infrastructure	28,557,780	248,857	-	28,806,637
Total capital assets being depreciated	<u>46,101,106</u>	<u>684,316</u>	<u>16,000</u>	<u>46,769,422</u>
Less accumulated depreciation for:				
Building and improvements	2,958,987	307,396	-	3,266,383
Machinery and equipment	5,867,057	454,613	16,000	6,305,670
Infrastructure	16,242,509	930,229	-	17,172,738
Total accumulated depreciation	<u>25,068,553</u>	<u>1,692,238</u>	<u>16,000</u>	<u>26,744,791</u>
Total capital assets being depreciated, net	<u>21,032,553</u>			<u>20,024,631</u>
Governmental activities capital assets, net	<u>\$ 23,415,207</u>			<u>\$ 24,866,869</u>

City of Monett, Missouri
Notes to the Basic Financial Statements
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Business-type Activities:	March 31, 2017	Additions	Retirements	March 31, 2018
Capital assets, not being depreciated				
Land	\$ 305,504	\$ -	\$ -	\$ 305,504
Construction in progress	-	39,778	-	39,778
Total capital assets, not being depreciated	305,504	39,778	-	345,282
Capital assets, being depreciated				
Building and improvements	16,447,757	99,720	-	16,547,477
Machinery and equipment	3,960,651	313,983	20,517	4,254,117
Infrastructure	42,997,494	447,555	-	43,445,049
Total capital assets being depreciated	63,405,902	861,258	20,517	64,246,643
Less accumulated depreciation for:				
Building and improvements	2,056,997	388,554	-	2,445,551
Machinery and equipment	2,297,901	314,023	20,517	2,591,407
Infrastructure	27,193,811	1,125,527	-	28,319,338
Total accumulated depreciation	31,548,709	1,828,104	20,517	33,356,296
Total capital assets being depreciated, net	31,857,193			30,890,347
Business-type activities capital assets, net	<u>\$ 32,162,697</u>			<u>\$ 31,235,629</u>

Depreciation expense was charged to functions and programs of the primary government as follows:

Governmental Activities:

General government	\$ 16,994
Public safety	392,703
Public works	897,717
Parks and recreation	205,306
Airport	164,143
Cemetery	15,375
Total depreciation expense for Governmental activities	<u>\$ 1,692,238</u>

Business-type Activities:

Waterworks	\$ 637,786
Electric	164,802
Sewer	885,463
Sanitation	100,605
Fiber	39,448
Total depreciation expense for Business-type activities:	<u>\$ 1,828,104</u>

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2018

(7) Long Term Debt

A summary of the changes in long term debt is as follows:

	<u>Beginning of Year</u>	<u>Adjustments/ Additions</u>	<u>Adjustments/ Retirements</u>	<u>End of Year</u>	<u>Due Within One Year</u>
Governmental Activities:					
Tax Increment Financing Bonds:					
Series 2014	\$ 1,975,000	\$ -	\$ 360,000	\$ 1,615,000	\$ 165,000
Less: Discount	(29,938)	-	(2,550)	(27,388)	-
Certificate of participation - Series 2012	947,438	-	147,324	800,114	151,403
Capital leases	286,135	-	101,337	184,798	149,721
Lease purchase agreement	-	3,484,000	-	3,484,000	301,000
Developer agreements	221,048	-	92,356	128,692	20,000
Compensated absences **	553,202	43,178	-	596,380	259,002
Total Governmental activities	<u>3,952,885</u>	<u>3,527,178</u>	<u>698,467</u>	<u>6,781,596</u>	<u>1,046,126</u>
Business-Type Activities:					
Neighborhood Improvement Bonds:					
Series 2005	200,000	-	20,000	180,000	20,000
Revenue Bonds:					
Series 2003B	4,825,000	-	505,000	4,320,000	530,000
Series 2013	9,320,000	-	435,800	8,884,200	443,900
Series 2015	1,397,482	3,582	67,164	1,333,900	58,800
Certificates of Participation - Series 2010	2,385,000	-	85,000	2,300,000	85,000
Note payable	-	31,115	8,856	22,259	8,943
Compensated absences	273,424	-	34,467	238,957	96,722
Total Business-type activities	<u>18,400,906</u>	<u>34,697</u>	<u>1,156,287</u>	<u>17,279,316</u>	<u>1,243,365</u>
Total primary government	<u>\$ 22,353,791</u>	<u>\$ 3,561,875</u>	<u>\$ 1,854,754</u>	<u>\$ 24,060,912</u>	<u>\$ 2,289,491</u>

** governmental compensated absences are liquidated by the General Fund

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2018

A. Governmental Activities Debt

Tax Increment Financing Bonds

\$2,430,000 Series 2014 Supported Tax Increment and Sales Tax Refunding Revenue Bonds (East US Highway 60 Improvement and RPA #1 Infrastructure Redevelopment Projects). Proceeds were used to refund the Series 2005A and 2005B Bonds, which were originally issued to make improvements on and around Chapel Drive and redevelop 385 acres in the southeast portion of the City adjacent to Highway 60. Due in annual installment through January 1, 2028; interest at 2.0% - 3.5%. \$ 1,615,000

Certificates of Participation

\$1,500,000 Series 2012, Certificates of Participation, issued for the purpose of constructing a community building (Casino). Due in semi-annual installment through December 2022; interest at 2.75% 800,114

Lease Purchase Agreement

\$3,484,000 Series 2017, Lease Purchase Agreement. issued for the purpose of constructing the Aquatic Center. Due in annual installment through December 1, 2027; interest at 2.73% 3,484,000

\$ 5,899,114

Capital Lease Obligations

The City has entered into a capital leasing agreements (3) for 911 and golf equipment. The cumulative amount of assets acquired under the capital leases are \$405,985 with related accumulated depreciation of \$133,609 as of March 31, 2018.

The future minimum lease obligation and the net present value of these minimum lease payments as of March 31, 2018 were as follows:

	2019	\$ 154,046
	2020	<u>35,628</u>
Payments		189,674
Less imputed interest		<u>(4,876)</u>
Present value of minimum lease payments		<u>\$ 184,798</u>

Developer Obligations

Certain developers applied for reimbursement of the cost of certain infrastructure that was contributed to the City. These obligations are special limited obligations of the City, payable only to the extent of available tax increment financing revenues. The City's obligation to reimburse these costs will expire upon the dissolution of the tax increment financing district in 2019. At March 31, 2018, the total obligations under these agreements was \$128,692.

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2018

B. Business-type Activities Debt

Neighborhood Improvement Bonds

\$394,230 Series 2004, General Obligation Bonds, Neighborhood Improvement District Bonds Series issued to fund certain sewer projects in the City. Due in annual installments through September 1, 2024; interest at 2.00% to 5.10%.

\$ 180,000

Revenue Bonds

\$8,950,000 Series 2003B Combined Waterworks and Sewerage System Revenue Bonds, (State Revolving Funds Program). Proceeds from this debt issuance were combined with monies from the State Environment Improvement and Energy Resources Authority to construct wastewater treatment and clean water facilities for the City. Due in annual instalments through January 1, 2025; interest at 2.00% to 4.70%.

4,320,000

\$10,002,321 Series 2013 Combined Waterworks and Sewerage System Revenue Bonds - Direct Loan Program (Original amount not to exceed \$11,012,000). Proceeds were used for certain costs of improving the water and sewerage system. Due in annual instalments through 2035; interest at 1.61% and a semi-annual administrative fee of 0.25% of the outstanding principal balance of the bonds.

8,884,200

\$1,397,482 Series 2015 Combined Waterworks and Sewerage System Revenue Bonds - Direct Loan Program (Original amount not to exceed \$1,895,000). Proceeds were used for the purpose of extending and improving the City's sewage system. Due in annual instalments through 2037; interest at 1.23% and a semi-annual administrative fee of 0.50% of the outstanding principal balance of the bonds.

1,333,900

Certificates of Participation

\$2,859,000 Series 2010, Certificates of Participation, issued for the purpose of constructing a water line project. Due in annual installment through July 2035; interest at 3.49%

2,300,000

Note Payable

\$31,115 Note payable to Mo. Department of Economic Development for the purpose of lighting upgrades. Due in annual installment through September 2020; interest at 2.75%

22,259

\$ 17,040,359

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2018

C. Future Debt Service Requirements

Governmental Activities						
	Series 2014 Tax Increment Financing Bonds		Series 2012 Certificates of Participation		Series 2017 Lease Purchase Agreement	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 165,000	\$ 65,685	\$ 151,403	\$ 20,962	\$ 301,000	\$ 102,931
2020	170,000	60,570	155,595	16,770	317,000	86,896
2021	175,000	55,300	159,903	12,461	325,000	78,456
2022	180,000	49,175	164,331	8,034	334,000	69,369
2023	185,000	42,875	168,882	3,483	344,000	60,251
2024-2028	740,000	103,725	-	-	1,863,000	118,249
2029-2033	-	-	-	-	-	-
2034-2037	-	-	-	-	-	-
Totals	\$ 1,615,000	\$ 377,330	\$ 800,114	\$ 61,710	\$ 3,484,000	\$ 516,152
Business-type Activities						
	Series 2004 General Obligation Bonds, NID		Series 2003B Waterworks and Sewerage Bonds		Series 2013 Waterworks and Sewerage Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 20,000	\$ 8,550	\$ 530,000	\$ 208,908	\$ 443,900	\$ 141,260
2020	25,000	7,448	555,000	181,745	453,100	134,076
2021	25,000	6,210	585,000	153,301	462,100	126,745
2022	25,000	4,960	615,000	123,320	471,100	119,269
2023	25,000	3,698	645,000	95,645	481,000	111,641
2024-2028	60,000	3,060	1,390,000	98,700	2,550,900	438,397
2029-2033	-	-	-	-	2,816,800	223,542
2034-2037	-	-	-	-	1,205,300	24,354
Totals	\$ 180,000	\$ 33,926	\$ 4,320,000	\$ 861,619	\$ 8,884,200	\$ 1,319,284
	Series 2015 Waterworks and Sewerage Bonds		Series 2010 Certificates of Participation		Grand Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 58,800	\$ 16,226	\$ 85,000	\$ 144,763	\$ 1,755,103	\$ 709,285
2020	60,200	15,499	90,000	140,428	1,825,895	643,431
2021	61,600	14,753	90,000	135,725	1,883,603	582,951
2022	63,200	13,991	95,000	130,681	1,947,631	518,799
2023	64,600	13,210	100,000	125,220	2,013,482	456,023
2024-2028	345,000	53,702	535,000	533,980	7,483,900	1,349,813
2029-2033	385,000	31,409	640,000	344,338	3,841,800	599,289
2034-2037	295,500	7,319	665,000	86,275	2,165,800	117,948
Totals	\$ 1,333,900	\$ 166,109	\$ 2,300,000	\$ 1,641,410	\$ 22,917,214	\$ 4,977,539

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2018

(9) Employees Retirement System

A. Plan Description

The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS' issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

B. Benefits Provided

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

	2017 Valuation
Benefit Multiplier:	2.00% for life
Final Average Salary:	3 Years
Member Contributions:	4%

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

C. Employees Covered by Benefit Terms

The following employees were covered by the benefit terms:

	General	Police	Fire	Total
Inactive employees or beneficiaries currently receiving benefits	52	13	7	72
Inactive employees entitled to but not yet receiving benefits	13	12	1	26
Active employees	89	18	14	121
	154	43	22	219

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2018

D. Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 4% to the pension plan. Employer contribution rates are 9.6% (General), 5.8% (Police) and 5.0% (Fire) of annual covered payroll.

E. Net Pension Liability

The City's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2017.

F. Actuarial Assumptions

The total pension liability in the February 28, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.5% price inflation
Salary Increase	3.25% to 6.55% including wage inflation (General and Police)
	3.25% to 7.15% including wage inflation (Fire)
Investment rate of return	7.25%, net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality tables for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2017 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	48.00%	4.81%
Fixed Income	28.50%	1.72%
Real Assets/Real Return	23.50%	3.42%

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2018

G. Discount Rate

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

H. Changes in the Net Pension Liability/ (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)/Liability
	(a)	(b)	(a) - (b)
Balances at beginning of year	\$ 24,873,240	\$ 24,900,867	\$ (27,627)
Changes for the year:			
Service Cost	639,391	-	639,391
Interest	1,797,932	-	1,797,932
Difference between expected and actual experience	(559,892)	-	(559,892)
Contributions - employer	-	438,751	(438,751)
Contributions - employee	-	207,953	(207,953)
Net investment income	-	2,959,657	(2,959,657)
Benefit payments, including refunds	(790,364)	(790,364)	-
Administrative expense	-	(17,532)	17,532
Other changes (net transfer)	-	(388,493)	388,493
Net changes	1,087,067	2,409,972	(1,322,905)
Balances at end of year	\$ 25,960,307	\$ 27,310,839	\$ (1,350,532)

I. Sensitivity of the Net Pension Liability/ (Asset) to Changes in the Discount Rate

The following presents the Net Pension Liability/(Asset) of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability/(Asset) would be using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease	Current Single Discount Rate	1% Increase
	6.25%	Assumption 7.25%	8.25%
Total Pension Liability (TPL)	\$ 29,855,276	\$ 25,960,307	\$ 22,762,474
Plan Fiduciary Net Position	(27,310,839)	(27,310,839)	(27,310,839)
Net Pension Liability/(Asset)	\$ 2,544,437	\$ (1,350,532)	\$ (4,548,365)

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2018

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

For the year ended March 31, 2018, the City recognized LAGERS pension expense of \$1,179,890 (\$883,542 (General), \$173,289 (Police) and \$123,059 (Fire)). The City reported deferred outflows related to LAGERS pension from the following sources:

	General	Police	Fire	Total
Deferred Outflows of Resources:				
Assumption changes	\$ 345,240	\$ 68,730	\$ 108,703	\$ 522,673
Difference in experience	-	-	57,447	57,447
Excess investment returns	479,384	118,655	113,696	711,735
Contributions subsequent to the measurement date*	249,648	43,951	40,303	333,902
Total	<u>\$ 1,074,272</u>	<u>\$ 231,336</u>	<u>\$ 320,149</u>	<u>\$ 1,625,757</u>
Deferred Inflows of Resources:				
Difference in experience	<u>\$ 607,633</u>	<u>\$ 106,225</u>	<u>\$ 92,702</u>	<u>\$ 806,560</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability/(Asset) for the year ending March 31, 2019.

Net amounts reported as deferred outflows and deferred inflows of resources, excluding contributions subsequent to the measurement date, related to LAGERS pension will be recognized in pension expense as follows:

Year ending March 31:	General	Police	Fire	Total
2019	\$ 195,881	\$ 55,222	\$ 79,128	\$ 330,231
2020	195,883	62,548	79,128	337,559
2021	58,526	6,101	33,609	98,236
2022	(223,561)	(42,711)	(32,545)	(298,817)
2023	(9,738)	-	13,983	4,245
Thereafter	-	-	13,841	13,841
Total	<u>\$ 216,991</u>	<u>\$ 81,160</u>	<u>\$ 187,144</u>	<u>\$ 485,295</u>

K. Payable to the Pension Plan

At March 31, 2018, the City paid all outstanding contributions to the LAGERS pension plan.

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2018

L. Summary of financial reporting of the City's pension plan:

	General	Police	Fire	Total
Governmental activities:				
Net Pension Asset	\$ (71,175)	\$ (417,440)	\$ (763,052)	\$ (1,251,667)
Business-type activities:				
Net Pension Asset	(98,865)	-	-	(98,865)
Total Net Pension Asset	<u>\$ (170,040)</u>	<u>\$ (417,440)</u>	<u>\$ (763,052)</u>	<u>\$ (1,350,532)</u>
Governmental activities:				
Pension related deferred outflows	\$ 519,856	\$ 231,336	\$ 320,149	\$ 1,071,341
Pension related deferred inflows	(310,345)	(106,225)	(92,702)	(509,272)
Business-type activities:				
Pension related deferred outflows	554,416	-	-	554,416
Pension related deferred inflows	(297,288)	-	-	(297,288)
Total	<u>\$ 466,639</u>	<u>\$ 125,111</u>	<u>\$ 227,447</u>	<u>\$ 819,197</u>

(10) Commitments and Contingencies

A. Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City has transferred its risk by obtaining coverage from a public self-insured insurance pool. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

The amount of settlements has not exceeded the City's insurance coverage in any of the past three fiscal years.

B. Federal and State Grants

The City has received financial assistance from various federal, state, and local agencies in the form of grants and entitlements. These programs are subject to audit by agents of the granting authority. Management does not believe that liabilities for reimbursements, if any, will have a materially adverse effect upon the financial condition of the City.

C. Litigation

The City is involved in legal proceedings arising from the ordinary course of City activities. While these proceedings may have future financial effect, management believes that their ultimate outcome will not be material to the basic financial statements.

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2018

D. *Purchased Power*

In 2010, the City entered into a ten-year full requirements service agreement with Empire District Electric (EDE) that will expire in June, 2020. The agreement provided for EDE to sell and for the City to purchase capacity and firm energy sufficient to meet the City's load.

In considering it's options after the EDE contract expires in 2020, the City has collaborated with other cities with similar contract expiration dates to aggregate their loads and seek the most cost-efficient power supplier for the cities. As part of the this process, the cities contracted with the Missouri Public Utility Alliance (MPUA) to prepare an Integrated Resource Plan (IRP) that would provide an in-depth report detailing the group's load forecasts and power supply options. The IRP was completed in July, 2017 that identified the types of resources and quantities that would best fit the needs of the cities with the intent of forming a new energy pool that aggregate the loads into a single power supply contract.

The cities of Monett and Mount Vernon have proceeded with approving the legal framework formally establishing the Southwest Missouri Public Energy Pool (SWMPEP). The City of Monett approved a Power Supply and Administration Agreement between the Missouri Joint Municipal Electric Utility Commission (MJMEUC) and the members of SWMPEP. SWMPEP, in conjunction with MJMEUC, solicited RFP's and received a number of proposals in March, 2018. MJMEUC representatives are negotiating power supply contracts for formal pool approval in late 2018.

E. *Construction Commitments*

At March 31, 2018 the City had approximately \$1.0 million in construction commitments to complete construction contracts.

(11) Subsequent Events

Management has evaluated subsequent events through August 16, 2018, the date the financial statements were available to be issued. No subsequent events were identified that required adjustment to or disclosure in the financial statements.

City of Monett, Missouri
Notes to Required Supplementary Information
March 31, 2018

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

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

CITY OF MONETT, MISSOURI
Required Supplementary Information
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended March 31, 2018

	2018			Variance with
	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,133,890	\$ 3,259,390	\$ 3,276,034	\$ 16,644
Licenses and permits	37,000	74,000	72,273	(1,727)
Intergovernmental	1,359,000	477,500	483,143	5,643
Charges for services	1,001,840	1,008,015	999,858	(8,157)
Rental	67,700	67,700	87,545	19,845
Investment earnings	2,500	16,500	18,253	1,753
Miscellaneous	33,000	86,200	114,387	28,187
Total Revenues	5,634,930	4,989,305	5,051,493	62,188
Expenditures:				
Current:				
General government				
Administration	538,625	538,625	516,270	22,355
Public safety				
Building official	248,055	235,555	214,231	21,324
Municipal court	91,125	91,125	88,818	2,307
Police	1,651,600	1,718,100	1,638,988	79,112
E911	914,375	907,375	912,834	(5,459)
Emergency management	194,280	194,280	178,044	16,236
Fire	1,233,225	1,233,225	1,080,692	152,533
Total public safety	4,332,660	4,379,660	4,113,607	266,053
Public works				
Street	1,838,790	1,918,790	1,874,378	44,412
Parks and recreation				
Pool	3,515,350	2,055,350	2,372,487	(317,137)
South park	265,975	286,975	283,182	3,793
North park	250,655	284,110	287,131	(3,021)
Golf	548,850	548,850	491,043	57,807
Casino and community building	87,170	101,170	99,744	1,426
Total parks and recreation	4,668,000	3,276,455	3,533,587	(257,132)
Airport	1,353,555	416,555	372,823	43,732
Cemetery	172,125	189,125	155,819	33,306
Debt service:				
Principal	199,025	248,775	248,661	114
Interest and fiscal charges	29,040	32,740	32,704	36
Total Expenditures	13,131,820	11,000,725	10,847,849	152,876
Excess of Revenues Over (Under) Expenditures	(7,496,890)	(6,011,420)	(5,796,356)	215,064
Other financing sources (uses):				
Transfers in	1,148,440	1,214,000	1,235,130	21,130
Transfers out	-	(134,000)	(134,258)	(258)
Sale of capital assets	37,960	32,000	6,298	(25,702)
Proceeds from lease purchase agreement	3,500,000	3,500,000	3,484,000	(16,000)
Payments in lieu of taxes	2,784,190	2,690,000	2,740,977	50,977
Total Other Financing Sources (Uses)	7,470,590	7,302,000	7,332,147	30,147
Net change in fund balances	\$ (26,300)	\$ 1,290,580	1,535,791	\$ 245,211
Fund balances, beginning of year			2,781,870	
Fund balances, end of year			<u>\$ 4,317,661</u>	

Note: GAAP is the budgetary basis used to prepare this schedule

CITY OF MONETT, MISSOURI
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Transportation Sales Tax Fund
For the Year Ended March 31, 2018

	2018			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 914,000	\$ 914,000	\$ 962,790	\$ 48,790
Total Revenues	<u>914,000</u>	<u>914,000</u>	<u>962,790</u>	<u>48,790</u>
Expenditures:				
Current:				
Public works	75,000	-	-	-
Total Expenditures	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>839,000</u>	<u>914,000</u>	<u>962,790</u>	<u>48,790</u>
Other financing sources (uses):				
Transfers out	(545,000)	(655,000)	(666,666)	(11,666)
Total Other Financing Sources (Uses)	<u>(545,000)</u>	<u>(655,000)</u>	<u>(666,666)</u>	<u>(11,666)</u>
Net change in fund balances	<u>\$ 294,000</u>	<u>\$ 259,000</u>	296,124	<u>\$ 37,124</u>
Fund balances, beginning of year			<u>723,466</u>	
Fund balances, end of year			<u>\$ 1,019,590</u>	

Note: GAAP is the budgetary basis used to prepare this schedule

CITY OF MONETT, MISSOURI
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Park Sales Tax Fund
For the Year Ended March 31, 2018

	2018			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 200,000	\$ 135,000	\$ 229,136	\$ 94,136
Total Revenues	<u>200,000</u>	<u>135,000</u>	<u>229,136</u>	<u>94,136</u>
Expenditures:				
Current:				
Parks and recreation	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 200,000</u>	<u>\$ 135,000</u>	229,136	<u>\$ 94,136</u>
Fund balances, beginning of year			<u>-</u>	
Fund balances, end of year			<u>\$ 229,136</u>	

Note: GAAP is the budgetary basis used to prepare this schedule

CITY OF MONETT, MISSOURI
Required Supplementary Information
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Year Ended March 31, 2018

	Lagers		
	2018	2017	2016
Total Pension Liability			
Service costs	\$ 639,391	\$ 616,931	\$ 617,375
Interest on total pension liability	1,797,932	1,637,666	1,564,778
Difference between expected and actual experience of the total pension liability	(559,892)	(136,413)	(472,412)
Changes of assumptions	-	828,489	-
Benefit payments and refunds	(790,364)	(705,369)	(703,043)
Net change in total pension liability	1,087,067	2,241,304	1,006,698
Total pension liability - beginning of year	24,873,240	22,631,936	21,625,238
Total pension liability - end of year (a)	<u>\$ 25,960,307</u>	<u>\$ 24,873,240</u>	<u>\$ 22,631,936</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 438,751	\$ 476,923	\$ 524,504
Contributions - employee	207,953	196,430	187,564
Net investment income	2,959,657	(70,888)	465,017
Benefit payments and refunds	(790,364)	(705,369)	(703,043)
Administrative expenses	(17,532)	(17,162)	(17,989)
Other (net transfer)	(388,493)	68,562	119,677
Net change in plan fiduciary net position	2,409,972	(51,504)	575,730
Plan fiduciary net position - beginning of year	24,900,867	24,952,371	24,376,851
Plan fiduciary net position - end of year (b)	<u>\$ 27,310,839</u>	<u>\$ 24,900,867</u>	<u>\$ 24,952,581</u>
Net pension liability/(asset) (a) - (b)	<u>\$ (1,350,532)</u>	<u>\$ (27,627)</u>	<u>\$ (2,320,645)</u>
Plan net position as a percentage of the total pension liability	105.20%	100.11%	110.25%
Covered employee payroll	5,143,013	4,744,999	4,657,747
Net pension liability/(asset) as a percentage of covered payroll	-26.26%	-0.58%	-49.82%

GASB 68 requires presentation of ten years. As of March 31, 2018, only three years of information is available.

CITY OF MONETT, MISSOURI
Required Supplementary Information
Schedule of Employer Contributions
For the Year Ended March 31, 2018

LAGERS (General, Police and Fire)

Fiscal Year	Actuarially Determined Contribution	Contribution in Relation	Contribution Deficiency	Covered Employee Payroll	Contribution as Percentage
2009	\$ 519,830	\$ 519,830	\$ -	\$ 4,645,812	11.19%
2010	486,665	486,665	-	4,632,138	10.51%
2011	610,062	501,367	108,695	4,368,735	11.48%
2012	614,448	564,895	49,553	4,522,859	12.49%
2013	631,138	631,138	-	4,613,235	13.68%
2014	598,756	598,756	-	4,715,149	12.70%
2015	536,975	536,975	-	4,642,142	11.57%
2016	497,201	497,201	-	4,883,881	10.18%
2017	449,797	449,797	-	5,324,672	8.45%
2018	435,342	435,342	-	5,208,720	8.36%

Lagers

Valuation Date February 28, 2017

Notes: The roll-forward of total pension liability from February 29, 2017 to December 31, 2017 reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

Methods and assumptions used to determine contributions rates:

Actuarial cost method Entry Age Normal and Modified Terminal Funding

Amortization method Level percentage of payroll, closed

Remaining amortization period Multiple bases from 13 to 25 years

Asset valuation method 5-year smoothed market; 20% corridor

Inflation assumption 3.25% wage inflation; 2.5% price inflation

Salary increases 3.25% to 6.55% including wage inflation (General and Police)
3.25% to 7.15% including wage inflation (Fire)

Investment rate of return 7.25%, net of investment and administrative expenses

Retirement age Experienced-based table of rates that are specific to the type of eligibility condition

Mortality The healthy retiree mortality tables, for post retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for male and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for male and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period based year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other information: New assumptions adopted based on the 5-year experience study for the period March 1, 2010 through February 28, 2015.

CITY OF MONETT, MISSOURI
Combining Balance Sheet - Nonmajor Governmental Funds
March 31, 2018

	Tax Increment Financing #1 Fund	Tax Increment Financing #2 Fund	Capital Improvement Fund	Airport Improvement Fund	Total
Assets					
Cash and investments	\$ -	\$ -	\$ 100,434	\$ 234,258	\$ 334,692
Receivables:					
Taxes	572	22,305	-	-	22,877
Due from other governments	3,367	20,477	-	-	23,844
Due from other funds	1,711	-	-	-	1,711
Restricted cash and investments	155	435,364	-	-	435,519
Total Assets	\$ 5,805	\$ 478,146	\$ 100,434	\$ 234,258	\$ 818,643
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-
Fund balances:					
Restricted:					
Capital projects	-	-	100,434	234,258	334,692
Debt service	5,805	478,146	-	-	483,951
Total fund balance	5,805	478,146	100,434	234,258	818,643
Total liabilities and fund balances	\$ 5,805	\$ 478,146	\$ 100,434	\$ 234,258	\$ 818,643

CITY OF MONETT, MISSOURI
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended March 31, 2018

	Tax Increment Financing #1 Fund	Tax Increment Financing #2 Fund	Capital Improvement Fund	Airport Improvement Fund	Total
Revenues:					
Taxes	\$ 8,649	\$ 138,052	\$ 384	\$ -	\$ 147,085
Intergovernmental activity taxes	11,862	242,480	-	-	254,342
Investment earnings	1	4,069	-	-	4,070
Total Revenues	<u>20,512</u>	<u>384,601</u>	<u>384</u>	<u>-</u>	<u>405,497</u>
Expenditures:					
Current:					
Public works	-	7,347	-	-	7,347
Debt service:					
Principal	20,533	360,000	-	-	380,533
Interest and fiscal charges	-	67,145	-	-	67,145
Total Expenditures	<u>20,533</u>	<u>434,492</u>	<u>-</u>	<u>-</u>	<u>455,025</u>
Excess of Revenues Over (Under) Expenditures	(21)	(49,891)	384	-	(49,528)
Other financing (uses):					
Transfers in	-	-	-	234,258	234,258
Transfers out	-	-	(118,464)	-	(118,464)
Total Other Financing (Uses)	<u>-</u>	<u>-</u>	<u>(118,464)</u>	<u>234,258</u>	<u>115,794</u>
Net change in fund balances	(21)	(49,891)	(118,080)	234,258	66,266
Fund balances, beginning of year	<u>5,826</u>	<u>528,037</u>	<u>218,514</u>	<u>-</u>	<u>752,377</u>
Fund balances, end of year	<u>\$ 5,805</u>	<u>\$ 478,146</u>	<u>\$ 100,434</u>	<u>\$ 234,258</u>	<u>\$ 818,643</u>

CITY OF MONETT, MISSOURI

**Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Tax Increment Financing #1
For the Year Ended March 31, 2018**

	2018			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 12,045	\$ 8,500	\$ 8,649	\$ 149
Intergovernmental activity taxes	14,400	21,050	11,862	(9,188)
Investment earnings	-	-	1	1
Total Revenues	<u>26,445</u>	<u>29,550</u>	<u>20,512</u>	<u>(9,038)</u>
Expenditures:				
Debt service:				
Principal	<u>26,445</u>	<u>20,000</u>	<u>20,533</u>	<u>(533)</u>
Total Expenditures	<u>26,445</u>	<u>20,000</u>	<u>20,533</u>	<u>(533)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 9,550</u>	(21)	<u>\$ (9,571)</u>
Fund balances, beginning of year			<u>5,826</u>	
Fund balances, end of year			<u>\$ 5,805</u>	

Note: GAAP is the budgetary basis used to prepare this schedule

CITY OF MONETT, MISSOURI

**Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Tax Increment Financing #2
For the Year Ended March 31, 2018**

	2018			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 150,000	\$ 150,000	\$ 138,052	\$ (11,948)
Intergovernmental activity taxes	233,000	233,000	242,480	9,480
Investment earnings	-	-	4,069	4,069
Total Revenues	<u>383,000</u>	<u>383,000</u>	<u>384,601</u>	<u>1,601</u>
Expenditures:				
Current:				
Public works	8,100	8,100	7,347	753
Debt service:				
Principal	260,000	360,000	360,000	-
Interest and fiscal charges	70,645	70,645	67,145	3,500
Total Expenditures	<u>338,745</u>	<u>438,745</u>	<u>434,492</u>	<u>4,253</u>
Net change in fund balances	<u>\$ 44,255</u>	<u>\$ (55,745)</u>	(49,891)	<u>\$ 5,854</u>
Fund balances, beginning of year			<u>528,037</u>	
Fund balances, end of year			<u>\$ 478,146</u>	

Note: GAAP is the budgetary basis used to prepare this schedule

CITY OF MONETT, MISSOURI
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Capital Improvements Sales Tax Fund
For the Year Ended March 31, 2018

	2018			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ -	\$ -	\$ 384	\$ 384
Total Revenues	-	-	384	384
Expenditures:				
Current:				
Public works	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	384	384
Other financing sources (uses):				
Transfers out	(53,440)	(120,000)	(118,464)	1,536
Total Other Financing Sources (Uses)	(53,440)	(120,000)	(118,464)	1,536
Net change in fund balances	<u>\$ (53,440)</u>	<u>\$ (120,000)</u>	(118,080)	<u>\$ 1,920</u>
Fund balances, beginning of year			218,514	
Fund balances, end of year			<u>\$ 100,434</u>	

Note: GAAP is the budgetary basis used to prepare this schedule

CITY OF MONETT, MISSOURI

Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Airport Improvement Fund
For the Year Ended March 31, 2018

	2018			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures:				
Current:				
Airport	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Other financing sources (uses):				
Transfers in	-	230,000	234,258	4,258
Total Other Financing Sources (Uses)	-	230,000	234,258	4,258
Net change in fund balances	\$ -	\$ 230,000	234,258	\$ 4,258
Fund balances, beginning of year			-	
Fund balances, end of year			\$ 234,258	

Note: GAAP is the budgetary basis used to prepare this schedule

CITY OF MONETT, MISSOURI
Combining Statement of Net Position
Nonmajor Enterprise Funds
March 31, 2018

	Sanitation Fund	Fiber Fund	Total
Assets			
Current assets:			
Cash and investments	\$ 349,047	\$ 578,987	\$ 928,034
Receivables			
Accounts and other	113,295	22,345	135,640
Prepaid expenses	3,201	-	3,201
Inventory	-	34,415	34,415
Total current assets	<u>465,543</u>	<u>635,747</u>	<u>1,101,290</u>
Capital assets:			
Not being depreciated	12,101	-	12,101
Being depreciated, net of depreciation	600,344	229,888	830,232
Net pension Asset	14,850	-	14,850
Total noncurrent assets	<u>627,295</u>	<u>229,888</u>	<u>857,183</u>
Total assets	<u>1,092,838</u>	<u>865,635</u>	<u>1,958,473</u>
Deferred outflow of resources			
Deferred outflow - pension related activity	37,287	-	37,287
Liabilities			
Current liabilities:			
Accounts payable	15,143	7,970	23,113
Accrued liabilities	2,734	-	2,734
Current portion of long-term debt	2,596	-	2,596
Total current liabilities:	<u>20,473</u>	<u>7,970</u>	<u>28,443</u>
Long-term liabilities:			
Long-term debt	2,442	-	2,442
Total long-term liabilities:	<u>2,442</u>	<u>-</u>	<u>2,442</u>
Total liabilities	<u>22,915</u>	<u>7,970</u>	<u>30,885</u>
Deferred inflow of resources			
Deferred inflow - pension related activity	25,163	-	25,163
Net position			
Net investment in capital assets	612,445	229,888	842,333
Restricted net position for:			
Pension benefits	26,974	-	26,974
Unrestricted	442,628	627,777	1,070,405
Total net position	<u>\$ 1,082,047</u>	<u>\$ 857,665</u>	<u>\$ 1,939,712</u>

CITY OF MONETT, MISSOURI
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended March 31, 2018

	Sanitation Fund	Fiber Fund	Total
Operating revenues:			
Charges for services	\$ 653,867	\$ 266,920	\$ 920,787
Other	2,492	-	2,492
Total operating revenues	<u>656,359</u>	<u>266,920</u>	<u>923,279</u>
Operating expenses:			
Wages and benefits	229,999	-	229,999
Professional and consulting services	-	99,315	99,315
Insurance	4,849	-	4,849
Repairs and maintenance	48,375	584	48,959
Utilities	282	1,536	1,818
Supplies	9,411	11,651	21,062
Depreciation	100,605	39,448	140,053
Other operating expenses	51,237	764	52,001
Purchase of power	-	-	-
Landfill and recycling	182,456	-	182,456
Total operating expenses	<u>627,214</u>	<u>153,298</u>	<u>780,512</u>
Operating income	<u>29,145</u>	<u>113,622</u>	<u>142,767</u>
Nonoperating revenues (expenses):			
Gain on capital asset disposal	10,500	-	10,500
Total nonoperating revenues (expenses)	<u>10,500</u>	<u>-</u>	<u>10,500</u>
Income (loss) before transfers and payment in lieu of taxes	39,645	113,622	153,267
Payments in lieu of taxes (PILOTS)	<u>-</u>	<u>(26,692)</u>	<u>(26,692)</u>
Change in net position	39,645	86,930	126,575
Total net position, beginning of year	1,042,402	770,735	1,813,137
Total net position, end of year	<u>\$ 1,082,047</u>	<u>\$ 857,665</u>	<u>\$ 1,939,712</u>

CITY OF MONETT, MISSOURI
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended March 31, 2018

	Sanitation Fund	Fiber Fund	Total
Cash flows from operating activities:			
Receipts from customers and others	\$ 636,961	\$ 266,885	\$ 903,846
Payments to suppliers	(298,397)	(103,754)	(402,151)
Payments to employees	(209,254)	-	(209,254)
Net cash provided by operating activities	<u>129,310</u>	<u>163,131</u>	<u>292,441</u>
Cash Flows from noncapital financing activities:			
Pilots in lieu of taxes	-	(26,692)	(26,692)
Net cash (used in) noncapital financing activities	<u>-</u>	<u>(26,692)</u>	<u>(26,692)</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	(176,485)	-	(176,485)
Net cash flows (used in) capital and related financing activities	<u>(176,485)</u>	<u>-</u>	<u>(176,485)</u>
Net change in cash and equivalents	(47,175)	136,439	89,264
Cash and equivalents, beginning of year	<u>396,222</u>	<u>442,548</u>	<u>838,770</u>
Cash and equivalents, end of year	<u><u>\$ 349,047</u></u>	<u><u>\$ 578,987</u></u>	<u><u>\$ 928,034</u></u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 29,145	\$ 113,622	\$ 142,767
Adjustments to reconcile operating income to net cash provided by operations:			
Depreciation and amortization	100,605	39,448	140,053
Change in compensated absences	(2,106)	-	(2,106)
Changes in net pension asset/liability	(39,136)	-	(39,136)
Changes in deferred outflows of resources	47,775	-	47,775
Changes in deferred inflows of resources	14,078	-	14,078
Changes in:			
Receivables	(19,398)	(35)	(19,433)
Prepaid expenses	144	-	144
Inventory	-	2,126	2,126
Accounts payable	(1,931)	7,970	6,039
Accrued liabilities	134	-	134
Net cash provided by operating activities	<u><u>\$ 129,310</u></u>	<u><u>\$ 163,131</u></u>	<u><u>\$ 292,441</u></u>