

BASIC FINANCIAL STATEMENTS

**CITY OF MONETT, MISSOURI
STATEMENT OF NET ASSETS
MARCH 31, 2006**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 35,454	\$ 23,426	\$ 58,880
Investments			
Accounts receivable	525,318	1,737,216	2,262,534
Prepaid health insurance	52,471		52,471
Prepaid workmen's compensation	102,588	52,814	155,402
Restricted assets:			
Cash and cash equivalents	6,108,727	2,260,367	8,369,094
Investments		1,356,521	1,356,521
Other	209,960	196,126	406,086
Capital assets:			
Non depreciable	922,438	210,160	1,132,598
Depreciable, net	9,177,525	24,008,310	33,185,835
Total Assets	<u>17,134,481</u>	<u>29,844,940</u>	<u>46,979,421</u>
LIABILITIES			
Accounts payable	105,440	1,080,718	1,186,158
Accrued payroll and payroll taxes	44,559	88,788	133,347
Accrued interest payable	42,384		42,384
Due to depositors	12,810	287,018	299,828
Accrued compensated absences liabilities:			
Due within one year	180,517	83,771	264,288
Due in more than one year	208,012	124,606	332,618
Long-term debt liabilities:			
Due within one year	1,881,929	454,472	2,336,401
Due in more than one year	7,490,381	9,749,069	17,239,450
Total Liabilities	<u>9,966,032</u>	<u>11,868,442</u>	<u>21,834,474</u>
NET ASSETS			
Reserved:			
Invested in capital assets, net of related debt	727,653	14,014,929	14,742,582
Restricted for:			
Debt service	1,272,724		1,272,724
Capital projects	4,731,446	1,303,536	6,034,982
Other purposes	113,657		113,657
Unrestricted	268,544	2,658,033	2,926,577
Total Net Assets	<u>\$ 7,114,024</u>	<u>\$ 17,976,498</u>	<u>\$ 25,090,522</u>

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2006

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Assets		
		Charges for Service	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Policy development and administration	\$ 272,835	\$ 103,908	\$	\$ (168,927)	\$	\$ (168,927)
Public safety	3,042,470	24,477	273,136	(2,744,857)		(2,744,857)
Public works	1,477,033	349,605	258,940	(868,488)		(868,488)
Parks and recreation	1,018,100	350,432	21,801	(645,867)		(645,867)
Municipal Airport	334,486	124,930	353,695	144,139		144,139
Interest on long-term debt	137,982			(137,982)		(137,982)
Total governmental activities	6,282,906	953,352	907,572	(4,421,982)		(4,421,982)
Business-type activities:						
Waterworks	1,379,444	1,373,434			(6,010)	(6,010)
Electric	13,840,616	15,365,367			1,524,751	1,524,751
Wastewater-sewer	2,205,935	1,946,185			(259,750)	(259,750)
Sanitation	495,557	556,825			61,268	61,268
Fiber optics	66,890	72,769			5,879	5,879
Total business-type activities	17,988,442	19,314,580			1,326,138	1,326,138
Total City	\$ 24,271,348	\$ 20,267,932	\$ 907,572	(4,421,982)	1,326,138	(3,095,844)

General revenues			
Sales and use taxes	2,158,108		2,158,108
M & M Surcharge Tax	33,138		33,138
Emergency Telephone Tax	87,086		87,086
Sales Tax - TIF	607,440		607,440
Real Estate Tax - TIF	216,982		216,982
Franchise fees	275,050		275,050
Pilots in Lieu of Taxes	1,461,906	(1,461,906)	
Investment revenue	131,270	448,387	579,657
Miscellaneous	11,690	4,099	15,789
Transfers	1,095,000	(1,095,000)	
Total general revenues and transfers	6,077,670	(2,104,420)	3,973,250
Change in net assets	1,655,688	(778,282)	877,406
Net assets - beginning	5,886,540	18,754,780	24,641,320
Prior period adjustment	(428,204)		(428,204)
Net assets - ending	\$ 7,114,024	\$ 17,976,498	\$ 25,090,522

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2006

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>E-911</u>	<u>Tax Increment Finance</u>	
ASSETS				
Cash and cash equivalents	\$ 35,454	\$	\$	\$ 35,454
Investments				-
Accounts receivable	525,318			525,318
Due from other funds	263,408			263,408
Prepaid health insurance	52,471			52,471
Prepaid workmen's compensation	102,588			102,588
Restricted assets:				-
Cash and cash equivalents		104,557	6,004,170	6,108,727
Investments				-
Total assets	<u>\$ 979,239</u>	<u>\$ 104,557</u>	<u>\$ 6,004,170</u>	<u>\$ 7,087,966</u>
LIABILITIES				
Accounts payable	\$ 69,504	\$ 58	\$	\$ 69,562
Accrued payroll and payroll taxes	50,553	1,778		52,331
Due to depositors	12,928			12,928
Due to other funds			263,408	263,408
Total liabilities	<u>132,985</u>	<u>1,836</u>	<u>263,408</u>	<u>398,229</u>
FUND BALANCE				
Reserved:				
Reserved for E-911		102,721		102,721
Reserved for Tax Increment Financing			5,740,762	5,740,762
Reserved for prepaid items	155,059			155,059
Undesignated	691,195			691,195
Total fund balances	<u>846,254</u>	<u>102,721</u>	<u>5,740,762</u>	<u>6,689,737</u>
Total liabilities and fund balances	<u>\$ 979,239</u>	<u>\$ 104,557</u>	<u>\$ 6,004,170</u>	<u>\$ 7,087,966</u>

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
MARCH 31, 2006

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

Total fund balance - total governmental funds		\$ 6,689,737
Capital assets used in governmental activities are not current financial resource, and therefore, are not reported in the governmental funds.		
Governmental capital assets	\$ 20,838,128	
Less accumulated depreciation	<u>(10,738,165)</u>	10,099,963
Long-term liabilities; including certificates of participation, capital lease obligations, and accrued compensated absences, are not due and payable in the current period, and therefore, are not reported as liabilities in the governmental funds.		
Accrued compensated absences	(338,529)	
Capital lease obligations	(243,735)	
Note - Land Purchase	(200,000)	
Note - Hwy 60	(1,250,000)	
Note - TIF 1	(27,988)	
NID - Valley View	(148,000)	
Certificates of participation - Airport	(240,000)	
Certificates of participation - Golf Course	(700,000)	
Tax Increment Refunding Revenue Bonds Series 2004	(2,530,000)	
Tax Increment Allocation Bonds - Series 2005A	(1,630,000)	
Tax Increment Allocation Bonds - Series 2005B	(2,535,000)	
Unamortized issuance cost of bonds	209,960	
Accrued interest liability	<u>(42,384)</u>	(9,675,676)
Net assets of Governmental Activities		<u><u>\$ 7,114,024</u></u>

See accompanying notes to the financial statements.

CITY OF MONETT, MISSOURI
GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
YEAR ENDED MARCH 31, 2006

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>E-911</u>	<u>Tax Increment Finance</u>	
REVENUES				
Business license and permits	\$ 80,723	\$	\$	\$ 80,723
Federal and state grants	479,692	75,816		555,508
Fines and forfeitures	100,881			100,881
Franchise fees	275,050			275,050
Sales tax	2,158,108		607,440	2,765,548
Investment income	16,666		114,604	131,270
Other revenue	606,275	87,262		693,537
Other taxes and assessments	342,376		216,982	559,358
Payments in lieu of taxes	1,461,906			1,461,906
Rental revenue	219,813			219,813
Total Revenues	<u>5,741,490</u>	<u>163,078</u>	<u>939,026</u>	<u>6,843,594</u>
EXPENDITURES				
Current				
Policy development and administration	254,762			254,762
Public safety	2,764,627	74,973		2,839,600
Public works	1,272,942		5,843	1,278,785
Parks and recreation	770,196			770,196
Municipal airport	185,227			185,227
Capital outlay	1,346,401	159,813	700,346	2,206,560
Debt service:				
Principal	237,034		340,000	577,034
Interest and other charges	36,472		91,570	128,042
Total Expenditures	<u>6,867,661</u>	<u>234,786</u>	<u>1,137,759</u>	<u>8,240,206</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,126,171)</u>	<u>(71,708)</u>	<u>(198,733)</u>	<u>(1,396,612)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from financing	540,856		5,205,040	5,745,896
Transfers in	1,095,000			1,095,000
Total Other Financing Sources (Uses)	<u>1,635,856</u>		<u>5,205,040</u>	<u>6,840,896</u>
Net Change in Fund Balances	509,685	(71,708)	5,006,307	5,444,284
Fund balance - beginning	336,569	174,429	734,455	1,245,453
Fund balance - ending	<u>\$ 846,254</u>	<u>\$ 102,721</u>	<u>\$ 5,740,762</u>	<u>\$ 6,689,737</u>

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
RECONCILIATION OF THE CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2006**

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

Net change in fund balance - total governmental funds	\$ 5,444,284
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives.	2,206,560
In the Statement of Activities cost of capital outlay assets is allocated over their estimated useful lives and reported as depreciation expense.	(756,392)
In the Statement of Activities the remaining book value on disposal of assets is recognized as a loss on disposal of assets.	(17,222)
In the Statement of Activities cost of accrued compensated absences are expenses as salary costs.	(42,740)
In the Statement of Activities cost of accrued interest expenses of tax increment financing district are expensed as interest costs.	(9,940)
Governmental funds report proceeds from financing as revenue. However, in the statement of activities the proceeds of those loans are balance sheet items and not reported on the Statement of Activities.	(5,745,896)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	577,034
Change in net assets of governmental activities	<u><u>\$ 1,655,688</u></u>

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
 PROPRIETARY FUNDS STATEMENT OF NET ASSETS
 MARCH 31, 2006**

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
ASSETS						
Current assets:						
Cash and cash equivalents	\$	\$ 9,010	\$	\$ 14,402	\$ 14	\$ 23,426
Investments						
Accounts receivable	102,421	1,102,121	488,166	38,308	6,200	1,737,216
Prepaid workmen's compensation	12,825	21,086	6,445	12,458		52,814
Due from other funds		470,378				470,378
Unamortized bond issue costs			196,126			196,126
Total current assets	<u>115,246</u>	<u>1,602,595</u>	<u>690,737</u>	<u>65,168</u>	<u>6,214</u>	<u>2,479,960</u>
Restricted assets:						
Cash and cash equivalents	5,151		2,255,216			2,260,367
Investments			1,356,521			1,356,521
Total restricted assets	<u>5,151</u>		<u>3,611,737</u>			<u>3,616,888</u>
Capital assets:						
Land	56,932	58,400	94,828			210,160
Building and Improvements	908,946	751,127	6,721	84,878		1,751,672
Machinery and equipment	408,557	564,359	312,783	907,198		2,192,897
Infrastructure	6,178,944	5,087,879	24,682,111	61,189	577,542	36,587,665
Construction in progress						
Less: accumulated depreciation	(2,780,909)	(4,559,501)	(8,545,632)	(583,275)	(54,607)	(16,523,924)
Total capital assets (net of accumulated depreciation)	<u>4,772,470</u>	<u>1,902,264</u>	<u>16,550,811</u>	<u>469,990</u>	<u>522,935</u>	<u>24,218,470</u>
Total noncurrent assets	<u>4,772,470</u>	<u>1,902,264</u>	<u>16,550,811</u>	<u>469,990</u>	<u>522,935</u>	<u>24,218,470</u>
Total Assets	<u>4,892,867</u>	<u>3,504,859</u>	<u>20,853,285</u>	<u>535,158</u>	<u>529,149</u>	<u>30,315,318</u>
LIABILITIES						
Current liabilities:						
Accounts payable	4,167	1,069,011	7,330	210		1,080,718
Accrued payroll and payroll taxes	23,963	35,430	22,673	6,722		88,788
Due to other funds					470,378	470,378
Current maturities of long-term debt	61,487		340,000	52,985		454,472
Total current liabilities	<u>89,617</u>	<u>1,104,441</u>	<u>370,003</u>	<u>59,917</u>	<u>470,378</u>	<u>2,094,356</u>
Long-term liabilities, less current maturities:						
Due to depositors	30,094	256,924				287,018
Accrued compensated absences	48,846	109,902	41,315	8,314		208,377
Notes and capitalized lease obligations payable	579,069					579,069
Neighborhood improvement bonds			365,000			365,000
Revenue bonds payable, net			8,805,000			8,805,000
Total noncurrent liabilities	<u>658,009</u>	<u>366,826</u>	<u>9,211,315</u>	<u>8,314</u>		<u>10,244,464</u>
Total Liabilities	<u>747,626</u>	<u>1,471,267</u>	<u>9,581,318</u>	<u>68,231</u>	<u>470,378</u>	<u>12,338,820</u>
NET ASSETS						
Reserved:						
Invested in capital assets, net of related debt	4,193,401	1,902,264	7,745,811	469,990	522,935	14,834,401
Restricted for:						
Capital projects			1,356,521			1,356,521
Unrestricted	(48,160)	131,328	2,169,635	(3,063)	(464,164)	1,785,576
Total Net Assets	<u>\$ 4,145,241</u>	<u>\$ 2,033,592</u>	<u>\$ 11,271,967</u>	<u>\$ 466,927</u>	<u>\$ 58,771</u>	<u>\$ 17,976,498</u>

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
 PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET ASSETS
 YEAR ENDED MARCH 31, 2006**

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
OPERATING REVENUES						
Charges for services	\$ 1,373,434	\$ 15,365,367	\$ 1,946,185	\$ 556,825	\$ 72,769	\$ 19,314,580
OPERATING EXPENSES						
Salaries	439,998	656,925	424,646	127,062		1,648,631
Payroll taxes	32,435	48,003	31,324	9,049		120,811
Depreciation	191,501	173,306	683,003	77,983	27,993	1,153,786
Computer	9,297	9,908	8,946		73	28,224
Education	3,040	4,386	2,462		26	9,914
Electric purchases		12,167,346				12,167,346
Gas and oil						
Health and life insurance	50,395	61,295	47,614	22,875		182,179
Insurance	19,575	79,629	23,981	6,239		129,424
Landfill and recycling				131,815		131,815
Miscellaneous	399	593	485	918		2,395
Office supplies						
Professional and consulting service	8,667	8,194	67,428		2,101	86,390
Payments in lieu of taxes	108,775	1,163,245	184,229		5,657	1,461,906
Repairs and maintenance	214,610	198,298	204,767	74,559	4,330	696,564
Retirement	57,249	79,656	55,114	17,786		209,805
Supplies	242,659	318,430	90,016	6,403	28,669	686,177
Telephone	3,591	5,086	3,246	71	3,698	15,692
Travel						
Utilities	64,922	1,531	99,586			166,039
Workman's compensation	16,779	28,030	12,604	17,664		75,077
Total Operating Expenses	<u>1,463,892</u>	<u>15,003,861</u>	<u>1,939,451</u>	<u>492,424</u>	<u>72,547</u>	<u>18,972,175</u>
Operating Income (Loss)	<u>(90,458)</u>	<u>361,506</u>	<u>6,734</u>	<u>64,401</u>	<u>222</u>	<u>342,405</u>
NONOPERATING REVENUES (EXPENSES)						
Investment income	19,149	15,772	413,466			448,387
Miscellaneous income	551	2,622	61	865		4,099
Interest expense and fees	<u>(24,327)</u>		<u>(450,713)</u>	<u>(3,133)</u>		<u>(478,173)</u>
Total Nonoperating Revenues (Expenses)	<u>(4,627)</u>	<u>18,394</u>	<u>(37,186)</u>	<u>(2,268)</u>		<u>(25,687)</u>
Income (Loss) Before Contributions and Transfers	<u>(95,085)</u>	<u>379,900</u>	<u>(30,452)</u>	<u>62,133</u>	<u>222</u>	<u>316,718</u>
Transfers out		<u>(1,095,000)</u>				<u>(1,095,000)</u>
Change in Net Assets	<u>(95,085)</u>	<u>(715,100)</u>	<u>(30,452)</u>	<u>62,133</u>	<u>222</u>	<u>(778,282)</u>
Net assets - beginning	4,240,326	2,748,692	11,302,419	404,794	58,549	18,754,780
Prior period adjustment						
Net assets - ending	<u>\$ 4,145,241</u>	<u>\$ 2,033,592</u>	<u>\$ 11,271,967</u>	<u>\$ 466,927</u>	<u>\$ 58,771</u>	<u>\$ 17,976,498</u>

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
 PROPRIETARY FUNDS STATEMENT OF CASH FLOWS
 YEAR ENDED MARCH 31, 2006**

	Major Enterprise Funds					Total Enterprise Funds
	Waterworks	Electric	Sewer	Sanitation	Fiber	
Cash flows from operating activities:						
Cash received from customers	\$ 1,370,094	\$ 15,440,850	\$ 1,991,859	\$ 562,473	\$ 72,569	\$ 19,437,845
Cash received from other sources	551	2,622	61	865		4,099
Cash payments to suppliers	(559,870)	(12,480,045)	(490,640)	(218,877)	(38,871)	(13,788,303)
Cash payments to employees	(439,189)	(641,077)	(437,195)	(116,861)		(1,634,322)
Cash payments to employee benefits and payroll taxes	(151,597)	(203,426)	(138,307)	(62,751)		(556,081)
Cash payments for other expenses	(112,214)	(1,168,224)	(187,176)	(918)	(5,683)	(1,474,215)
Net cash provided by (used in) operating activities	107,775	950,700	738,602	163,931	28,015	1,989,023
Cash flows from non-capital financing activities:						
Transfers from (to) other funds		(1,095,000)				(1,095,000)
Due (from) to other funds		(1,700)			1,700	
Net cash provided by (used in) non-capital financing activities		(1,096,700)			1,700	(1,095,000)
Cash flows from capital and related financing activities:						
Interest expense & fees	(24,327)		(439,818)	(3,133)		(467,278)
Purchase of capital acquisitions	(1,415,066)	(136,607)	(1,987,941)	(197,774)	(17,674)	(3,755,062)
Principal payment on capital lease	(59,444)			(51,441)		(110,885)
Redemption of bonds payable			(329,230)			(329,230)
Net cash provided by (used in) capital and related financing activities	(1,498,837)	(136,607)	(2,756,989)	(252,348)	(17,674)	(4,662,455)
Cash flows from investing activities:						
Investment income	19,149	15,772	413,466			448,387
Sale of investments - held to maturity			(703,271)			(703,271)
Net cash provided by (used in) investing activities	19,149	15,772	(289,805)			(254,884)
Net increase (decrease) in cash and cash equivalents	(1,371,913)	(266,835)	(2,308,192)	(88,417)	12,041	(4,023,316)
Cash and cash equivalents - beginning	1,377,064	275,846	4,563,409	102,819	(12,027)	6,307,111
Cash and cash equivalents - ending	\$ 5,151	\$ 9,011	\$ 2,255,217	\$ 14,402	\$ 14	\$ 2,283,795

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

Operating income (loss)	\$ (90,458)	\$ 361,506	\$ 6,734	\$ 64,401	\$ 222	\$ 342,405
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	191,501	173,306	683,003	77,983	27,993	1,153,786
Miscellaneous charges	551	2,622	61	865		4,099
(Increase) decrease in accounts receivable	926	90,889	45,674	5,648	(200)	142,937
Increase (decrease) in workmen's compensation	5,261	13,558	8,349	4,623		31,791
Increase (decrease) in accounts payable	3,451	308,377	7,330	210		319,368
Increase (decrease) in accrued payroll	7,786	11,409	6,949	1,887		28,031
Increase (decrease) in customer deposits	(4,266)	(15,406)				(19,672)
Increase (decrease) in accrued compensated absences	(6,977)	4,439	(19,498)	8,314		(13,722)
Net cash provided by (used in) operating activities	\$ 107,775	\$ 950,700	\$ 738,602	\$ 163,931	\$ 28,015	\$ 1,989,023

NONCASH CAPITAL FINANCING ACTIVITIES

Capital assets of \$192,856 were acquired through capital lease.

See accompanying notes to the financial statements.