

**CITY OF MONETT,
MISSOURI**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR ENDED
MARCH 31, 2006**

CITY OF MONETT, MISSOURI

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INTRODUCTION SECTION

City of Monett, Missouri
List of Elected and Appointed Officials
March 31, 2006

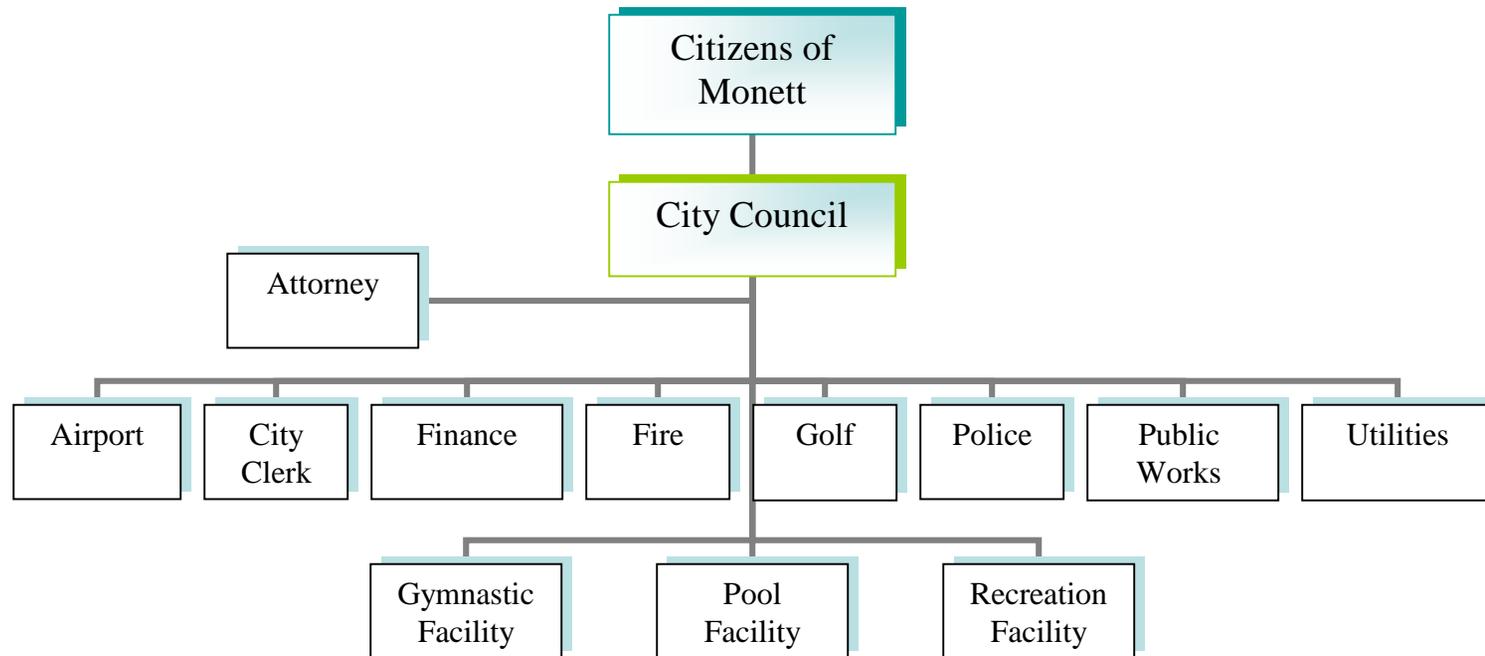
Elected Officials

Mayor	James Orr
Commissioner	Jerry Dierker
Commissioner	Donald Roberson

Appointed Officials

Airport Superintendent	Howard Frazier
City Clerk/Treasurer	Janie Knight
Finance Director	Dorothy Pendergrass
Fire Chief	Tom Jones
Golf Superintendent	Mike Knight
Police Chief	Tim Schweder
Public Works Superintendent	Russ Balmas
Utilities General Manager	Pete Rauch

City of Monett, Missouri
Organization Chart



City of Monett, Missouri

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

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

August 21, 2006

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

The Administrative Department is pleased to present the Comprehensive Annual Financial Report (the CAFR) for the City of Monett, Missouri (the City), for fiscal year ended March 31, 2006. This report is submitted to you in compliance with state law requiring that all political subdivisions in the state shall cause to be prepared an annual report of the financial transactions in such summary form as the state auditor shall prescribe (105.145, RSMO) and the state auditor shall receive a copy of the financial report (15 CRS 40-3.030).

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

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

The City of Monett, Missouri's financial statements have been audited by The CPA Group, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Monett, Missouri for the fiscal year ended March 31, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Monett, Missouri was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited

government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards

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

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

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

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

Profile of the Government

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

The City operates under a commission form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and two commissioners. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and appointing the heads of the various departments. The various departments are responsible for carrying out the policies and ordinances of the governing council, and for overseeing the day-to-day operations of the government. Council members serve four-year terms that expire in April of 2008.

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

accounted for in the financial statements as business-type funds.

This report presents data for the financial reporting entity, which includes all departments, funds, boards, and commissions of the primary government (the City, as legally defined), as well as all of its component units. Component units are legally separate entities for which the City is financially accountable. The one component unit of the City is the East Highway 60 Community Improvement District, which is a blended component unit. The financial reporting entity is discussed further in Note 1 of the financial statements.

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

Factors Affecting Financial Condition

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

Local economy - The City of Monett, Missouri currently enjoys a favorable economic environment and local indicators point to continued stability. The region has a varied manufacturing and industrial base that adds to the relative stability of the unemployment rate. Major industries with headquarters or divisions located within the government's boundaries or in close proximity include several computer software providers, several window manufacturers, playground equipment manufacturer, food manufacturer, cheese processing, dairy processing and poultry processing, and several financial and insurance institutions. Meanwhile, there continues to be a discernable trend toward steady residential growth.

Long-term financial planning - The next transportation-related project is expected to be a railroad overpass project on the western edge of the City of Monett, Missouri's boundaries. Federal highway and railroad funds will be used to pay for the greater part of the cost of the \$1.25 million overpass, with \$300,000 anticipated to be the City of Monett, Missouri's share. The overpass will probably be completed sometime in late 2007.

The next tax increment financing project is expected to include street improvement on the eastern edge of the City of Monett, Missouri's boundaries. Community development block grant funds and tax increment financing funds will be used to pay for the \$1.3 million infrastructure improvements.

The next governmental building project is expected to include a police station on the eastern edge of the City of Monett, Missouri's boundaries. General governmental funds will be used to pay for the \$3 million building project.

Cash management policies and practices - Cash temporarily idle during the year was invested in money market accounts, certificates of deposit, and U.S. agency securities. The maturities of the investments range from 12 months to 4 years, with an average maturity of 36 months. For the last fiscal year the average yield on investments was 5.2 percent.

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

Acknowledgements

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

Respectfully submitted,



James Orr,
Mayor



Dorothy Pendergrass,
Director of Finance

FINANCIAL SECTION

REPORT OF INDEPENDENT AUDITORS'



PHONE: (417) 235-3650
FAX: (417) 235-0334
WEB: WWW.CPA2WEB.COM

217 FOURTH STREET • P.O. BOX 68
MONETT, MISSOURI 65708

GENE R. WALLACE, CPA
LARRY R. LOWERY, CPA
KENNETH L. CAVINESS, CPA
GARY T. SHAFFER, CPA
DAWNATA E. HOPKINS, CPA
KURT W. KRUEGER, CPA
STEVEN L. HARNER, CPA

INDEPENDENT AUDITORS' REPORT

Honorable Mayor James Orr,
Jerry Dierker and Donald Roberson, Councilmen
Monett, Missouri

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, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of March 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have issued our report dated July 28, 2006, 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 grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis, budgetary comparison information, and combined financial statements are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively

Independent Auditors' Report

comprise the City's basic financial statements. The accompanying supplementary information, such as the introductory section, statistical section, Schedule of Federal Expenditures of Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

THE CPA GROUP, P.C.

The CPA Group, P.C.

July 28, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Monett, Missouri

THIRD CLASS CITY – COMMISSION FORM OF GOVERNMENT

James Orr, Mayor · Donald Roberson, Commissioner · Jerry Dierker, Commissioner
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Management's Discussion and Analysis

As management of the City of Monett, Missouri, we offer readers this narrative overview and analysis of the financial activities of the City of Monett, Missouri (the City) for the fiscal year ended March 31, 2006. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's financial statements and footnotes, which follow this section.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$25,090,522 (*net assets*). Of this amount, \$2,926,577 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased over \$449,201. Of this amount, \$1,227,483 was from the City's "governmental activities" with a decrease in net assets of \$778,282 from the "business-type activities".
- The City total debt increased by \$4,937,259 during the current fiscal year. The key factor in this increase was the issuance of \$5,415,000 in Tax Increment Financing Bonds, \$148,000 in Neighborhood Improvement Bonds, \$200,000 note for land purchase, \$192,856 lease obligations for a fire truck. The City fiscal year started with existing debt of \$14,638,592, principal payment of \$1,018,597 were made during the year, also, new debt issuance of \$5,955,856, which created ending fiscal year debt balance of \$19,575,851.

Overview of the Financial Statements

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

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

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

Management's Discussion and Analysis

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a

Management's Discussion and Analysis

full understanding of the data provided in the government-wide and fund financial statements.

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

Government-wide Financial Analysis

Net assets may serve as a useful indicator of the City's financial position. As of March 31, 2006, assets exceeded liabilities by \$25,090,522. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

NET ASSETS

The following table reflects the condensed schedule of net assets as of March 31, 2006 and 2005:

	City of Monett Net Assets					
	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 7,034,518	\$ 1,671,944	\$ 5,626,470	\$ 9,600,817	\$ 12,660,988	\$ 11,272,761
Capital assets	10,099,963	8,667,017	24,218,470	21,617,192	34,318,433	30,284,209
Total assets	17,134,481	10,338,961	29,844,940	31,218,009	46,979,421	41,556,970
Long-term debt outstanding	9,372,310	3,994,936	10,203,541	10,643,656	19,575,851	14,638,592
Other liabilities	593,722	457,484	1,664,901	1,819,573	2,258,623	2,277,057
Total liabilities	9,966,032	4,452,420	11,868,442	12,463,229	21,834,474	16,915,649
Net assets:						
Invested in capital assets, net of related debt	727,653	5,151,453	14,014,929	11,413,653	14,742,582	16,565,106
Restricted	6,117,827	1,082,658	1,303,536	3,472,851	7,421,363	4,555,509
Unrestricted	268,544	(347,570)	2,658,033	3,868,276	2,926,577	3,520,706
Total net assets	\$ 7,114,024	\$ 5,886,541	\$ 17,976,498	\$ 18,754,780	\$ 25,090,522	\$ 24,641,321

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The City's combined net assets increased to \$25,090,522 from \$24,641,320 as a result of the increase in net assets reflected in the next table.

The largest portion of the City's net assets, \$14,742,582 (58%), reflects its investment in capital assets (e.g. land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. An additional portion of the City's net assets, \$7,421,363 (30%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net assets, \$2,926,577 (12%), represents unrestricted net assets that may be used to meet the City's ongoing obligations to citizens and creditors.

Change in Net Assets

Management's Discussion and Analysis

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

City of Monett Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 953,351	\$ 1,001,493	\$ 19,314,580	\$ 16,646,403	\$ 20,267,931	\$ 17,647,896
Operating grants and contributions	-	-	-	768,967	-	768,967
Capital grants and contributions	907,572	211,293	-	-	907,572	211,293
General revenues:						
Sales taxes	2,158,108	2,128,003	-	-	2,158,108	2,128,003
TIF taxes	824,422	742,767	-	-	824,422	742,767
Franchise fees	275,050	211,353	-	-	275,050	211,353
Pilots in lieu of taxes	1,461,906	1,085,760	(1,461,906)	(1,085,760)	-	-
Other taxes	120,224	119,639	-	-	120,224	119,639
Other revenues	142,960	18,158	452,486	450,962	595,446	469,120
Total revenues	6,843,593	5,518,466	18,305,160	16,780,572	25,148,753	22,299,038
Expenses:						
Policy development and administration	272,835	399,114	-	-	272,835	399,114
Public works	1,477,033	1,251,906	-	-	1,477,033	1,251,906
Public safety	3,042,470	2,961,579	-	-	3,042,470	2,961,579
Parks and recreation	1,018,100	1,071,259	-	-	1,018,100	1,071,259
Interest on long-term debt	137,982	216,650	-	-	137,982	216,650
Airport	334,486	343,254	-	-	334,486	343,254
Waterworks	-	-	1,379,444	1,093,533	1,379,444	1,093,533
Electric	-	-	13,840,616	10,879,614	13,840,616	10,879,614
Wastewater-sewer	-	-	2,205,935	2,008,335	2,205,935	2,008,335
Sanitation	-	-	495,557	519,036	495,557	519,036
Fiber optics	-	-	66,890	51,553	66,890	51,553
Total expenses	6,282,906	6,243,762	17,988,442	14,552,071	24,271,348	20,795,833
Increase in net assets before transfers	560,687	(725,296)	316,718	2,228,501	877,405	1,503,205
Transfers	1,095,000	1,541,470	(1,095,000)	(1,541,470)	-	-
Increase in net assets	1,655,687	816,174	(778,282)	687,031	877,405	1,503,205
Net assets, beginning	5,886,541	5,065,318	18,754,780	18,067,749	24,641,321	23,133,067
Prior period adjustment	(428,204)	5,049	-	-	(428,204)	5,049
Net assets, ending	\$ 7,114,024	\$ 5,886,541	\$ 17,976,498	\$ 18,754,780	\$ 25,090,522	\$ 24,641,321

Governmental Activities

Governmental activities increased the City's net assets by \$1,227,483. Sales tax revenues, the largest governmental category, were \$2,158,108, or 32%. For the fiscal year ended March 31, 2006, revenues totaled \$25,148,754 (governmental and business-type). Revenues from governmental activities total \$6,843,594, or 27%, of the total City revenues. City revenues grew \$1,325,128 within the governmental activities.

Certain revenues are generated that are specific to governmental program activity. These totaled \$953,352. The following table shows expenses and program revenues of the governmental activities for the year ended March 31, 2006 and 2005:

Net Cost of City of Monett Governmental Activities

	Total cost of service		Net cost of service	
	2006	2005	2006	2005
Policy development and administration	\$ 272,835	\$ 399,114	\$ 168,927	\$ 127,155
Public safety	3,042,470	2,961,579	2,744,857	2,892,046
Public works	1,477,033	1,251,906	868,488	855,568
Parks and recreation	1,018,100	1,071,259	645,867	725,637
Municipal Airport	334,486	343,254	(144,139)	213,921
Interest on long-term debt	137,982	216,650	137,982	216,650
Total net assets	\$ 6,282,906	\$ 6,243,762	\$ 4,421,982	\$ 5,030,977

As previously noted, expenses from governmental activities total \$6,282,906 million. However, net costs of these services were \$4,421,982. The difference represents direct revenues received from charges for services of \$953,352 and capital grants and contributions of \$907,572. Taxes and other revenues of \$6,077,670 million were collected to cover these net costs.

Business-type Activities

Business-type activities decreased the City's net assets by \$778,282. Key elements of this decrease are as follows:

- The water recorded a decrease of \$95,085 in net assets for the year, which is attributed to increases in supplies expenses of \$141,815 over prior year expenses, an increase in repair and maintenance of \$42,147 over prior year expenses, an increase in utility of \$64,313 over prior year expenses and increase in pilot of \$23,533 over prior year expenses..
- The electric recorded a decrease of \$715,100 in net assets for the year, which is attributed to increases in supplies expenses of \$153,515 over prior year expenses, an increase in repair and maintenance of \$123,215 over prior year expenses and an increase in pilot of \$289,129 over prior year expenses.

Management's Discussion and Analysis

- The sewer recorded a decrease of \$30,452 in net assets for the year, which is attributed to increases in supplies expenses of \$10,790 over prior year expenses, an increase in repair and maintenance of \$112,675 over prior year expenses, an increase in utility of \$57,724 over prior year expenses and an increase in pilot of \$61,935 over prior year expenses.

Financial Analysis of the City's Funds

As of the end of the fiscal year, the City's governmental funds report a combined fund balance of \$6,689,737 (an increase of approximately 437%). The majority of the increase is attributable to the planned capital outlay in the Tax Increment Finance Fund of \$5,415,000. The fund balance of the General Fund increased slightly to \$846,254 at the end of the fiscal year.

The net assets in the E-911 Fund decreased \$102,721 (41%) in the fiscal year. This decrease is due to capital outlay expenditures of \$159,831.

The Water Fund's net assets decreased \$95,085 (2%) in the current year as a result of increases in supplies, repair and maintenance, utilities, and pilot expenditures.

The Electric Fund's net assets decreased \$715,100 (26%) in the current year as a result of increases in supplies, repair and maintenance and pilot expenditures.

The Sewer Fund's net assets decreased \$30,452 (0.2%) in the current year as a result of increases in supplies, utilities, repair and maintenance and pilot expenditures..

The Sanitation Fund's net assets increased \$62,133 (15%) in the current year as a result of the increased sanitation service charged to customers.

General Fund Budgetary Highlights

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

- The original revenue budget of \$22.3 million was increased to \$24.7 million.
- The total original expenditure budget of \$26.1 million was decreased to \$25.8 million.

Actual revenues were \$2.4 million more than originally budgeted. Electric and Sewer revenues exceeded the original estimate by \$3 million, Public Safety revenues exceeded the original estimate by \$226,000, Parks and Recreation exceeded the original estimated by \$ 93,000, Airport exceeded the original estimate by \$345,000, Street revenues exceeded the original estimate by \$229,000 and Tax Increment Financing revenues were under the original estimate by \$ 1.53 million.

Ending fund balance increased slightly to \$449,203.

Management's Discussion and Analysis

Capital Asset and Debt Administration Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of March 31, 2006, amounts to \$34.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and infrastructure.

Capital events during the current fiscal year included the following:

- E-911 dispatching equipment totaling \$159,813.
- Communication radio consoles totaling \$85,691.
- Fire 8X16 Coose Bumber Cargo for \$5,633, 18-scba Survivair for \$57,474, breathing air compressor for \$29,518 and a fire truck for \$192,856.
- Police construction in progress for police station for \$14,961, cross band repeater for \$8,000, mobile radio \$2,000, 49-portable radios for \$26,600, land for \$200,000 and a 2005 Ford Crown Victoria for \$24,541.
- Tax Increment Financing construction in progress for \$700,346.
- Street EFCO project for \$10,660, ¾ ton Ford pickup for \$23,798, and F450 Ford truck for \$36,238.
- Casino roof replacement for \$23,500.
- Golf aerator for \$11,800.
- North Park concession building for \$32,652.
- South Park lighting displays for \$35,175.
- Airport apron for \$415,765 and sewer system for \$90,468.
- Water Fund generator for well#2 for \$42,245, chlorine analyzer for \$10,250, water tower for \$1,203,944, and infrastructure for \$152,427.
- Electric Fund generator for City Hall \$20,665, itron equipment for \$6,200, infrastructure for \$109,742.
- Sewer Fund itron equipment for \$6,200, wastewater treatment plant for \$1,744,529 and infrastructure for \$124,983.
- Fiber Fund equipment for \$17,674.
- Sanitation 2005 Side Loader for \$158,174 and Case Tractor for \$39,600.

**City of Monett Capital Assets
(net of accumulated depreciation)**

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 922,438	\$ 722,438	\$ 210,160	\$ 210,160	\$ 1,132,598	\$ 932,598
Construction in progress	18,011	26,920	-	8,287,796	18,011	8,314,716
Buildings and improvements	2,017,110	2,046,191	800,599	853,736	2,817,709	2,899,927
Machinery and equipment	1,589,925	1,241,761	842,810	723,929	2,432,735	1,965,690
Infrastructure	5,552,479	4,629,707	22,364,901	11,541,572	27,917,380	16,171,279
Total	\$ 10,099,963	\$ 8,667,017	\$ 24,218,470	\$ 21,617,193	\$ 34,318,433	\$ 30,284,210

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

Debt Administration

The City, at the end of fiscal 2006, had a total of \$19,575,851 of outstanding long-term debt. This was an increase of \$4,937,259 from the previous year. During the fiscal year 2005-2006, the City issued approximately \$5,563,000 million governmental activity bonds related to various capital projects and \$192,856 in capital lease agreements and a note payable for \$200,000 relating to a land purchase agreement.

City of Monett Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$ 148,000	\$ -	\$ 380,000	\$ 394,231	\$ 528,000	\$ 394,231
Revenue bonds	7,945,000	2,870,000	9,130,000	9,445,000	17,075,000	12,315,000
Notes payable	200,000	-	-	-	200,000	-
Capital lease obligations	1,079,310	1,124,936	693,541	804,425	1,772,851	1,929,361
Total	\$ 9,372,310	\$ 3,994,936	\$ 10,203,541	\$ 10,643,656	\$ 19,575,851	\$ 14,638,592

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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

	Major Funds			Total Governmental Funds
	General	E-911	Tax Increment Finance	
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.

NOTES TO FINANCIAL STATEMENTS

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Reporting Entity

The City of Monett, Missouri, was incorporated as a town in 1888 and, as a city on March 3, 1914, under the provisions of the State of Missouri. The City operates under a Mayor-Board of Commission form of government as a Third Class City. The Mayor and the two Commissioners serve four-year terms that expire in April 2008. The City provides a variety of general governmental services to residents including general administrative services, public safety, public works, parks and recreation, and airport operations. Other services include water, electric, sewer, fiber optic, and sanitation operations.

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

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

The East Highway 60 Community Improvement District (CID) - The CID, a political subdivision of the State of Missouri under Section 67.1401 to 67.1571 of the Revised Statutes of Missouri 2000, was created under Ordinance No. 7577 of the City adopted July 14, 2005. The purpose of the District shall be those purposes stated in Section 67.1401 to 67.1571 RSMo. 2000. The CID was established to impose a sales tax of one-half of one percent of all retail sales within the district for a period of four years from the date on which the tax is first imposed for the purpose of providing revenues to support a revenue bond issue in the City of Monett, Missouri to correct the blight conditions within the district.

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

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

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

(B) Government-wide and Fund Financial Statements

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

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

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

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

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

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded with a liability is incurred, as under accrued accounting. However, debt service expenditures, as well as expenditures relating to

CITY OF MONETT, MISSOURI
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compensated absences are recorded only when payment is due. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities, and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. Since the accounting differs significantly between the governmental funds and the proprietary funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the governmental funds balance sheet and the statement of revenues, expenditures and changes in fund balance identifying categories that required conversion from the fund statements.

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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Sewer System - This fund accounts for the operations, maintenance and improvement activities of the existing sewer system and capital improvements pertaining to the treatment plant, lift stations, equipment, and infrastructure.

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

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

The City reports the following fund types:

Internal Service Funds - These funds account for the costs of the Hazardous Material, Safety, and Mechanic Funds on a cost-reimbursement basis.

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

a. Deposits and Investments

City monies are deposited in FDIC-insured banks. Permissible investments include obligations of the U.S. Government, State of Missouri, bonds, bills or notes guaranteed by the U.S., state or city governments, certificates of deposit, repurchase agreements, bankers acceptances, and commercial paper. The City purchases investments from SEC-registered broker-dealers and banks. Collateral is pledged to secure the City's demand deposits and certificates of deposit.

b. Receivables and Payables

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

c. Inventories and Prepaid Items

Purchase of various operating supplies are regarded as expenditures at the time purchased and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year. Supplies purchased are accounted for using the purchase method.

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

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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d. Restricted Assets

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

e. Capital Assets

Capital assets include land, construction in progress, buildings and improvements, equipment, and infrastructure assets (e.g., roads, bridges storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

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

f. Compensated Absences

All vested or accumulated vacation, scheduled holiday leave and vested accumulated sick leave is accrued when incurred in the government-wide and proprietary financial statements. Compensated absences for the years ended March 31, 2006 and 2005 are \$596,906 and \$557,231, respectively.

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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g. Long-Term Obligations

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

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

h. Fund Balances

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

i. Capitalization of Interest

Net interest costs related to acquisition or construction is capitalized as part of the cost of the related asset for the business type and proprietary activities of the City, and component unit. Total interest costs incurred by the City were \$774,300, of which \$-0- was capitalized.

j. Interfund and Related Party Transactions

Transactions between the City's various funds are accounted for as revenues and expenditures or expenses in the funds involved if they are similar to transactions with organizations external to City government. Certain transactions between City Utilities and the City are also treated in this manner. The operations of City Utilities for the year ended March 31, 2006 reflect payments in lieu of taxes to the City of \$1,461,906.

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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In addition, City Utilities also provides services such as energy for street lighting and other electric, water and sewer services without charge to the City. The cost of providing such services was approximately \$155,169 in 2006.

k. Net Assets

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

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

Restricted— This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

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

l. Use of Estimates

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

(2) DETAILED NOTES ON ALL FUNDS

(A) Deposits

The City maintains a cash and investment pool that is available for use by all funds. The pool is comprised of deposits and other investments. At March 31, 2006, the bank balance of the City's deposits was \$135,445, which was covered by federal depository insurance or by collateral held by the City's agent in the City's name. A difference exists between bank and book balances of \$270,829 due to deposits in transit and other reconciling items.

The City also maintains separate cash accounts restricted for specific purposes. At March 31, 2006, the bank balance of the City's restricted deposits was \$6,040,811, which was covered by federal depository insurance or by collateral held by the City's agent in the City's name.

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

(B) Investments

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

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

The City also maintains an investment pool that is available for use by all funds and separate investments accounts which are restricted for specific purposes. At March 31, 2006, the bank/financial institute's balance of the City's investments was \$2,931,520, which was covered by federal depository insurance or by collateral held by the City's agent in the City's name.

Custodial Credit Risk

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

Interest Rate Risk

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

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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Credit Risk

Credit risk is the risk that the City will not recover its investments due to the ability of the counterparty to fulfill their obligation. The City will minimize credit risk by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business and by diversifying the portfolio so that potential losses on individual fixed income securities will be minimized. As of March 31, 2006, the City's investments were rated by Moody's Investment Service or Standard & Poor's as follows:

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

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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(C) Capital Assets

Capital asset activity for the year ended June 30, 2005, was as follows:

	<u>Balance</u> <u>March 31, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>March 31, 2006</u>
Governmental Activities				
Non-Depreciable Capital Assets:				
Land	\$ 722,438	\$ 200,000	\$ -	\$ 922,438
Construction in Progress	26,920	14,962	(23,870)	18,012
Total Non-Depreciable Capital Assets	<u>749,357</u>	<u>214,962</u>	<u>(23,870)</u>	<u>940,450</u>
Depreciable Capital Assets:				
Buildings and Building Improvements	3,077,270	73,378	-	3,150,648
Machinery and Equipment	4,133,741	694,410	(152,974)	4,675,178
Infrastructure	10,824,172	1,247,680	-	12,071,852
Total Depreciable Capital Assets	<u>18,035,183</u>	<u>2,015,468</u>	<u>(152,974)</u>	<u>19,897,678</u>
Less Accumulated Depreciation:				
Buildings and Building Improvements	(1,031,079)	(102,458.82)	-	(1,133,538)
Machinery and Equipment	(2,891,980)	(329,023)	135,751	(3,085,252)
Infrastructure	(6,194,465)	(324,910)	-	(6,519,374)
Total Accumulated Depreciation	<u>(10,117,523)</u>	<u>(756,392)</u>	<u>135,751</u>	<u>(10,738,165)</u>
Total Depreciable Capital Assets, Net	<u>7,917,660</u>	<u>1,259,076</u>	<u>(17,223)</u>	<u>9,159,513</u>
Total Governmental Activities Capital Assets	<u>\$ 8,667,017</u>	<u>\$ 1,474,038</u>	<u>\$ (41,093)</u>	<u>\$ 10,099,963</u>

Depreciation expense was charged to functions as follows:

Policy Development and Administrative	\$ 25,962
Public Safety	145,037
Public Works	185,466
Parks and Recreations	246,156
Municipal Airport	149,491
Capital assets held by the government's internal service funds are charged to the various functions based on their use of the assets	4,279
Total depreciation expense-governmental activities	<u>\$ 756,391</u>

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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	<u>Balance</u> <u>March 31, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>March 31, 2006</u>
Business Type Activities				
Water Fund:				
Non-Depreciable Capital Assets:				
Land	\$ 56,932	\$ -	\$ -	\$ 56,932
Construction in Progress	100,666	-	(100,666)	-
Total Non-Depreciable Capital Assets	<u>157,598</u>	<u>-</u>	<u>(100,666)</u>	<u>56,932</u>
Depreciable Capital Assets:				
Buildings and Building Improvements	908,946	-	-	908,946
Machinery and Equipment	349,862	58,695	-	408,557
Infrastructure	4,721,907	1,457,037	-	6,178,944
Total Depreciable Capital Assets	<u>5,980,715</u>	<u>1,515,732</u>	<u>-</u>	<u>7,496,447</u>
Less Accumulated Depreciation:				
Buildings and Building Improvements	(429,759)	(26,603)	-	(456,362)
Machinery and Equipment	(177,339)	(34,458)	-	(211,797)
Infrastructure	(1,982,310)	(130,439)	-	(2,112,749)
Total Accumulated Depreciation	<u>(2,589,408)</u>	<u>(191,501)</u>	<u>-</u>	<u>(2,780,909)</u>
Total Depreciable Capital Assets, Net	<u>3,391,307</u>	<u>1,324,231</u>	<u>-</u>	<u>4,715,538</u>
Total Water Fund Business-Type Capital Assets	<u>\$ 3,548,905</u>	<u>\$ 1,324,231</u>	<u>\$ (100,666)</u>	<u>\$ 4,772,470</u>
Electric Fund:				
Non-Depreciable Capital Assets:				
Land	\$ 58,400	\$ -	\$ -	\$ 58,400
Construction in Progress	56,115	-	(56,115)	-
Total Non-Depreciable Capital Assets	<u>114,515</u>	<u>-</u>	<u>(56,115)</u>	<u>58,400</u>
Depreciable Capital Assets:				
Buildings and Building Improvements	751,127	-	-	751,127
Machinery and Equipment	537,494	26,865	-	564,359
Infrastructure	4,922,022	165,857	-	5,087,879
Total Depreciable Capital Assets	<u>6,210,643</u>	<u>192,722</u>	<u>-</u>	<u>6,403,365</u>
Less Accumulated Depreciation:				
Buildings and Building Improvements	(457,224)	(23,481)	-	(480,705)
Machinery and Equipment	(329,108)	(25,998)	-	(355,106)
Infrastructure	(3,599,863)	(123,827)	-	(3,723,690)
Total Accumulated Depreciation	<u>(4,386,196)</u>	<u>(173,306)</u>	<u>-</u>	<u>(4,559,501)</u>
Total Depreciable Capital Assets, Net	<u>1,824,448</u>	<u>19,416</u>	<u>-</u>	<u>1,843,864</u>
Total Electric Fund Business-Type Capital Assets	<u>\$ 1,938,963</u>	<u>\$ 19,416</u>	<u>\$ (56,115)</u>	<u>\$ 1,902,264</u>

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

	Balance March 31, 2005	Additions	Deductions	Balance March 31, 2006
Sewer Fund:				
Non-Depreciable Capital Assets:				
Land	\$ 94,828	\$ -	\$ -	\$ 94,828
Construction in Progress	8,131,015	-	(8,131,015)	-
Total Non-Depreciable Capital Assets	8,225,843	-	(8,131,015)	94,828
Depreciable Capital Assets:				
Buildings and Building Improvements	6,721	-	-	6,721
Machinery and Equipment	306,583	6,200	-	312,783
Infrastructure	14,569,355	10,112,756	-	24,682,111
Total Depreciable Capital Assets	14,882,659	10,118,956	-	25,001,615
Less Accumulated Depreciation:				
Buildings and Building Improvements	(448)	(224)	-	(672)
Machinery and Equipment	(180,708)	(30,883)	-	(211,591)
Infrastructure	(7,681,473)	(651,896)	-	(8,333,370)
Total Accumulated Depreciation	(7,862,630)	(683,003)	-	(8,545,632)
Total Depreciable Capital Assets, Net	7,020,029	9,435,953	-	16,455,982
Total Sewer Fund Business-Type Capital Assets	<u>\$ 15,245,872</u>	<u>\$ 9,435,953</u>	<u>\$ (8,131,015)</u>	<u>\$ 16,550,810</u>
Sanitation Fund:				
Non-Depreciable Capital Assets:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-
Total Non-Depreciable Capital Assets	-	-	-	-
Depreciable Capital Assets:				
Buildings and Building Improvements	84,878	-	-	84,878
Machinery and Equipment	709,424	197,774	-	907,198
Infrastructure	61,189	-	-	61,189
Total Depreciable Capital Assets	855,491	197,774	-	1,053,265
Less Accumulated Depreciation:				
Buildings and Building Improvements	(10,503)	(2,829)	-	(13,333)
Machinery and Equipment	(492,280)	(73,114)	-	(565,394)
Infrastructure	(2,509)	(2,040)	-	(4,549)
Total Accumulated Depreciation	(505,292)	(77,983)	-	(583,275)
Total Depreciable Capital Assets, Net	350,198	119,791	-	469,989
Total Sanitation Fund Business-Type Capital Assets	<u>\$ 350,198</u>	<u>\$ 119,791</u>	<u>\$ -</u>	<u>\$ 469,989</u>

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

	<u>Balance</u> <u>March 31, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>March 31, 2006</u>
Fiber Fund:				
Non-Depreciable Capital Assets:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-
Total Non-Depreciable Capital Assets	-	-	-	-
Depreciable Capital Assets:				
Buildings and Building Improvements	-	-	-	-
Machinery and Equipment	-	-	-	-
Infrastructure	559,868	17,674	-	577,542
Total Depreciable Capital Assets	559,868	17,674	-	577,542
Less Accumulated Depreciation:				
Buildings and Building Improvements	-	-	-	-
Machinery and Equipment	-	-	-	-
Infrastructure	(26,614)	(27,993)	-	(54,607)
Total Accumulated Depreciation	(26,614)	(27,993)	-	(54,607)
Total Depreciable Capital Assets, Net	533,254	(10,320)	-	522,934
Total Fiber Fund Business-Type Capital Assets	<u>\$ 533,254</u>	<u>\$ (10,320)</u>	<u>\$ -</u>	<u>\$ 522,934</u>

Depreciation expense was charged to functions as follows:

Water	\$ 191,501
Electric	173,306
Sewer	683,003
Sanitation	77,983
Fiber optic	27,993
Total depreciation expense - business-type activities	<u>\$ 1,153,786</u>

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

(D) Long-Term Obligations

The following is a summary of changes in long-term debt for the City for the year ended March 31, 2006:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General obligaiton bonds	\$ -	\$ 148,000	\$ -	\$ 148,000	\$ 11,875
Revenue bonds	2,870,000	4,165,000	340,000	6,695,000	345,000
Total Bonds Payable	2,870,000	4,313,000	340,000	6,843,000	356,875
Notes Payable	-	1,450,000	-	1,450,000	1,300,000
Capital Lease Obligations	1,123,488	192,856	237,034	1,079,310	225,054
Total Governmental Activities Long-Term Liabilities	<u>\$ 3,993,488</u>	<u>\$ 5,955,856</u>	<u>\$ 577,034</u>	<u>\$ 9,372,310</u>	<u>\$ 1,881,929</u>
Business Type Activities					
Sanitary Sewerage System Fund					
Revenue Bonds	\$ 9,445,000	\$ -	\$ 315,000	\$ 9,130,000	\$ 325,000
General obligation bonds	394,231	-	14,231	380,000	15,000
Water System Fund					
Capital Lease Obligations	700,000	-	59,444	640,556	61,583
Sanitation System Fund					
Capital Lease Obligations	105,873	-	52,888	52,985	52,985
Total Business Type Activities Long-Term Liabilities	<u>\$10,645,104</u>	<u>\$ -</u>	<u>\$ 441,563</u>	<u>\$10,203,541</u>	<u>\$ 454,568</u>
Total Governmental Activities and Business Type Activities Long- Term Liabilities	<u>\$14,638,592</u>	<u>\$ 5,955,856</u>	<u>\$ 1,018,597</u>	<u>\$19,575,851</u>	<u>\$ 2,336,497</u>

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

Debt service requirements on long-term debt at March 31, 2006 are as follows:

The annual Governmental Activities debt service requirements to maturity, including principal and interest, for long-term debt as of March 31, 2006, are as follows:

Fiscal Year Ended March 31	Governmental Activities					
	General Obligations Bonds		Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 11,875	\$ 7,251	\$ 345,000	\$ 170,546	\$ 1,300,000	\$ 44,073
2008	12,361	6,765	350,000	285,920	50,000	4,500
2009	12,975	6,151	355,000	275,428	50,000	3,000
2010	13,620	5,506	360,000	263,448	50,000	1,500
2011	14,296	4,829	1,120,000	235,868	-	-
2012-2016	82,873	12,755	-	1,072,938	-	-
2017-2021	-	-	-	1,072,938	-	-
2022-2026	-	-	-	1,072,938	-	-
2027-2029	-	-	4,165,000	643,763	-	-
	<u>\$ 148,000</u>	<u>\$ 43,257</u>	<u>\$ 6,695,000</u>	<u>\$ 5,093,784</u>	<u>\$ 1,450,000</u>	<u>\$ 53,073</u>

Fiscal Year Ended March 31	Governmental Activities (Cont'd)		Total	
	Capital Lease Obligations		Governmental Activities	
	Principal	Interest	Principal	Interest
2007	\$ 225,054	\$ 34,682	\$ 1,881,929	\$ 256,552
2008	214,256	27,242	626,617	324,427
2009	160,000	19,800	577,975	304,379
2010	160,000	14,520	583,620	284,974
2011	160,000	9,240	1,294,296	249,937
2012-2016	160,000	3,960	242,873	1,089,653
2017-2021	-	-	-	1,072,938
2022-2026	-	-	-	1,072,938
2027-2029	-	-	4,165,000	643,763
	<u>\$ 1,079,310</u>	<u>\$ 109,444</u>	<u>\$ 9,372,310</u>	<u>\$ 5,299,557</u>

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

The annual Business Type Activities debt service requirements to maturity, including principal and interest, for long-term debt as of March 31, 2006, are as follows:

Fiscal Year Ended March 31	Business Type Activities					
	General Obligation Bonds - Sewer		Revenues Bonds - Sewer		Capital Lease Obligation - Water	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 15,000	\$ 16,827	\$ 325,000	\$ 410,785	\$ 61,583	\$ 22,201
2008	15,000	16,415	335,000	401,701	63,787	19,996
2009	15,000	15,946	345,000	391,351	66,073	17,711
2010	15,000	15,440	355,000	379,678	68,440	15,345
2011	15,000	14,896	370,000	366,611	70,891	12,894
2012-2016	85,000	64,778	2,095,000	1,595,085	309,782	25,259
2017-2021	110,000	42,198	2,655,000	1,037,531	-	-
2022-2026	110,000	11,718	2,650,000	317,665	-	-
2027-2029	-	-	-	-	-	-
	<u>\$ 380,000</u>	<u>\$ 198,218</u>	<u>\$ 9,130,000</u>	<u>\$ 4,900,407</u>	<u>\$ 640,556</u>	<u>\$ 113,406</u>

Fiscal Year Ended March 31	Business Type Activities (Cont'd)		Total	
	Capital Lease Obligation - Sanitation		Business Type Activities	
	Principal	Interest	Principal	Interest
2007	\$ 52,985	\$ 1,590	\$ 454,568	\$ 451,403
2008	-	-	413,787	438,112
2009	-	-	426,073	425,008
2010	-	-	438,440	410,463
2011	-	-	455,891	394,401
2012-2016	-	-	2,489,782	1,685,122
2017-2021	-	-	2,765,000	1,079,729
2022-2026	-	-	2,760,000	329,383
2027-2029	-	-	-	-
	<u>\$ 52,985</u>	<u>\$ 1,590</u>	<u>\$ 10,203,541</u>	<u>\$ 5,213,621</u>

General Obligation Bonds payable at March 31, 2006 are comprised of the following individual issues:

4.15% General Obligation Bonds, Neighborhood Improvement District Bonds Series 2005, due through September 6, 2015	\$ 148,000
2.00% to 5.10% General Obligation Bonds, Neighborhood Improvement District Bonds Series 2004 due through September 1, 2024, callable on or after September 1, 2009, at premiums beginning at 102% of the principal amount decreasing to 100% on September 1, 2014	380,000
Total General Obligation Bonds	<u>\$ 528,000</u>

Revenue bonds payable at March 31, 2006 are comprised of the following individual issues:

Tax Increment Financing fund:

1.25% to 3.80% Tax Increment Financing Revenue Bonds Series 2004 (Hwy 60 Redevelopment Project TIF #1) interest due	\$ 2,530,000
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CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

semiannually April 1 and October 1 with principal due annually October 1; bonds maturing on October 1, 2010, shall be subject to redemption beginning bonds maturing in October 1. 2010 are subject to optional redemption on October 1, 2004 at 100% of the principal.

5.00% Tax Increment Allocation Bonds Series 2005A (East Hwy 60 Infrastructure Project TIF #2) interest due semiannually January 1, and July 1, with in principal and bonds maturing January 1, 2028 Optional redemption beginning January 1, 2010, at 100% of the principal. 1,630,000

5.25% Tax Increment Allocation Bonds Series 2005B (RPA #1 Infrastructure Improvements Project TIF #2) interest due semiannually January 1, and July 1, with in principal and bonds maturing January 1, 2028 optional redemption beginning January 1, 2010, at 100% of the principal. 2,535,000

Sewer system fund:

2.00% to 4.70% Combined Waterworks and Sewerage System Revenue Bonds, (State Revolving Funds Program) Series, 2003, due through January 1, 2025, callable on or after December 1, 2012 at 100% principal. 8,675,000

5.20% to 6.55% Sewerage Revenues Refunding Bonds, (State Revolving Funds Program) Series 1992A, due through June 1, 2013. 455,000

Total revenue bonds payable \$ 15,825,000

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

Notes payable at March 31, 2006 consisted of the following obligations:

Tax Increment Financing fund:

3.10% Grant Anticipation Note (Innovative Financing Project) Series 2005, due August 11, 2006	\$ 1,250,000
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General fund:

3.00% Promissory Note (Business 60 Land) due September 6, 2006, maturing September 6, 2009	200,000
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Total notes payable	<u>\$ 1,450,000</u>
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Capital Lease Obligations

Commerce National Bank Lease Purchase Agreement 2004A, present value lease payments of \$240,000, interest at 3.3%, semiannual installments through November 1, 2011; leased property at the City of Monett Airport. Commerce National Bank Lease Purchase Agreement 2004B, present value lease payments of \$700,000, interest at 3.3%, semiannual installments through November 1, 2011; leased property at the City of Monett Golf Course. Commerce Bank, National Association Lease Purchase Agreement 2005, present value lease payments of \$640,556, interest at 3.52%, semiannual installments through December 1, 2014; leased water tower with option to purchase property. UMB Banc Leasing Corp. Lease Purchase Agreement, present value lease payments of \$52,985, interest at 3.00%, annual installments through November 2006; leased trash truck. UMB Lease purchase agreement, present value lease payments of \$126,190, interest at 3.75%, annual payments through August 2007, used to acquire fire truck. John Deere Equipment lease purchase agreement, present value lease payments of \$13,120, interest at 5.00%, monthly payment through July, 2006, used to acquire golf equipment.

The future minimum lease obligations and net present value of the minimum lease payments as of June 30, 2005, were as follows:

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

<u>Fiscal Year Ended March 31,</u>	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Total</u>
2007	\$ 259,736	\$ 138,359	\$ 398,095
2008	241,498	83,783	325,281
2009	179,800	83,784	263,584
2010	174,520	83,785	258,305
2011	169,240	83,785	253,025
2012-2016	163,960	335,041	499,001
2017-2021	-	-	-
2022-2026	-	-	-
2027-2029	-	-	-
Total minimum lease payments	1,188,754	808,537	1,997,291
Less amounts representing interest	(109,444)	(114,996)	(224,440)
Present value of minimum lease payments	<u>\$ 1,079,310</u>	<u>\$ 693,541</u>	<u>\$ 1,772,851</u>

Legal Debt margin – General Obligation Bonds

Article VI, Section 26 (b), (c), (d) and (e), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a political subdivision to twenty-percent of the assessed valuation of the political subdivision (excluding state-assessed railroad and utilities). The legal debt margin, computed excluding state-assessed railroad and utilities, of the City at March 31, 2006 was:

Assessed Valuation	
Real Estate	\$ 73,100,073
Personal Property	<u>36,559,308</u>
Total Assessed Valuation	<u>\$109,659,381</u>

The legal debt margin at March 31, 2006, was computed as follows:

General Obligation	
Debt Limit	\$ 21,931,876
General Obligation	
Bonds Payable	<u>528,000</u>
Legal Debt Margin	<u>\$ 21,403,876</u>

As of March 31, 2006, the City of Monett had \$528,000 outstanding general obligation bonds.

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

(E) Construction Commitments City of Monett

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

<u>Fund</u>	<u>Contract Amount</u>
Tax Increment Financing	\$ 4,941,406
Water	127,944
Sewer	85,983

(F) Obligations to Purchase Electric Power

Empire District Electric Company - City has an agreement with the Empire District Electric Company to purchase exclusive electric power and energy for the City of Monett over a 20-year period, which began August 1989 and ending August 2009. The rate paid per kilowatt hour for all scheduled energy is subject to power cost adjustments computed every month.

(G) Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of March 31, 2006 is as follows:

<u>Receivable fund</u>	<u>Payable Fund</u>		
General fund	Tax increment financing fund	\$	263,408
Electric	Fiber		<u>470,378</u>
Total		<u>\$</u>	<u>733,786</u>

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

Interfund transfers:

<u>Transfers</u>		
<u>General fund</u>	<u>Electric fund</u>	<u>Total</u>
\$ 1,095,000	\$ (1,095,000)	\$ -0-

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

**CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006**

(3) OTHER INFORMATION

(A) Employee Retirement Systems and Plans

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

**Missouri Local Government Employees Retirement System (LAGERS) Plan
Description**

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

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

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

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

Funding Status

The City of Monett's full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 12.6% (general), 11.6% (police), and 11.4% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost

For 2005, the political subdivision's annual pension cost of \$521,097 was equal to the required and actual contributions. The required contribution was determined as part of the February 29, 2004 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c)

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

additional projected salary increases ranging from 0.0% to 4.2% per year, depending on age, attributable to seniority/merit, and (d) pre- and post-retirement mortality based on the 1983 Group Annuity Mortality table and (e) post retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back 1 year for men and 7 years for women.

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfounded actuarial accrued liability is being amortized as a level of percentage of projected payroll on a closed basis. The amortization period at February 29, 2004 was 15 years.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost APC	Percentage of APC Contributed	Net Pension Obligation
6/30/2003	\$ 450,102	100%	\$ 0
6/30/2004	476,080	100%	0
6/30/2005	521,097	100%	0

Contribution Information

All Monett City full-time employees participate in LAGERS. The payroll for employees covered by LAGERS for the year ended March 31, 2006, was \$4,379,308; the City's total payroll was \$4,505,578. All City full-time employees are eligible to participate in LT-8 LAGERS Program. Employees who retire at or after age 60 (55 for police and fire employees) with 5 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 1.50 percent of their final-average salary for each year of credited service. Final-average salary is the employee's monthly average of gross salary paid an employee during the period of sixty months or, if an election has been made in accordance with the plan, thirty-six consecutive months or credited service producing the highest monthly average within the last 120 months of credited service. Benefits fully vest on reaching 5 years of service. Vested employees may retire at or after age 55 (age 50 for police and fire employees) and receive reduced retirement benefits.

CITY OF MONETT, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

(B) Litigation and Contingent Liabilities

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

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

(C) Risk Management

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

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

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

(D) Prior Period Adjustment

During the year ended March 31, 2006, the City of Monett included within the Statement of Net Assets the accrued compensated absences for the governmental fund resulting an increase in payroll expense of \$39,675, short-term liability of \$ 180,517, and long-term liability of \$208,012 and a decrease in unrestricted fund balance in the amount of \$428,204.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MONETT, MISSOURI
NOTES TO BUDGETARY COMPARISON SCHEDULES
MARCH 31, 2006

Budgets and Budgetary Accounting

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

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

**CITY OF MONETT, MISSOURI
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACUTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED MARCH 31, 2006**

<u>Functions/Programs</u>	<u>Budgeted Amount</u>		<u>March 31, 2006</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Business license and permits	\$ 43,100	\$ 80,723	\$ 80,723	\$ -
Federal and state grants	20,500	479,692	479,692	-
Fines and forfeitures	102,000	100,881	100,881	-
Franchise fees	238,000	275,050	275,050	-
Sales tax	2,461,400	2,467,346	2,467,346	-
Interest income	100,000	16,666	16,666	-
Intergovernmental	-	-	-	-
Other revenue	377,400	606,276	606,276	-
Other taxes and assessments	25,000	33,138	33,138	-
Payments in Lieu of Taxes (PILOTS)	1,090,600	1,461,905	1,461,905	-
Rental revenue	223,000	219,813	219,813	-
Total revenues	<u>4,681,000</u>	<u>5,741,490</u>	<u>5,741,490</u>	<u>-</u>
Expenditures				
Salaries	2,681,300	2,743,749	2,743,749	-
Payroll taxes	206,600	202,020	202,020	-
Community development block grant	-	-	-	-
Computer	28,700	21,150	21,150	-
Education and travel	37,400	31,203	31,203	-
Election	2,000	-	-	-
Health and life insurance	318,200	311,043	311,043	-
Insurance	93,700	87,845	87,845	-
Miscellaneous	60,300	15,026	15,026	-
Professional and consulting service	202,100	195,728	195,728	-
Repairs and maintenance	720,300	920,671	920,671	-
Retirement	296,600	311,103	311,103	-
Supplies	170,200	202,213	202,213	-
Telephone	58,400	34,824	34,824	-
Utilities	19,500	27,622	27,622	-
Workman's compensation	133,400	143,557	143,557	-
Capital outlay	618,500	1,346,401	1,346,401	-
Debt service - principal	149,900	237,034	237,034	-
Debt service - interest	155,500	36,472	36,472	-
Total expenditures	<u>5,952,600</u>	<u>6,867,661</u>	<u>6,867,661</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(1,271,600)	(1,126,171)	(1,126,171)	-
Other financing sources (uses)				
Due from (to) other funds	71,000	-	-	-
Proceeds from Financing	392,500	540,856	540,856	-
Transfers	950,000	1,095,000	1,095,000	-
Revenues and other sources over (under) expenditures and other uses	<u>\$ 141,900</u>	<u>\$ 509,685</u>	<u>\$ 509,685</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACUTUAL
E-911 FUND
FOR THE FISCAL YEAR ENDED MARCH 31, 2006**

<u>Functions/Programs</u>	<u>Budgeted Amount</u>		<u>March 31, 2006</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Business license and permits	\$ -	\$ -	\$ -	\$ -
Federal and state grants	-	75,816	75,816	-
Fines and forfeitures	-	-	-	-
Franchise fees	-	-	-	-
Sales tax	-	-	-	-
Interest income	-	-	-	-
Intergovernmental	-	-	-	-
Other revenue	-	87,262	87,262	-
Other taxes and assessments	-	-	-	-
Payments in Lieu of Taxes (PILOTS)	-	-	-	-
Rental revenue	-	-	-	-
Total revenues	<u>-</u>	<u>163,078</u>	<u>163,078</u>	<u>-</u>
Expenditures				
Salaries	1,500	35,033	35,033	-
Payroll taxes	100	2,509	2,509	-
Community development block grant	-	-	-	-
Computer	-	-	-	-
Education and travel	1,300	1,678	1,678	-
Election	-	-	-	-
Health and life insurance	-	4,032	4,032	-
Insurance	100	373	373	-
Miscellaneous	100	98	98	-
Professional and consulting service	-	-	-	-
Repairs and maintenance	1,900	-	-	-
Retirement	-	4,510	4,510	-
Supplies	700	650	650	-
Telephone	-	25,943	25,943	-
Utilities	-	-	-	-
Workman's compensation	-	147	147	-
Capital outlay	-	159,813	159,813	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	<u>5,700</u>	<u>234,786</u>	<u>234,786</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(5,700)</u>	<u>(71,708)</u>	<u>(71,708)</u>	<u>-</u>
Other financing sources (uses)				
Due from (to) other funds	-	-	-	-
Proceeds from Financing	-	-	-	-
Transfers	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	<u>\$ (5,700)</u>	<u>\$ (71,708)</u>	<u>\$ (71,708)</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,
BUDGET AND ACUTUAL
TAX INCREMENT FINANCING FUND
FOR THE FISCAL YEAR ENDED MARCH 31, 2006**

<u>Functions/Programs</u>	<u>Budgeted Amount</u>		<u>March 31, 2006</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Business license and permits	\$ -	\$ -	\$ -	\$ -
Federal and state grants	1,800,000	-	-	-
Fines and forfeitures	-	-	-	-
Franchise fees	-	-	-	-
Sales tax	500,000	607,440	607,440	-
Interest income	-	114,604	114,604	-
Intergovernmental	-	-	-	-
Other revenue	2,000	-	-	-
Other taxes and assessments	175,000	216,982	216,982	-
Payments in Lieu of Taxes (PILOTS)	-	-	-	-
Rental revenue	-	-	-	-
Total revenues	<u>2,477,000</u>	<u>939,026</u>	<u>939,026</u>	<u>-</u>
Expenditures				
Salaries	-	-	-	-
Payroll taxes	-	-	-	-
Community development block grant	-	-	-	-
Computer	-	-	-	-
Education and travel	-	-	-	-
Election	-	-	-	-
Health and life insurance	-	-	-	-
Insurance	-	-	-	-
Miscellaneous	3,000	420	420	-
Professional and consulting service	-	5,423	5,423	-
Repairs and maintenance	-	-	-	-
Retirement	-	-	-	-
Supplies	-	-	-	-
Telephone	-	-	-	-
Utilities	-	-	-	-
Workman's compensation	-	-	-	-
Capital outlay	5,729,000	700,346	700,346	-
Debt service - principal	340,000	340,000	340,000	-
Debt service - interest	92,000	91,570	91,570	-
Total expenditures	<u>6,164,000</u>	<u>1,137,759</u>	<u>1,137,759</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(3,687,000)	(198,733)	(198,733)	-
Other financing sources (uses)				
Due from (to) other funds	(71,000)	-	-	-
Proceeds from Financing	4,000,000	5,205,040	5,205,040	-
Transfers	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	<u>\$ 242,000</u>	<u>\$ 5,006,307</u>	<u>\$ 5,006,307</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
SCHEDULE OF FUNDING PROCESS
RETIREMENT SYSTEM
MARCH 31, 2006**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funde d Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2003	\$ 5,601,648	\$ 6,047,268	\$ 445,620	93%	\$3,616,132	12%
2/28/2004	6,449,695	6,769,368	319,673	95	3,838,923	8
2/28/2005	7,373,261	7,597,821	224,560	97	4,030,211	6

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2001, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MONETT, MISSOURI
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
 YEAR ENDED MARCH 31, 2006

Revenues	Total Policy Development and Administration			Public Safety					
	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006	BOCA Building Enforcement			Municipal Court		
				Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006
Business license and permits	\$ 15,727	\$ 9,394	\$ 15,000	\$ -	\$ 71,149	\$ 28,000			
Federal and state grants	-	-	-						
Fines and forfeitures	94,634	93,253	101,500						
Franchise fees	211,353	275,050	238,000						
Sales tax	2,128,003	2,158,108	2,155,000						
Interest income	13,914	16,623	100,000						
Intergovernmental	-	-	-						
Other revenue	10,730	12,952	2,200	44,300	174	-			
Other taxes and assessments	31,403	33,138	25,000						
Payments in Lieu of Taxes (PILOTS)	1,085,760	1,461,905	1,090,600	-	-	-	-	-	-
Rental revenue	-	-	-						
Total revenues	\$ 3,591,523	\$ 4,060,423	\$ 3,727,300	\$ 44,300	\$ 71,323	\$ 28,000	\$ -	\$ -	\$ -
Expenditures									
Salaries	\$ 83,426	\$ 82,240	\$ 74,200	\$ 76,264	\$ 79,334	\$ 76,500	\$ 46,004	\$ 47,926	\$ 46,200
Payroll taxes	6,251	5,912	5,700	5,621	5,491	5,900	3,519	3,666	2,600
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	12,339	6,806	7,500	2,828	468	2,000	701	-	700
Education and travel	6,417	3,949	6,000	527	450	1,400	1,169	1,623	1,600
Election	5,429	-	2,000	-	-	-	-	-	-
Health and life insurance	34,218	18,540	19,000	8,181	7,955	9,800	3,259	3,628	3,800
Insurance	1,883	17,399	7,400	5,277	2,034	2,800	3,788	329	400
Miscellaneous	6,123	4,281	49,300	1,482	468	1,500	514	304	400
Professional and consulting service	28,871	58,880	48,000	17,572	20,347	10,000	2,073	2,452	2,300
Repairs and maintenance	(7,213)	13,459	4,000	4,312	4,137	7,100	7	-	-
Retirement	12,060	11,376	9,000	10,142	6,554	9,700	4,076	4,148	3,900
Supplies	17,956	23,927	18,000	4,856	4,809	5,000	1,343	2,296	2,300
Telephone	2,121	2,158	2,200	1,789	2,289	1,800	1,309	1,413	1,400
Utilities	-	-	-	-	-	-	-	-	-
Workman's compensation	6,009	5,835	400	9,305	4,361	6,200	353	203	200
Capital outlay	77,151	-	50,000	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 293,043	\$ 254,762	\$ 302,700	\$ 148,157	\$ 138,697	\$ 139,700	\$ 68,115	\$ 67,988	\$ 65,800
Excess (deficiency) of revenues over expenditures	\$ 3,298,480	\$ 3,805,661	\$ 3,424,600	\$ (103,856)	\$ (67,374)	\$ (111,700)	\$ (68,115)	\$ (67,988)	\$ (65,800)
Other financing sources (uses)									
Due from (to) other funds	\$ -	\$ -	\$ 71,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Financing	-	-	-	-	-	-	-	-	-
Transfers	1,540,137	1,095,000	950,000	-	-	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	\$ 4,838,618	\$ 4,900,661	\$ 4,445,600	\$ (103,856)	\$ (67,374)	\$ (111,700)	\$ (68,115)	\$ (67,988)	\$ (65,800)

See Independent Auditors' Report.

CITY OF MONETT, MISSOURI
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
 YEAR ENDED MARCH 31, 2006

Revenues	Public Safety								
	E-911			Emergency Management			Communications		
	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006
Business license and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants	-	75,816	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	88,237	87,262	90,000	-	-	-	-	-	-
Other taxes and assessments	-	-	-	-	-	-	-	-	-
Payments in Lieu of Taxes (PILOTS)	-	-	-	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-	-
Total revenues	\$ 88,237	\$ 163,078	\$ 90,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures									
Salaries	\$ 32,519	\$ 35,033	\$ 32,600	\$ 1,370	\$ 1,389	\$ 1,500	\$ 203,841	\$ 206,738	\$ 202,800
Payroll taxes	2,380	2,509	2,500	105	106	100	15,551	15,705	16,000
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	1,709	-	3,500	-	-	-	6,525	5,171	7,000
Education and travel	2,075	1,678	3,400	298	377	1,300	3,192	657	1,000
Election	-	-	-	-	-	-	-	-	-
Health and life insurance	3,431	4,032	4,100	-	-	-	22,969	28,551	26,000
Insurance	429	373	500	33	28	100	1,820	1,584	1,900
Miscellaneous	141	98	200	-	28	100	343	38	300
Professional and consulting service	-	-	-	-	-	-	-	-	-
Repairs and maintenance	-	-	-	1,413	1,229	1,900	7,718	10,221	11,700
Retirement	2,763	4,510	4,100	-	-	-	31,080	23,442	25,600
Supplies	200	650	500	241	19	700	1,068	1,109	1,300
Telephone	22,960	25,943	25,000	-	-	-	4	71	-
Utilities	-	-	-	-	-	-	-	-	-
Workman's compensation	276	147	200	102	89	-	12,405	7,614	1,000
Capital outlay	-	159,813	30,000	20,208	-	-	-	85,691	88,600
Debt service - principal	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 68,884	\$ 234,786	\$ 106,600	\$ 23,771	\$ 3,265	\$ 5,700	\$ 306,518	\$ 386,592	\$ 383,200
Excess (deficiency) of revenues over expenditures	\$ 19,353	\$ (71,708)	\$ (16,600)	\$ (23,771)	\$ (3,265)	\$ (5,700)	\$ (306,518)	\$ (386,592)	\$ (383,200)
Other financing sources (uses)									
Due from (to) other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Financing	-	-	-	-	-	-	-	-	-
Transfers	(1,104)	-	-	-	-	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	\$ 18,249	\$ (71,708)	\$ (16,600)	\$ (23,771)	\$ (3,265)	\$ (5,700)	\$ (306,518)	\$ (386,592)	\$ (383,200)

See Independent Auditors' Report.

CITY OF MONETT, MISSOURI
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
 YEAR ENDED MARCH 31, 2006

Revenues	Public Safety						Total Public Safety		
	Fire Department			Police Department			Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006
	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006			
Business license and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,149	\$ 28,000
Federal and state grants	-	53,190	-	899	72,807	20,500	898.77	201,813.00	20,500.00
Fines and forfeitures	-	-	-	9,363	7,628	500	9,362.91	7,628.00	500.00
Franchise fees	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	59	43	-	59.34	43.00	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	9,775	5,535	600	5,197	11,138	18,700	147,508.57	104,109.00	109,300.00
Other taxes and assessments	-	-	-	-	-	-	-	-	-
Payments in Lieu of Taxes (PILOTS)	-	-	-	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-	-
Total revenues	\$ 9,775	\$ 58,725	\$ 600	\$ 15,518	\$ 91,616	\$ 39,700	\$ 157,830	\$ 384,742	\$ 158,300
Expenditures									
Salaries	\$ 646,981	\$ 694,393	\$ 614,300	\$ 740,563	\$ 769,909	\$ 771,200	\$ 1,747,542.81	\$ 1,834,722.00	\$ 1,745,100.00
Payroll taxes	46,245	49,998	47,000	54,829	57,165	59,500	128,251.33	134,640.00	133,600.00
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	1,775	3,547	500	13,588	4,493	6,000	27,126.63	13,679.00	19,700.00
Education and travel	7,498	6,415	6,800	9,915	15,148	11,500	24,674.53	26,348.00	27,000.00
Election	-	-	-	-	-	-	-	-	-
Health and life insurance	69,682	61,107	69,500	77,150	83,758	79,100	184,671.58	189,031.00	192,300.00
Insurance	16,309	13,793	16,000	20,751	17,724	21,000	48,407.00	35,865.00	42,700.00
Miscellaneous	2,547	95	1,000	1,643	987	2,000	6,670.26	2,018.00	5,500.00
Professional and consulting service	217	2,462	1,500	23,351	15,354	30,000	43,213.05	40,615.00	43,800.00
Repairs and maintenance	69,561	64,322	53,400	77,895	103,930	76,400	160,905.62	183,839.00	150,500.00
Retirement	72,795	75,644	69,000	89,540	93,949	84,900	210,396.56	208,247.00	197,200.00
Supplies	17,492	14,557	13,000	11,367	11,127	12,700	36,568.45	34,567.00	35,500.00
Telephone	4,226	4,170	3,800	11,315	10,788	11,000	41,601.46	44,674.00	43,000.00
Utilities	1,019	17	1,000	563	1,915	-	1,582.11	1,932.00	1,000.00
Workman's compensation	79,428	40,276	39,000	68,604	36,733	37,100	170,472.74	89,423.00	83,700.00
Capital outlay	33,280	285,481	203,000	45,313	295,173	66,000	98,801.56	826,158.00	387,600.00
Debt service - principal	-	66,666	64,400	-	-	-	-	66,666.00	64,400.00
Debt service - interest	-	-	9,500	-	-	-	-	-	9,500.00
Total expenditures	\$ 1,069,055	\$ 1,382,943	\$ 1,212,700	\$ 1,246,387	\$ 1,518,153	\$ 1,268,400	\$ 2,930,886	\$ 3,732,424	\$ 3,182,100
Excess (deficiency) of revenues over expenditures	\$ (1,059,281)	\$ (1,324,218)	\$ (1,212,100)	\$ (1,230,869)	\$ (1,426,537)	\$ (1,228,700)	\$ (2,773,056)	\$ (3,347,682)	\$ (3,023,800)
Other financing sources (uses)									
Due from (to) other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Financing	-	192,856	193,000	-	200,000	-	-	392,856.00	193,000.00
Transfers	-	-	-	-	-	-	(1,103.58)	-	-
Revenues and other sources over (under) expenditures and other uses	\$ (1,059,281)	\$ (1,131,362)	\$ (1,019,100)	\$ (1,230,869)	\$ (1,226,537)	\$ (1,228,700)	(2,774,159.68)	(2,954,826.00)	(2,830,800.00)

See Independent Auditors' Report.

CITY OF MONETT, MISSOURI
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
 YEAR ENDED MARCH 31, 2006

Revenues	Public Works								
	Cemetery			Tax Increment Finance District			Community Development Block Grant Projects		
	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006
Business license and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants	-	-	-	-	-	1,800,000	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	530,066	607,440	500,000	-	-	-
Interest income	-	-	-	2,443	114,604	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	22,492	14,516	17,300	-	-	2,000	-	-	-
Other taxes and assessments	-	-	-	212,701	216,982	175,000	-	-	-
Payments in Lieu of Taxes (PILOTS)	-	-	-	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-	-	-	-
Total revenues	\$ 22,492	\$ 14,516	\$ 17,300	\$ 745,210	\$ 939,026	\$ 2,477,000	\$ -	\$ -	\$ -
Expenditures									
Salaries	\$ 89,036	\$ 98,724	\$ 106,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll taxes	6,521	7,182	8,200	-	-	-	-	-	-
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	-	-	-	-	-	-	-	-	-
Education and travel	-	-	100	-	-	-	-	-	-
Election	-	-	-	-	-	-	-	-	-
Health and life insurance	7,860	12,056	11,300	-	-	-	-	-	-
Insurance	1,826	1,553	1,800	-	-	-	-	-	-
Miscellaneous	466	525	800	420	420	3,000	253	-	-
Professional and consulting service	-	-	100	-	5,423	-	-	-	-
Repairs and maintenance	15,972	14,019	13,200	-	-	-	-	-	-
Retirement	13,304	11,794	11,900	-	-	-	-	-	-
Supplies	1,768	527	2,800	-	-	-	-	-	-
Telephone	1,939	1,614	1,000	-	-	-	-	-	-
Utilities	60	239	-	-	-	-	-	-	-
Workman's compensation	14,223	7,360	5,700	-	-	-	-	-	-
Capital outlay	-	-	-	163,115	700,346	5,729,000	155,154	-	-
Debt service - principal	-	-	-	360,000	340,000	340,000	-	-	-
Debt service - interest	-	-	-	118,976	91,570	92,000	-	-	-
Total expenditures	\$ 152,975	\$ 155,593	\$ 163,500	\$ 642,511	\$ 1,137,759	\$ 6,164,000	\$ 155,407	\$ -	\$ -
Excess (deficiency) of revenues over expenditures	\$ (130,483)	\$ (141,077)	\$ (146,200)	\$ 102,699	\$ (198,733)	\$ (3,687,000)	\$ (155,407)	\$ -	\$ -
Other financing sources (uses)									
Due from (to) other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (71,000)	\$ -	\$ -	\$ -
Proceeds from Financing	-	-	-	-	5,205,040	4,000,000	-	-	-
Transfers	-	-	-	2,437	-	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	\$ (130,483)	\$ (141,077)	\$ (146,200)	\$ 105,136	\$ 5,006,307	\$ 242,000	\$ (155,407)	\$ -	\$ -

See Independent Auditors' Report.

CITY OF MONETT, MISSOURI
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - GENERAL FUND
 YEAR ENDED MARCH 31, 2006

Revenues	Public Works			Total Public Works		
	Street Department			Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006
	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006			
Business license and permits	\$ 1,043	\$ 180	\$ 100	\$ 1,043	\$ 180	\$ 100
Federal and state grants	-	-	-	-	-	1,800,000
Fines and forfeitures	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-
Sales tax	-	309,238	306,400	530,066	916,678	806,400
Interest income	-	-	-	2,443	114,604	-
Intergovernmental	-	-	-	-	-	-
Other revenue	33,677	242,755	17,000	56,170	257,271	36,300
Other taxes and assessments	335,826	-	-	548,527	216,982	175,000
Payments in Lieu of Taxes (PILOTS)	-	-	-	-	-	-
Rental revenue	3,300	4,235	3,600	3,300	4,235	3,600
Total revenues	\$ 373,846	\$ 556,408	\$ 327,100	\$ 1,141,548	\$ 1,509,950	\$ 2,821,400
Expenditures						
Salaries	\$ 351,102	\$ 358,791	\$ 303,100	\$ 440,138	\$ 457,515	\$ 409,700
Payroll taxes	28,211	27,063	24,200	34,732	34,245	32,400
Community development block grant	-	-	-	-	-	-
Computer	3,027	665	1,500	3,027	665	1,500
Education and travel	2,415	1,363	2,000	2,415	1,363	2,100
Election	-	-	-	-	-	-
Health and life insurance	38,725	39,516	53,900	46,585	51,572	65,200
Insurance	22,012	19,396	22,000	23,838	20,949	23,800
Miscellaneous	1,630	5,549	1,500	2,770	6,494	5,300
Professional and consulting service	2,951	8,237	13,700	2,951	13,660	13,800
Repairs and maintenance	347,034	562,825	444,500	363,006	576,844	457,700
Retirement	43,311	46,679	38,200	56,615	58,473	50,100
Supplies	11,983	12,156	8,700	13,752	12,683	11,500
Telephone	5,939	3,434	4,400	7,878	5,048	5,400
Utilities	2,978	3,366	3,500	3,038	3,605	3,500
Workman's compensation	50,996	28,309	28,000	65,219	35,669	33,700
Capital outlay	345,755	70,696	-	664,023	771,042	5,729,000
Debt service - principal	-	-	17,500	360,000	340,000	357,500
Debt service - interest	-	-	7,000	118,976	91,570	99,000
Total expenditures	\$ 1,258,069	\$ 1,188,045	\$ 973,700	\$ 2,208,962	\$ 2,481,397	\$ 7,301,200
Excess (deficiency) of revenues over expenditures	\$ (884,223)	\$ (631,637)	\$ (646,600)	\$ (1,067,414)	\$ (971,447)	\$ (4,479,800)
Other financing sources (uses)						
Due from (to) other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (71,000)
Proceeds from Financing	-	148,000	199,500	-	5,353,040	4,199,500
Transfers	-	-	-	2,437	-	-
Revenues and other sources over (under) expenditures and other uses	\$ (884,223)	\$ (483,637)	\$ (447,100)	\$ (1,064,977)	\$ 4,381,593	\$ (351,300)

See Independent Auditors' Report.

CITY OF MONETT, MISSOURI
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - SPECIAL REVENUE FUNDS
 YEAR ENDED MARCH 31, 2006

Revenues	Parks and Recreation								
	Casino			Recreation			Golf Course		
	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006
Business license and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	8	80	-	801	1,102	-	210,861	243,008	225,400
Other taxes and assessments	-	-	-	-	-	-	-	-	-
Payments in Lieu of Taxes (PILOTS)	-	-	-	-	-	-	-	-	-
Rental revenue	21,380	24,717	21,000	12,000	8,000	12,000	54,538	60,655	54,000
Total revenues	\$ 21,388	\$ 24,797	\$ 21,000	\$ 12,801	\$ 9,102	\$ 12,000	\$ 265,399	\$ 303,663	\$ 279,400
Expenditures									
Salaries	\$ 13,556	\$ 12,735	\$ 15,000	\$ 8,718	\$ 9,498	\$ 9,600	\$ 147,182	\$ 156,919	\$ 164,500
Payroll taxes	1,018	965	1,200	1,199	718	800	18,189	11,811	12,600
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	-	-	-	167	-	-	2,209	-	-
Education and travel	-	-	-	-	-	-	336	87	2,000
Election	-	-	-	-	-	-	-	-	-
Health and life insurance	1,940	690	-	1,256	1,817	-	12,817	18,244	11,600
Insurance	557	218	600	922	536	1,000	6,546	3,079	7,000
Miscellaneous	86	39	200	2	90	-	599	543	500
Professional and consulting service	-	-	-	35,500	50,028	50,000	4,202	1,954	4,000
Repairs and maintenance	16,945	6,419	4,000	8,149	1,557	10,000	51,348	58,741	22,900
Retirement	1,136	720	-	1,136	848	1,300	4,745	12,252	11,000
Supplies	4,608	5,515	900	3,808	634	-	93,898	96,002	80,000
Telephone	1,051	1,057	900	-	-	-	2,283	2,486	2,200
Utilities	365	405	400	3,957	4,986	-	525	726	400
Workman's compensation	288	768	-	389	40	700	7,887	2,630	4,000
Capital outlay	-	23,500	28,000	16,816	-	-	-	11,800	-
Debt service - principal	-	-	-	-	-	-	194,524	130,368	28,000
Debt service - interest	-	-	-	-	-	-	75,609	27,443	130,000
Total expenditures	\$ 41,551	\$ 53,031	\$ 51,200	\$ 82,019	\$ 70,752	\$ 73,400	\$ 622,898	\$ 535,085	\$ 480,700
Excess (deficiency) of revenues over expenditures	\$ (20,163)	\$ (28,234)	\$ (30,200)	\$ (69,217)	\$ (61,650)	\$ (61,400)	\$ (357,499)	\$ (231,422)	\$ (201,300)
Other financing sources (uses)									
Due from (to) other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Financing	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	\$ (20,163)	\$ (28,234)	\$ (30,200)	\$ (69,217)	\$ (61,650)	\$ (61,400)	\$ (357,499)	\$ (231,422)	\$ (201,300)

See Independent Auditors' Report.

CITY OF MONETT, MISSOURI
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - SPECIAL REVENUE FUNDS
 YEAR ENDED MARCH 31, 2006

Revenues	Parks and Recreation								
	North Park			South Park			Pool		
	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006
Business license and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Other revenue	1,100	39,180	-	40,590	26,230	-	4,040	6,882	4,500
Other taxes and assessments	-	-	-	-	-	-	-	-	-
Payments in Lieu of Taxes (PILOTS)	-	-	-	-	-	-	-	-	-
Rental revenue	-	-	-	304	-	-	-	-	-
Total revenues	\$ 1,100	\$ 39,180	\$ -	\$ 40,894	\$ 26,230	\$ -	\$ 4,040	\$ 6,882	\$ 4,500
Expenditures									
Salaries	\$ 62,843	\$ 42,678	\$ 75,400	\$ 89,910	\$ 84,371	\$ 96,000	\$ 1,192	\$ 4,241	\$ -
Payroll taxes	4,770	3,228	5,800	6,696	6,101	7,400	89	319	-
Community development block grant	-	-	-	-	-	-	-	-	-
Computer	-	-	-	-	-	-	-	-	-
Education and travel	-	-	300	-	-	300	-	-	-
Election	-	-	-	-	-	-	-	-	-
Health and life insurance	6,908	4,435	7,100	8,307	11,778	12,000	21	391	-
Insurance	1,298	1,130	1,300	2,990	2,602	3,000	821	715	-
Miscellaneous	224	-	200	633	833	500	-	-	-
Professional and consulting service	-	-	1,200	-	-	1,300	35,000	35,000	35,000
Repairs and maintenance	58,901	26,481	20,300	26,172	33,274	25,300	10,046	3,051	500
Retirement	2,395	3,600	7,200	9,430	9,361	10,800	-	449	-
Supplies	4,711	5,087	5,500	5,780	6,145	6,200	5,574	9,906	4,500
Telephone	473	890	600	1,419	1,584	900	-	-	-
Utilities	-	-	-	-	-	-	-	-	-
Workman's compensation	8,173	1,756	3,900	10,996	4,699	4,400	55	334	-
Capital outlay	14,033	32,652	52,900	40,547	35,175	-	-	-	-
Debt service - principal	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 164,729	\$ 121,937	\$ 181,700	\$ 202,879	\$ 195,923	\$ 168,100	\$ 52,797	\$ 54,406	\$ 40,000
Excess (deficiency) of revenues over expenditures	\$ (163,629)	\$ (82,757)	\$ (181,700)	\$ (161,985)	\$ (169,693)	\$ (168,100)	\$ (48,757)	\$ (47,524)	\$ (35,500)
Other financing sources (uses)									
Due from (to) other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Financing	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	\$ (163,629)	\$ (82,757)	\$ (181,700)	\$ (161,985)	\$ (169,693)	\$ (168,100)	\$ (48,757)	\$ (47,524)	\$ (35,500)

See Independent Auditors' Report.

CITY OF MONETT, MISSOURI
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - SPECIAL REVENUE FUND
 YEAR ENDED MARCH 31, 2006

	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006
Revenues			
Business license and permits	\$ -	\$ -	\$ -
Federal and state grants	-	-	-
Fines and forfeitures	-	-	-
Franchise fees	-	-	-
Sales tax	-	-	-
Interest income	-	-	-
Intergovernmental	-	-	-
Other revenue	257,400	316,482	229,900
Other taxes and assessments	-	-	-
Payments in Lieu of Taxes (PILOTS)	-	-	-
Rental revenue	88,222	93,372	87,000
Total revenues	<u>\$ 345,622</u>	<u>\$ 409,854</u>	<u>\$ 316,900</u>
Expenditures			
Salaries	\$ 323,402	\$ 310,442	\$ 360,500
Payroll taxes	31,960	23,142	27,800
Community development block grant	-	-	-
Computer	2,376	-	-
Education and travel	336	87	2,600
Election	-	-	-
Health and life insurance	31,248	37,355	30,700
Insurance	13,134	8,280	12,900
Miscellaneous	1,543	1,505	1,400
Professional and consulting service	74,702	86,982	91,500
Repairs and maintenance	171,560	129,523	83,000
Retirement	18,843	27,230	30,300
Supplies	118,380	123,289	97,100
Telephone	5,226	6,017	4,600
Utilities	4,847	6,117	800
Workman's compensation	27,788	10,227	13,000
Capital outlay	71,395	103,127	80,900
Debt service - principal	194,524	130,368	28,000
Debt service - interest	75,609	27,443	130,000
Total expenditures	<u>\$ 1,166,873</u>	<u>\$ 1,031,134</u>	<u>\$ 995,100</u>
Excess (deficiency) of revenues over expenditures	\$ (821,251)	\$ (621,280)	\$ (678,200)
Other financing sources (uses)			
Due from (to) other funds	\$ -	\$ -	\$ -
Proceeds from Financing	-	-	-
Transfers	-	-	-
Revenues and other sources over (under) expenditures and other uses	<u>\$ (821,251)</u>	<u>\$ (621,280)</u>	<u>\$ (678,200)</u>

See Independent Auditors' Report.

CITY OF MONETT, MISSOURI
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN FUND BALANCE (ORIGINAL BUDGET AND ACTUAL) - SPECIAL REVENUE FUND
 YEAR ENDED MARCH 31, 2006

	Total Municipal Airport			Total General Fund		
	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006
Revenues						
Business license and permits	\$ -	\$ -	\$ -	\$ 16,770	\$ 80,723	\$ 43,100
Federal and state grants	-	353,695	-	899	555,508	1,820,500
Fines and forfeitures	-	-	-	103,997	100,881	102,000
Franchise fees	-	-	-	211,353	275,050	238,000
Sales tax	-	-	-	2,658,069	3,074,786	2,961,400
Interest income	-	-	-	16,417	131,270	100,000
Intergovernmental	-	-	-	-	-	-
Other revenue	78,139	2,724	1,700	549,948	693,538	379,400
Other taxes and assessments	-	-	-	579,929	250,120	200,000
Payments in Lieu of Taxes (PILOTS)	-	-	-	1,085,760	1,461,905	1,090,600
Rental revenue	51,194	122,206	132,400	142,716	219,813	223,000
Total revenues	\$ 129,333	\$ 478,625	\$ 134,100	\$ 5,365,856	\$ 6,843,594	\$ 7,158,000
Expenditures						
Salaries	\$ 91,579	\$ 93,863	\$ 93,300	\$ 2,686,088	\$ 2,778,782	\$ 2,682,800
Payroll taxes	6,249	6,590	7,200	207,443	204,529	206,700
Community development block grant	-	-	-	-	-	-
Computer	-	-	-	44,869	21,150	28,700
Education and travel	863	1,134	1,000	34,706	32,881	38,700
Election	-	-	-	5,429	-	2,000
Health and life insurance	13,568	18,577	11,000	310,291	315,075	318,200
Insurance	6,881	5,725	7,000	94,144	88,218	93,800
Miscellaneous	8,993	1,246	1,900	26,099	15,544	63,400
Professional and consulting service	2,724	1,014	5,000	152,461	201,151	202,100
Repairs and maintenance	24,534	17,006	27,000	712,793	920,671	722,200
Retirement	10,378	10,287	10,000	308,292	315,613	296,600
Supplies	3,228	8,397	8,800	189,884	202,863	170,900
Telephone	2,976	2,870	3,200	59,802	60,767	58,400
Utilities	13,737	15,968	14,200	23,205	27,622	19,500
Workman's compensation	4,818	2,550	2,600	274,307	143,704	133,400
Capital outlay	6,644	506,233	100,000	918,015	2,206,560	6,347,500
Debt service - principal	63,605	40,000	40,000	618,129	577,034	489,900
Debt service - interest	22,065	9,029	9,000	216,650	128,042	247,500
Total expenditures	\$ 282,842	\$ 740,489	\$ 341,200	\$ 6,882,606	\$ 8,240,206	\$ 12,122,300
Excess (deficiency) of revenues over expenditures	\$ (153,509)	\$ (261,864)	\$ (207,100)	\$ (1,516,749)	\$ (1,396,612)	\$ (4,964,300)
Other financing sources (uses)						
Due from (to) other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Financing	-	-	-	-	5,745,896	4,392,500
Transfers	-	-	-	1,541,470	1,095,000	950,000
Revenues and other sources over (under) expenditures and other uses	\$ (153,509)	\$ (261,864)	\$ (207,100)	\$ 24,721	\$ 5,444,284	\$ 378,200

See Independent Auditors' Report.

CITY OF MONETT, MISSOURI
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN RETAINED EARNINGS (ORIGINAL BUDGET AND ACTUAL) - PROPRIETARY FUND TYPES
 YEAR ENDED MARCH 31, 2006

	Waterworks			Electric			Wastewater-Sewer		
	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006
Operating revenues									
Revenues	\$ 1,233,307	\$ 1,341,725	\$ 1,306,000	\$ 12,513,246	\$ 15,361,952	\$ 12,450,200	\$ 1,756,553	\$ 1,945,435	\$ 1,808,000
Federal and state grants	-	-	-	-	-	-	768,967	-	-
Tap - in charges	-	30,107	6,000	-	-	-	-	750	1,000
Penalties	-	20	10,000	-	3,415	40,000	-	-	-
Miscellaneous charges	2,210	551	4,500	12,004	2,622	3,000	938	61	3,500
Rental	-	1,582	5,800	-	-	-	-	-	-
Total operating revenues	\$ 1,235,517	\$ 1,373,985	\$ 1,332,300	\$ 12,525,250	\$ 15,367,989	\$ 12,493,200	\$ 2,526,458	\$ 1,946,246	\$ 1,812,500
Operating expenses									
Salaries	\$ 428,284	\$ 439,998	\$ 444,100	\$ 650,570	\$ 656,925	\$ 632,900	\$ 409,329	\$ 424,646	\$ 419,200
Payroll taxes	31,405	32,435	34,000	47,604	48,003	48,500	30,303	31,324	32,100
Depreciation	178,719	191,501	149,000	174,382	173,306	161,500	668,288	683,003	646,900
Computer	9,738	9,297	9,500	11,554	9,908	9,500	9,149	8,946	7,600
Education	4,146	3,040	5,600	8,306	4,386	12,300	2,963	2,462	4,800
Electric purchases	-	-	-	9,448,405	12,167,346	9,558,000	-	-	-
Health and life insurance	42,598	50,395	38,600	59,124	61,295	62,000	37,456	47,614	34,700
Insurance	22,940	19,575	23,000	88,494	79,629	88,500	28,178	23,981	27,600
Landfill and recycling	-	-	-	-	-	-	-	-	-
Miscellaneous	895	399	1,000	3,366	593	1,000	7,572	485	1,900
Payments in Lieu of Taxes (PILOT)	85,242	108,775	89,300	874,116	1,163,245	870,300	122,294	184,229	125,900
Professional and consulting service	15,122	8,667	28,500	9,991	8,194	62,000	64,022	67,428	54,500
Repairs and maintenance	172,464	214,610	162,500	75,083	198,298	95,800	92,092	204,767	119,400
Retirement	50,150	57,249	54,300	83,290	79,656	79,400	56,717	55,114	52,500
Supplies	100,844	242,659	90,300	164,916	318,430	174,900	79,226	90,016	61,800
Telephone	3,307	3,591	3,800	4,890	5,086	4,800	2,496	3,246	2,900
Utilities	609	64,922	600	3,515	1,531	800	41,862	99,586	23,800
Workman's compensation	32,332	16,779	18,500	46,218	28,030	35,000	25,787	12,604	15,000
Total operating expenses	\$ 1,178,795	\$ 1,463,892	\$ 1,152,600	\$ 11,753,825	\$ 15,003,861	\$ 11,897,200	\$ 1,677,735	\$ 1,939,451	\$ 1,630,600
Non-operating revenues (expenses)									
Investment Income	\$ -	\$ 19,149	\$ -	\$ 28,787	\$ 15,772	\$ 35,000	\$ 405,159	\$ 413,466	\$ 330,500
Loss on Asset Disposal	-	-	-	-	-	-	-	-	-
Special Assessment Income	-	-	-	-	-	-	625,000	-	-
Interest expense and fees	-	(24,327)	(26,300)	-	-	-	(452,894)	(450,713)	(499,000)
Net non-operating revenues (expenses)	\$ -	\$ (5,178)	\$ (26,300)	\$ 28,787	\$ 15,772	\$ 35,000	\$ 577,265	\$ (37,247)	\$ (168,500)
Net income before transfers	\$ 56,722	\$ (95,085)	\$ 153,400	\$ 800,213	\$ 379,900	\$ 631,000	\$ 1,425,989	\$ (30,452)	\$ 13,400
Transfers	-	-	-	(1,553,717)	(1,095,000)	(950,000)	-	-	-
Net income (loss)	\$ 56,722	\$ (95,085)	\$ 153,400	\$ (753,504)	\$ (715,100)	\$ (319,000)	\$ 1,425,989	\$ (30,452)	\$ 13,400

See Independent Auditors' Report.

CITY OF MONETT, MISSOURI
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN RETAINED EARNINGS (ORIGINAL BUDGET AND ACTUAL) - PROPRIETARY FUND TYPES
 YEAR ENDED MARCH 31, 2006

	Fiber			Sanitation			Total Proprietary Funds		
	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006
Operating revenues									
Revenues	\$ 58,677	\$ 72,769	\$ 72,000	\$ 459,734	\$ 556,825	\$ 551,200	\$ 16,021,518	\$ 19,278,706	\$ 16,187,400
Federal and state grants	-	-	-	-	-	-	768,967	-	-
Tap - in charges	-	-	-	-	-	-	-	30,857	7,000
Penalties	-	-	-	-	-	-	-	3,435	50,000
Miscellaneous charges	73	-	-	1,789	865	-	17,015	4,099	11,000
Rental	-	-	-	-	-	-	-	1,582	5,800
Total operating revenues	\$ 58,751	\$ 72,769	\$ 72,000	\$ 461,523	\$ 557,690	\$ 551,200	\$ 16,807,499	\$ 19,318,679	\$ 16,261,200
Operating expenses									
Salaries	\$ -	\$ -	\$ 45,000	\$ 127,701	\$ 127,062	\$ 129,600	\$ 1,615,884	\$ 1,648,631	\$ 1,670,800
Payroll taxes	-	-	3,500	9,211	9,049	10,000	118,522	120,811	128,100
Depreciation	26,614	27,993	-	65,552	77,983	66,000	1,113,556	1,153,786	1,023,400
Computer	-	73	5,000	-	-	-	30,441	28,224	31,600
Education	87	26	1,500	-	-	100	15,503	9,914	24,300
Electric purchases	-	-	-	-	-	-	9,448,405	12,167,346	9,558,000
Health and life insurance	-	-	3,700	20,407	22,875	15,000	159,586	182,179	154,000
Insurance	-	-	-	6,082	6,239	6,500	145,695	129,424	145,600
Landfill and recycling	-	-	-	156,463	131,815	148,200	156,463	131,815	148,200
Miscellaneous	(73)	-	1,000	1,567	918	2,200	13,327	2,395	7,100
Payments in Lieu of Taxes (PILOT)	4,107	5,657	5,100	-	-	-	1,085,759	1,461,906	1,090,600
Professional and consulting service	4,770	2,101	2,000	-	-	5,100	93,904	86,390	152,100
Repairs and maintenance	122	4,330	4,300	75,102	74,559	74,600	414,862	696,564	456,600
Retirement	-	-	5,700	12,135	17,786	16,400	202,292	209,805	208,300
Supplies	20,003	28,669	15,000	10,113	6,403	5,700	375,102	686,177	347,700
Telephone	31	3,698	300	1	71	-	10,725	15,692	11,800
Utilities	-	-	-	-	-	-	45,986	166,039	25,200
Workman's compensation	-	-	200	34,702	17,664	17,500	139,039	75,077	86,200
Total operating expenses	\$ 55,660	\$ 72,547	\$ 92,300	\$ 519,036	\$ 492,424	\$ 496,900	\$ 15,185,051	\$ 18,972,175	\$ 15,269,600
Non-operating revenues (expenses)									
Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 433,947	\$ 448,387	\$ 365,500
Loss on Asset Disposal	-	-	-	-	-	-	-	-	-
Special Assessment Income	-	-	-	-	-	-	625,000	-	-
Interest expense and fees	-	-	-	-	(3,133)	(1,500)	(452,894)	(478,173)	(526,800)
Net non-operating revenues (expenses)	\$ -	\$ -	\$ -	\$ -	\$ (3,133)	\$ (1,500)	\$ 606,053	\$ (29,786)	\$ (161,300)
Net income before transfers	\$ 3,091	\$ 222	\$ (20,300)	\$ (57,513)	\$ 62,133	\$ 52,800	\$ 2,228,501	\$ 316,718	\$ 830,300
Transfers	-	-	-	12,247	-	-	(1,541,470)	(1,095,000)	(950,000)
Net income (loss)	\$ 3,091	\$ 222	\$ (20,300)	\$ (45,266)	\$ 62,133	\$ 52,800	\$ 687,031	\$ (778,282)	\$ (119,700)

See Independent Auditors' Report.

CITY OF MONETT, MISSOURI
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN RETAINED EARNINGS (ORIGINAL BUDGET AND ACTUAL) - INTERNAL SERVICE FUND TYPES
 YEAR ENDED MARCH 31, 2006

	Hazardous Material			Safety Program			Mechanic		
	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006
Operating revenues									
Revenues	\$ 18,099	\$ 15,350	\$ 14,600	\$ 20,442	\$ 22,370	\$ 18,400	\$ 113,973	\$ 136,032	\$ 131,900
Federal and state grants	-	-	-	-	-	-	-	-	-
Tap - in charges	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-
Miscellaneous charges	-	-	-	94	50	-	-	30	-
Rental	-	-	-	-	-	-	-	-	-
Total operating revenues	\$ 18,099	\$ 15,350	\$ 14,600	\$ 20,536	\$ 22,420	\$ 18,400	\$ 113,973	\$ 136,062	\$ 131,900
Operating expenses									
Salaries	\$ 7,351	\$ 7,680	\$ 7,400	\$ 9,482	\$ 9,840	\$ 9,500	\$ 60,750	\$ 63,379	\$ 61,400
Payroll taxes	558	584	600	721	750	800	4,322	4,506	4,700
Depreciation	-	-	-	-	-	-	-	-	4,900
Computer	-	-	-	1,147	1,590	1,000	-	-	2,000
Education	2,403	396	1,300	2,370	2,821	1,600	-	-	2,000
Electric purchases	-	-	-	-	-	-	-	-	-
Health and life insurance	74	99	-	74	99	-	7,508	8,080	8,800
Insurance	89	77	100	-	-	-	1,168	1,016	1,200
Landfill and recycling	-	-	-	-	-	-	-	-	-
Miscellaneous	-	12	200	14	-	100	295	-	300
Professional and consulting service	50	-	1,000	538	14	200	-	-	100
Repairs and maintenance	-	934	-	471	497	400	2,349	2,754	3,200
Retirement	905	899	1,000	1,015	1,146	1,200	9,299	8,052	7,800
Supplies	4,839	3,048	1,700	2,176	3,551	2,400	21,120	41,091	30,100
Telephone	1,113	1,156	1,100	1,619	1,508	1,000	1,215	1,250	1,400
Utilities	-	-	-	-	-	-	219	2,983	500
Workman's compensation	716	465	200	910	604	200	5,728	2,951	3,500
Total operating expenses	\$ 18,099	\$ 15,350	\$ 14,600	\$ 20,536	\$ 22,420	\$ 18,400	\$ 113,973	\$ 136,062	\$ 131,900
Non-operating revenues (expenses)									
Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss on Asset Disposal	-	-	-	-	-	-	-	-	-
Interest expense and fees	-	-	-	-	-	-	-	-	-
Net non-operating revenues (expenses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net income before transfers	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ (0)	\$ -	\$ -
Transfers	-	-	-	-	-	-	-	-	-
Net income (loss)	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ (0)	\$ -	\$ -

See Independent Auditors' Report.

CITY OF MONETT, MISSOURI
 COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
 IN RETAINED EARNINGS (ORIGINAL BUDGET AND ACTUAL) - INTERNAL SERVICE FUND TYPES
 YEAR ENDED MARCH 31, 2006

Total Internal Service Funds

	Prior Year 3/31/2005	Current Year 3/31/2006	Budget ** 3/31/2006
Operating revenues			
Revenues	\$ 152,515	\$ 173,752	\$ 164,900
Federal and state grants	-	-	-
Tap - in charges	-	-	-
Penalties	-	-	-
Miscellaneous charges	94	80	-
Rental	-	-	-
Total operating revenues	\$ 152,609	\$ 173,832	\$ 164,900
Operating expenses			
Salaries	\$ 77,583	\$ 80,899	\$ 78,300
Payroll taxes	5,601	5,840	6,100
Depreciation	-	-	4,900
Computer	1,147	1,590	3,000
Education	4,773	3,217	4,900
Electric purchases	-	-	-
Health and life insurance	7,656	8,278	8,800
Insurance	1,257	1,093	1,300
Landfill and recycling	-	-	-
Miscellaneous	309	12	600
Professional and consulting service	588	14	1,300
Repairs and maintenance	2,820	4,185	3,600
Retirement	11,219	10,097	10,000
Supplies	28,135	47,690	34,200
Telephone	3,948	3,914	3,500
Utilities	219	2,983	500
Workman's compensation	7,354	4,020	3,900
Total operating expenses	\$ 152,609	\$ 173,832	\$ 164,900
Non-operating revenues (expenses)			
Investment Income	\$ -	\$ -	\$ -
Loss on Asset Disposal	-	-	-
Interest expense and fees	-	-	-
Net non-operating revenues (expenses)	\$ -	\$ -	\$ -
Net income before transfers	\$ (0)	\$ -	\$ -
Transfers	-	-	-
Net income (loss)	\$ (0)	\$ -	\$ -

See Independent Auditors' Report.

STATISTICAL SECTION

City of Monett, Missouri
Government-wide Expenses by Function
Last Ten Fiscal Years

Balance March 31,	Policy Development And Administration	Public Safety	Public Works	Parks And Recreation	Municipal Airport	Interest on Long-Term Debt	Waterworks	Electric	Wastewater- Sewer	Sanitation	Fiber Optics	Total
1997	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1998	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1999	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004	309,776	2,669,911	1,003,991	1,148,503	337,963	373,882	953,069	10,110,009	1,823,205	426,164	3,167	19,159,640
2005	399,114	2,961,579	1,251,906	1,071,259	343,254	216,650	1,093,533	10,879,614	2,008,336	519,036	51,553	20,795,833
2006	272,835	3,042,470	1,477,033	1,018,100	334,486	137,982	1,379,444	13,840,616	2,205,935	495,557	66,890	24,271,348

**City of Monett, Missouri
Government-wide Revenues
Last Ten Fiscal Years**

Balance March 31,	PROGRAM REVENUES		GENERAL REVENUES			
	Charges for Services	Capital Grants and Contributions	Taxes	Unrestricted Investment Earnings	Miscellaneous	Total
1997	N/A	N/A	N/A	N/A	N/A	N/A
1998	N/A	N/A	N/A	N/A	N/A	N/A
1999	N/A	N/A	N/A	N/A	N/A	N/A
2000	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A	N/A
2004	16,470,498	676,492	3,225,621	421,478	129,428	20,923,517
2005	17,312,070	980,260	3,537,587	450,364	18,756	22,299,037
2006	19,958,694	907,572	3,687,042	579,657	15,789	25,148,754

City of Monett, Missouri
General Governmental Expenditures by Function
Last Ten Fiscal Years

Balance March 31,	Policy Development And Administration	Public Safety	Public Works	Parks And Recreation	Municipal Airport	E-911	Tax Increment Finance District	Capital Outlay	Debt Service	Total
1997	317,779	1,732,205	1,098,998	795,823	194,384	52,793		950,886	5,325	5,148,192
1998	377,296	1,897,975	1,230,083	855,666	238,618	56,157		2,124,642	13,180	6,793,617
1999	349,583	2,025,229	1,253,602	856,585	154,038	59,725		4,075,075	9,387	8,783,225
2000	397,163	2,225,143	1,463,551	964,716	148,228	47,161		5,078,359	6,035	10,330,358
2001	394,425	2,241,229	1,213,077	911,309	178,445	60,113	810	2,417,020	411,455	7,827,883
2002	382,978	2,286,170	1,210,019	961,296	194,783	58,222	743	1,547,131	675,974	7,317,315
2003	252,042	2,316,545	1,079,241	864,320	177,366	62,607	14,719	3,062,197	529,884	8,358,921
2004	288,627	2,445,994	967,715	914,646	185,433	64,780	385	735,135	902,938	6,505,653
2005	215,892	2,763,201	1,065,543	825,345	190,528	68,884	420	890,588	834,778	6,855,178
2006	254,762	2,764,627	1,272,942	770,196	185,227	74,973	5,843	2,206,560	705,076	8,240,206

City of Monett, Missouri
General Governmental Revenues by Source
Last Ten Fiscal Years

Balance March 31,	Licenses and Permits	Federal and State Grants	Fines and Forfeitures	Franchise Fee	Sales Tax	Investment Earnings	Inter- governmental	Other Revenues	Other Taxes and Assessments	Rental Revenues	Total
1997	17,999	191,900	83,934	176,728	893,339	424,430		385,394	530,064	51,730	2,755,518
1998	25,626	582,315	87,177	177,979	945,020	310,427		544,585	501,582	74,405	3,249,117
1999	25,507	1,482,883	124,124	179,827	1,260,086	252,838		670,992	582,187	80,058	4,658,502
2000	22,308	715,388	131,880	187,541	2,125,674	128,783		431,173	509,379	76,512	4,328,638
2001	27,401	802,365	95,221	209,597	2,328,218	162,508		585,586	513,385	85,185	4,809,466
2002	28,450	276,004	98,337	161,837	2,572,007	61,201		486,893	546,255	90,736	4,321,721
2003	34,438	1,883,045	121,589	232,500	2,467,216	22,002		517,439	585,813	101,975	5,966,018
2004	39,750	84,559	114,830	248,821	2,629,878	109,083		491,801	595,743	124,001	4,438,466
2005	16,770	899	103,997	211,353	2,658,069	16,417	152,515	550,042	579,929	142,716	4,432,706
2006	80,723	555,508	100,881	275,050	2,765,548	131,270		693,537	559,358	219,813	5,381,688

City of Monett, Missouri
Assessed and Estimated Actual Value of Property
Last Ten Fiscal Years

Barry County:

Fiscal Year	Real Estate		Personal Property		Utilities		Total		Ratio of Total Assessed Value to Total Est.
	Assessed Value ¹	Estimated Actual Value	Assessed Value ¹	Estimated Actual Value	Assessed Value ¹	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	
1996-97	29,690,614	118,948,331	16,921,046	50,813,952	70,088	219,025	46,681,748	169,981,308	27.46%
1997-98	32,914,159	132,928,091	17,447,983	52,396,345	104,819	327,559	50,466,961	185,651,995	27.18%
1998-99	34,776,352	139,948,322	18,532,759	55,653,931	124,993	390,603	53,434,104	195,992,856	27.26%
1999-00	39,277,915	159,236,245	21,299,629	63,962,850	115,725	361,641	60,693,269	223,560,735	27.15%
2000-01	41,040,945	165,615,573	23,788,017	71,435,486	270,530	845,406	65,099,492	237,896,466	27.36%
2001-02	42,772,691	173,573,022	24,193,799	72,654,051	98,356	307,363	67,064,846	246,534,435	27.20%
2002-03	43,819,250	179,018,647	25,404,152	76,288,745	916,732	2,864,788	70,140,134	258,172,179	27.17%
2003-04	47,871,395	194,196,062	24,458,616	73,449,297	149,077	465,866	72,479,088	268,111,224	27.03%
2004-05	53,313,643	213,043,792	26,568,104	79,784,096			79,881,747	292,827,888	27.28%
2005-06	56,342,273	227,237,497	31,833,658	95,510,525	115,519	354,664	88,291,450	323,102,686	27.33%

Lawrence County:

Fiscal Year	Real Estate		Personal Property		Utilities		Total		Ratio of Total Assessed Value to Total Est.
	Assessed Value ¹	Estimated Actual Value	Assessed Value ¹	Estimated Actual Value	Assessed Value ¹	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	
1995-96	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1996-97	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1997-98	10,219,235	51,666,139	2,738,583	8,223,973			12,957,818	59,890,112	21.64%
1998-99	10,823,486	54,876,393	2,977,792	8,942,318			13,801,278	63,818,712	21.63%
1999-00	10,979,618	55,907,152	3,641,033	10,934,033			14,620,651	66,841,185	21.87%
2000-01	11,350,614	57,742,076	3,750,641	11,263,186			15,101,255	69,005,262	21.88%
2001-02	12,801,748	63,679,719	4,035,261	12,117,901			16,837,009	75,797,619	22.21%
2002-03	12,996,024	65,975,769	4,224,101	12,684,988			17,220,125	78,660,757	21.89%
2003-04	13,824,590	70,563,428	3,988,770	11,978,288	238,704	745,950	18,052,064	83,287,666	21.67%
2004-05	14,447,570	73,878,969	3,994,030	11,994,084	263,340	822,938	18,704,940	86,695,991	21.58%
2005-06	16,757,800	86,002,844	4,725,650	14,177,092	258,204	1,171,807	21,741,654	101,351,743	21.45%

1 Assessed values are set by the County Assessor each year as adjusted by the County Board of Equalization.

2 Real estate ratios were finalized during reassessment in 1985 as 19% for residential, 32% for commercial and 12% for agriculture.

Personal property ratio remained at 33.3%.

City of Monett, Missouri
Property Tax Rates Direct and Overlapping Governments
Per \$100 Assessed Valuation
Last Ten Fiscal Years

Barry/Lawrence County

Fiscal Year	City of Monett	Monett R-1	Developmentally Disabled	Regional Library	Ambulance District	State	Health Unit	Special Road District	Special Road District	Special Roads and Bridges	Senior Citizen's Fund	Nursing Home	County General	Barry County Total	Lawrence County Total
1996-97	0.3800	3.3100	0.0700	0.1600	0.1200	0.0300	0.0700	0.1500	No Tax	0.1100	0.0500	0.1200	0.0800	4.2900	4.4300
1997-98	0.3400	3.1700	0.0700	0.1600	0.1200	0.0300	0.0700	0.1600	No Tax	0.0700	0.0500	0.1100	0.1000	4.1200	4.2200
1998-99	0.3400	3.1800	0.0700	0.1600	0.1200	0.0300	0.0700	0.1600	No Tax	0.0700	0.0500	0.1100	0.0900	4.1300	4.2200
1999-00	No Tax	3.3100	0.0700	0.1700	0.1200	0.0300	0.0700	0.1600	No Tax	0.0700	0.0500	0.1100	0.0900	3.9300	4.0200
2000-01	No Tax	3.3100	0.0700	0.1770	0.1200	0.0300	0.0700	0.1600	No Tax	0.0700	0.0500	0.1101	0.0900	3.9370	4.0271
2001-02	No Tax	3.3100	0.0800	0.1771	0.1200	0.0300	0.0700	0.1600	No Tax	0.0700	0.0500	0.1101	0.0900	3.9471	4.0372
2002-03	No Tax	3.3100	0.0800	0.1771	0.1210	0.0300	0.0700	0.1600	No Tax	0.0700	0.0500	0.1102	0.0900	3.9481	4.0383
2003-04	No Tax	3.3100	0.0800	0.1784	0.1230	0.0300	0.0705	0.1652	No Tax	0.0700	0.0500	0.1111	0.0900	3.9571	4.0425
2004-05	No Tax	3.6200	0.0800	0.1784	0.1230	0.0300	0.0705	0.1652	No Tax	0.0700	0.0500	0.1111	0.0900	4.2671	4.3525
2005-06	No Tax	3.6246	0.0800	0.1749	0.1207	0.0300	0.0701	0.1652	No Tax	0.0700	0.0483	0.1073	0.0963	4.2655	4.3521

1. Information provided by Barry and Lawrence County, which are responsible for assessing and collecting such taxes by contract with the City.
2. Commercial property is assessed an additional surtax of \$.3273 in Barry County and \$.50 in Lawrence County .

City of Monett, Missouri
Principal Taxpayers
March 31, 2006

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2005 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Jack Henry Associates, Inc	Cinoyter Software	\$ 13,915,532	13.65%
International Dehydrated Foods, Inc.	Food Processor	5,570,243	5.46%
Tyson Foods, Inc.	Food Processor	3,698,235	3.63%
Miracle Recreation Equipment Co.	Manufacturer	3,271,833	3.21%
EFCO Corp.	Manufacturer	3,237,557	3.17%
Hydro Aluminum Wells, Inc	Manufacturer	2,278,262	2.23%
Wal- Mart	Retailer	1,971,517	1.93%
Friend Tire Co.	Wholesaler	1,290,115	1.27%
Missouri Gas Energy	Utility	988,096	0.97%
Mid America Dairymen, Inc.	Food Processor	880,576	0.86%
Totals		<u>\$ 37,101,966</u>	<u>36.38%</u>

City of Monett, Missouri
Special Assessment Billings and Collections
Last Ten Fiscal Years

Balance March 31,	Special Assessment Billings	Special Assessment Collected
1997	\$	\$
1998		
1999		
2000		
2001		
2002		
2003		
2004		
2005	30,912.77	
2006	49,358.37	43,494.06

City of Monett, Missouri
Computation of Legal Debt Margin
March 31, 2006

Assessed valuations		\$ 109,659,381
Legal debt margin		
Debt limitation - 20 percent of total assessed value		21,931,876
Debt applicable to limitation:		
Total bonded debt	16,353,000	
Less:		
Revenue bonds	(9,130,000)	
Tax increment revenue bonds	(6,695,000)	
Amount available for repayment of general obligation bonds		
Total debt applicable to limitation	528,000	
Legal debt margin		\$ 21,403,876

City of Monett, Missouri
Ratio of Net General Obligation Bonded Debt
To Assessed Value and Net General Obligation Bonded Debt per Capita
Last Ten Fiscal Years

Balance		Assessed	Gross	Less Debt	Net	Ratio of Net		Net Bonded
March 31,	Population	Value¹	Bonded	Service Fund³	Bonded	Debt to		Debt per
			Debt²		Debt	Assessed	%	Capita
						Value		
1997	6348	\$ 57,035,512	N/A	N/A	N/A	N/A		N/A
1998	6348	63,424,779	N/A	N/A	N/A	N/A		N/A
1999	6348	67,253,702	N/A	N/A	N/A	N/A		N/A
2000	7396	74,981,884	N/A	N/A	N/A	N/A		N/A
2001	7396	79,717,232	N/A	N/A	N/A	N/A		N/A
2002	7396	83,576,840	N/A	N/A	N/A	N/A		N/A
2003	7396	86,197,702	N/A	N/A	N/A	N/A		N/A
2004	7396	98,393,303	N/A	N/A	N/A	N/A		N/A
2005	7396	101,977,695	N/A	N/A	N/A	N/A		N/A
2006	7396	109,119,536	\$ 528,000	N/A	N/A	N/A		N/A

¹ Information provided by Barry and Lawrence County.

² Amount does not include special assessment bonds and revenue bonds

³ Amount available for repayment of general obligation bonds

City of Monett, Missouri
Ratio of Annual Debt Service Expenditures
For General Obligation Bonded Debt¹
To Total General Governmental Expenditures
Last Ten Fiscal Years

Balance March 31,	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
1997	\$	\$	N/A	\$ 5,148,192	N/A %
1998			N/A	6,793,617	N/A
1999			N/A	8,783,225	N/A
2000			N/A	10,330,358	N/A
2001			N/A	7,827,883	N/A
2002			N/A	6,356,019	N/A
2003			N/A	8,358,921	N/A
2004			N/A	6,505,653	N/A
2005			N/A	7,026,880	N/A
2006	14,230	17,157	31,387	8,240,206	0.38

¹ Special assessment debt with government commitment are excluded

City of Monett, Missouri
Computation of Direct and Overlapping Bonded debt
General Obligation Bonds

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Direct:			
City of Monett	\$ 528,000	100 %	\$ 528,000
Overlapping:			
Monett R-1 School District County	10,065,000	0 %	0
Total	<u>\$ 10,593,000</u>		<u>\$ 528,000</u>

City of Monett, Missouri
Revenue Bond Coverage
Sewer Revenue Bonds
Last Ten Fiscal Years
(amounts expressed in thousands)

Balance March 31,	Gross Revenues¹	Operating Expenses²	Net Revenue Available for Debt Service	Debt Service Requirements³			Coverage
				Principal	Interest	Total	
1997	\$ 856,664	\$ 655,895	\$ 200,769	\$ 35,000	\$ 56,279	\$ 91,279	2.20
1998	932,220	745,483	186,737	40,000	71,849	111,849	1.67
1999	965,386	738,552	226,834	40,000	50,674	90,674	2.50
2000	1,538,530	789,018	749,512	30,000	68,682	98,682	7.60
2001	1,708,053	665,350	1,042,703	30,000	100,459	130,459	7.99
2002	1,637,580	818,154	819,426	45,000	74,730	119,730	6.84
2003	1,790,427	794,026	996,401	335,000	74,259	409,259	2.43
2004	1,687,503	867,518	819,985	35,000	318,381	353,381	2.32
2005	1,757,492	886,223	871,269	40,000	452,894	492,894	1.77
2006	1,946,185	1,072,219	873,966	329,230	450,713	779,943	1.12

¹Total revenues (including investment earnings)

²Total operating expenses exclusive of depreciation

³Includes principal and interest of sewer revenue bonds only. It does not include the general obligation

**City of Monett, Missouri
Demographic Statistics
Last Ten Fiscal Years**

Balance March 31,	Population¹	Per Capita Income¹	Median Age¹	Education Level in Years of Formal Schooling¹	R-1 Monett School District Enrollment²	Unemployment Rate³
1997	6348	\$ 10,659	N/A	12.8	1,820	5.1 %
1998	6348	10,659	N/A	12.8	1,844	4.4
1999	6348	10,659	N/A	12.8	1,878	3.3
2000	7396	17,048	35.4	13.4	1,915	3.1
2001	7396	17,048	35.4	13.4	1,975	4.3
2002	7396	17,048	35.4	13.4	2,012	N/A
2003	7396	17,048	35.4	13.4	1,998	N/A
2004	7396	17,048	35.4	13.4	1,981	2.7
2005	7396	17,048	35.4	13.4	2,002	3.3
2006	7396	17,048	35.4	13.4	2,002	2.3 (As of March 31, 2006)

Data Sources

¹U.S. Census Bureau (www.factfinder.census.gov)

²R-1 Monett District

³Economic Research and Information Center, Department of Economic Development (573-751-3606)

City of Monett, Missouri
Miscellaneous Statistics
March 31, 2006

Date of Incorporation	1888
Form of Government	Mayor-Board of Commission
City Classification	Third Class
Number of employees (excluding police and fire):	
Classified	90
Exempt	16
Name of Government facilities and services:	
Miles of streets	62
Airport:	
Number of hangars	21
Number of runways	1
Length of runway	5,000
Culture and Recreation:	
Baseball/softball fields	8
Basketball courts	2
Golf course - 18 hole	1
Parks	2
Park acreage	238
Recreation facilities	4
Soccer fields	4
Skate park	1
Swimming pools	1
Tennis courts	8
Walking/biking trail miles	1
Fire Protection:	
Number of stations	2
Number of fire personnel and officers	21
Police Protection:	
Number of stations	1
Number of police personnel and officers	31
Number of patrol units	12
Number of law violations:	
Physical arrests	591
Traffic violations	896
Sewerage System:	

Number of treatment plants	1
Number of service connections	3,500
Daily average treatment in gallons	3,000,000
Maximum daily capacity of treatment plant in gallons	6,000,000
Water System:	
Number of service connections	3,800
Daily average consumption in gallons	3,200,000
Maximum daily capacity of plant in gallons	5,000,000
Electric Distribution System:	
Number of meters	4,420
Number of distribution stations	5
Compost/Recycling Facilities:	
Compost Center	1
Recycle Drop-Off Center	1
Items accepted	aluminum, cardboard, paper, tin
Facilities and services not included in the reporting entity:	
Hospitals/Clinics:	
Number of hospitals	1
Number of patient beds	47
Libraries	1
Newspaper	daily paper
Radio Stations	2

FEDERAL COMPLIANCE SECTION



PHONE: (417) 235-3650
FAX: (417) 235-0334
WEB: WWW.CPA2WEB.COM

217 FOURTH STREET • P.O. BOX 68
MONETT, MISSOURI 65708

GENE R. WALLACE, CPA
LARRY R. LOWERY, CPA
KENNETH L. CAVINESS, CPA
GARY T. SHAFFER, CPA
DAWNATA E. HOPKINS, CPA
KURT W. KRUEGER, CPA
STEVEN L. HARNER, CPA

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

Honorable Mayor James Orr
Jerry Dierker and Donald Roberson, Councilmen
Monett, Missouri

We have audited the 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 as of and for the year ended March 31, 2006, which collectively comprise of the City's basic financial statements and have issued our report thereon dated July 28, 2006. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Monett's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

THE CPA GROUP, P.C.

The CPA Group, P.C.

July 28, 2006



PHONE: (417) 235-3650
FAX: (417) 235-0334
WEB: WWW.CPA2WEB.COM

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

Honorable Mayor James Orr
Jerry Dierker and Donald Roberson, Councilmen
Monett, Missouri

Compliance

We have audited the compliance of the City of Monett, Missouri with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2006. The City of Monett, Missouri's major federal programs is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Monett, Missouri's management. Our responsibility is to express an opinion on the City of Monett, Missouri's compliance based on our audit.

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

In our opinion, the City of Monett, Missouri complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2006.

Internal Control over Compliance

The management of The City of Monett, Missouri is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered The City of Monett, Missouri's internal control over compliance with requirements that could have a direct and material effect on a major federal

program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A *material weakness* is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal and State Awards

We have audited the accompanying financial statements of The City of Monett, Missouri as of and for the year ended March 31, 2006, and have issued our report thereon dated July 28, 2006. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

THE CPA GROUP, P.C.

The CPA Group, P.C.

July 28, 2006

**CITY OF MONETT, MISSOURI
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
MARCH 31, 2006**

FEDERAL GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
Department of Transportation			
Transportation Enhancement Funds passed Through the Missouri Highway and Transportation Commission	20.205	J7P0786	1,862,049.00
Federal Aviation Agency passed Through the Missouri Highway and Transportation Commission	20.106	AIR 035/045-98B	353,647.00
Total Department of Transportation			<u>\$ 2,215,696.00</u>
Department of Homeland Security			
Law Enforcement Terrorism Prevention Program	97.004	2004-GE-T4-0049	\$ 72,807.19
Assistance to Firefighters Grant	97.004	EMW-2004-FG-09195	53,190.00
State Domestic Preparedness Equipment Support Program	97.004	2003-MU-T3-0003	75,816.00
Total Department of Homeland Security			<u>\$ 201,813.19</u>
Total Federal Programs			<u><u>\$ 2,417,509.19</u></u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

See accompanying notes to the financial statements.

**CITY OF MONETT, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COST
 MARCH 31, 2006**

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

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

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

Identification of major program:

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

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

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Findings

No matters were noted.

Section III - Federal Award Findings and Questioned Costs

No matters were noted.