CITY OF WHITING, IOWA

INDEPENDENT AUDITORS' REPORTS
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2005

CITY OF WHITING, IOWA

JUNE 30, 2005

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CITY OF WHITING

CITY OFFICIALS

Thomas Marr	Mayor	Jan 2008
Philip Derr	Mayor Pro Tem	Jan 2006
Patrick Mattingly	Council Member	Jan 2008
John Scott	Council Member	Jan 2006
John Jones	Council Member	Jan 2008
Angela Ewing	Council Member	Jan 2008
Shirley Richardson	Clerk/Treasurer	Annual
Jeffrey Sar	Attorney	Annual

WILLIAMS & COMPANY P.C.
Certified Public Accountants

1009 Iowa Avenue
P.O. Box 238
Onawa, IA 51040
Phone (712) 423-2616
Fax (712) 423-2626

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of The City Council
City of Whiting, Iowa

We have audited the accompanying financial statements of the governmental activities, the business type activities, and each major fund of the CITY OF WHITING, IOWA as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Whiting's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. 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. Those standards and provisions 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 opinion.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which are a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, and each major fund of the City of Whiting, Iowa, as of June 30, 2005, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated February 16, 2006 on our consideration of City of Whiting's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are 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 budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. City of Whiting, Iowa has not presented management's discussion and analysis that US generally accepted accounting principles has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the City of Whiting's basic financial statements. The supplemental information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our 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.

Williams + Company P.C.
Certified Public Accountants

Onawa, Iowa
February 16, 2006

BASIC FINANCIAL STATEMENTS

CITY OF WHITING, IOWA

STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS

OF AND FOR THE YEAR ENDED JUNE 30, 2005

Functions/Programs	Disbursements	Program Receipts: Charges for Services	Program Receipts: Operating Grants Contributions and Other Program Revenues
Primary Government:			
Governmental Activities:			
Public Safety	$ 63,035	$ 99	
Public Works	788,012	95,167	$ 657,250
Culture and Recreation	73,763	675	
General Government	68,495	1,130	
Debt Service	44,037	1,363	
Total Governmental Activities	1,037,342	98,434	657,250
Business-Type Activities:			
Water System	55,240	57,504	
Sewer System	31,966	50,332	
Total Business-Type Activities:	87,206	107,836	-
Total	$ 1,124,548	$ 206,270	$ 657,250

General Receipts:

Property Tax Levied For:

General Purposes

Local Option Sales Tax

Interest

General Intergovernmental Revenues

Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

See Accompanying Notes to Financial Statements

Net (Disbursements) Receipts and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
$ (62,936)		$ (62,936)
(35,595)		(35,595)
(73,088)		(73,088)
(67,365)		(67,365)
(42,674)		(42,674)
(281,658)		(281,658)
	$ 2,264	2,264
	18,366	18,366
	20,630	20,630
(281,658)	20,630	(261,028)
148,973		148,973
41,505		41,505
3,488		3,488
71,216		71,216
11,587	4,529	16,116
276,769	4,529	281,298
(4,889)	25,159	20,270
285,808	135,136	420,944
$ 280,919	$ 160,295	$ 441,214

CITY OF WHITING, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005

		Special Revenue	
	General	Road Use Tax	Local Option Sales Tax
Receipts:			
Property Tax	$ 111,049		
Other City Taxes	3,698		$ 41,505
Licenses and Permits	1,130		
Intergovernmental Revenue	4,616	$ 66,600	
Charges for Services	59,654		
Fines and Forfeits	99		
Special Assessments			
Grants			
Interest	3,189		
Miscellaneous	4,114	666	
Total Receipts	187,549	67,266	41,505
Disbursements:			
Operating:			
Public Safety	63,035		
Public Works	78,157	38,473	
Culture and Recreation	73,763		
General Government	68,495		
Capital Projects			
Debt Service			
Principal Retirements			
Interest			
Total Disbursements	283,450	38,473	-
Excess (Deficiency) of Receipts Over Disbursements	(95,901)	28,793	41,505
Other Financing Sources (Uses):			
Proceeds from Long Term Debt			
Operating Transfers In	39,143		
Operating Transfers Out			(29,149)
Total Other Financing Sources (Uses)	39,143	-	(29,149)
Net Change in Cash Balances	(56,758)	28,793	12,356
Cash Balances Beginning of Year	77,240	92,037	64,838
Cash Balances End of Year	$ 20,482	$ 120,830	$ 77,194

See Accompanying Notes to Financial Statements

Special Revenue			
Employee Benefits	Debt Service	Capital Projects	Total Governmental Funds
$ 9,662	$ 23,476		$ 144,187
332	756		46,291
			1,130
			71,216
		$ 35,513	95,167
			99
	1,363		1,363
		250,000	250,000
	299		3,488
	285	7,197	12,262
9,994	26,179	292,710	625,203
			63,035
			116,630
			73,763
			68,495
		675,362	675,362
	34,633		34,633
	9,404		9,404
-	44,037	675,362	1,041,322
9,994	(17,858)	(382,652)	(416,119)
		411,230	411,230
	20,996		60,139
(9,994)		(20,996)	(60,139)
$ (9,994)	20,996	390,234	411,230
-	3,138	7,582	(4,889)
-	13,323	38,370	285,808
-	$ 16,461	$ 45,952	$ 280,919

CITY OF WHITING, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
OF AND FOR THE YEAR ENDED JUNE 30, 2005

	Business Type Activities		
	Water System	Sewer System	Total
Operating Receipts:			
Charges for Services	$ 57,504	$ 50,332	$ 107,836
Total Operating Revenue	57,504	50,332	107,836
Operating Disbursements:			
Business Type Activities	55,240	31,966	87,206
Excess of Operating Receipts Over Operating Disbursements	2,264	18,366	20,630
Non-Operating Receipts (Disbursements):			
Other Non-operating Revenues	3,559	970	4,529
Excess of Receipts Over Operating Disbursements	5,823	19,336	25,159
Cash Balances - Beginning of Year	107,878	27,258	135,136
Cash Balances - End of Year	$ 113,701	$ 46,594	$ 160,295

See Accompanying Notes to Financial Statements

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Whiting is a political subdivision of the State of Iowa located in Monona County. It was first incorporated in 1873 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, and general government services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Whiting has included all funds, organizations, agencies, boards, commissions, and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods and services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Monona County Assessor's Conference Board, Monona County Emergency Management Commission, Monona County Landfill Commission and Monona County Joint E911 Service Board.

B. Basis of Presentation

Government-wide Financial Statements

The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operation or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City had no nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Special Revenue:

The Road Use Tax Fund is used to account for road construction and maintenance.

The Local Option Sales Tax Fund is used to account for the monies received from local option sales tax.

The Employee Benefits Fund is used to account for the employee taxes received specifically for employee benefits.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general long-term debt.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's sewer system.

C. Measurement Focus and Basis of Accounting

The City of Whiting maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U. S. generally accepted accounting principles.

Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements exceeded the amounts budgeted in the Culture and Recreation, General Government, Capital Projects and Debt Service Functions.

Note 2 - CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2005 were entirely covered by Federal Depository Insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments meeting the definition of GASB Statement No. 40.

Note 3 - BONDS AND NOTES PAYABLE

Annual debt service requirements to maturity for the outstanding debt capital notes are as follows:

Year Ending	Sloan State Bank Water Well Project		Iowa Finance Authority Sewer Project		G O Capital Notes Sewer		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	$ 9,099	$ 1,317	$ 14,000	$ 10,503	$ 10,102	$ 2,083	$ 33,201	$ 13,903
2007	9,254	1,161	14,000	10,110	10,588	1,598	33,842	12,869
2008	9,529	886	15,000	9,690	11,096	1,090	35,625	11,666
2009	9,817	598	15,000	9,240	11,625	558	36,442	10,396
2010	10,112	303	16,000	8,790			26,112	9,093
2011-2015			86,000	36,540			86,000	36,540
2016-2020			100,000	22,830			100,000	22,830
2021-2024			91,000	6,930			91,000	6,930
Total	$ 47,811	$ 4,265	$ 351,000	$ 114,633	$ 43,411	$ 5,329	$ 442,222	$ 124,227

The City obtained a bond through the Iowa Finance Authority for $398,000 for the sewer project. The City had drawn down the amount of $363,418 and had repaid $15,000 as of June 30, 2005 leaving an outstanding balance of $348,418. Subsequent to June 30, 2005, the City drew additional amounts leaving $32,000 of unused Bond funds. The unused amount of $32,000 was used to pay on the Bond. The above amortization schedule represents the revised authorization schedule after applying the $32,000 of unused funds.

The Code of Iowa requires that principal and interest on General Obligation Capital Notes be paid from the Debt Service Fund. Tax Revenues are used to retire the General Obligation Capital Notes. The other debt is paid from the water and sewer funds through fees collected.

Note 4 - PENSION AND RETIREMENT BENEFITS

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll except for police employees, in which case the percentages are 6.16% and 9.23%, respectively. For the year ended June 30, 2005, the contribution rates for police employees and the City were 5.93% and 8.90%, respectively, and for the year ended June 30, 2004, the contribution rates for police employees and the City were 6.04% and 9.07%, respectively. Contribution requirements are established by State Statute. The City's contributions to IPERS for the years ended June 30, 2005, 2004 and 2003 were $ 8,323, $7,907, and $7,500, respectively, equal to the required contributions for each year.

Note 5 - COMPENSATED ABSENCES

The City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation payments to employees at June 30, 2005, is $9,231.

This liability has been computed based on rates of pay in effect at June 30, 2005.

Note 6 – INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

Transfer To	Transfer From	Amount
General	Special Revenue:	
	Local Option Sales Tax	$ 29,149
	Employee Benefit	9,994
		39,143
Debt Service	Capital Projects:	
	Tax Increment Financing	20,996
Total		$ 60,139

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

Note 7 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 8 - SUBSEQUENT BORROWINGS

In July 2005, the City entered into a note agreement with Sloan State Bank in the amount of $47,410 for the purchase of a fire truck. The note has an interest rate of 3% with five annual payments of $10,220.49 commencing on March 15, 2007.

In August 2005, the City entered into a note agreement with Sloan State Bank in the amount of $100,000 for the construction of a sports complex. The note has a 4% interest rate with seven annual payments of $12,256.49 commencing on January 1, 2007.

REQUIRED SUPPLEMENTARY INFORMATON

CITY OF WHITING, IOWA
BUDGETARY COMPARISON SCHEDULE
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2005

	Governmental Funds Actual	Proprietary Funds Actual	Total
Receipts:			
Property Tax	$ 144,187		$ 144,187
Other City Taxes	46,291		46,291
Licenses and Permits	1,130		1,130
Intergovernmental Revenue	71,216		71,216
Charges for Services	95,167	$ 107,836	203,003
Fines and Forfeits	99		99
Contributions	1,363		1,363
Grants	250,000		250,000
Interest	3,488		3,488
Miscellaneous	12,262	4,529	16,791
Total Revenue	625,203	112,365	737,568
Disbursements:			
Operating:			
Public Safety	63,035		63,035
Public Works	116,630		116,630
Culture and Recreation	73,763		73,763
General Government	68,495		68,495
Capital Projects	675,362		675,362
Debt Service			
Principal Retirements	34,633		34,633
Interest	9,404		9,404
Business Type Activities		87,206	87,206
Total Disbursements	1,041,322	87,206	1,128,528
Excess (Deficiency) of Receipts Over Disbursements	(416,119)	25,159	(390,960)
Other Financing Sources (Uses):			
Proceeds from Long Term Debt	411,230		411,230
Interfund Transfers In	60,139		60,139
Interfund Transfers Out	(60,139)		(60,139)
Total Other Financing Sources (Uses)	411,230	-	411,230
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing (Uses)	(4,889)	25,159	20,270
Cash Balances - Beginning of Year	285,808	135,136	420,944
Cash Balances - End of Year	$ 280,919	$ 160,295	$ 441,214

See Accompanying Independent Auditors' Report

Budgeted Amounts	Final To Net Variance
$ 142,781	$ 1,406
49,218	(2,927)
500	630
69,000	2,216
195,000	8,003
	99
	1,363
250,000	
2,000	1,488
1,000	15,791
709,499	28,069
63,650	(615)
153,300	(36,670)
71,705	2,058
45,000	23,495
562,000	113,362
19,633	15,000
3,123	6,281
162,700	(75,494)
1,081,111	47,417
(371,612)	(19,348)
244,770	166,460
30,000	30,139
(30,000)	(30,139)
244,770	166,460
(126,842)	147,112
296,526	124,418
$ 169,684	$ 271,530

CITY OF WHITING, IOWA
BUDGETARY COMPARISON SCHEDULE
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - GENERAL FUND AND ALL MAJOR SPECIAL REVENUE FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2005

	General Fund	Budgeted Amounts	Final To Net Variance
Receipts:			
Property Tax	$ 111,049	$ 110,984	$ 65
Other City Taxes	3,698	3,259	439
Licenses and Permits	1,130	500	630
Intergovernmental Revenue	4,616	9,000	(4,384)
Charges for Services	59,654	60,000	(346)
Fines and Forfeits	99		99
Special Assessments			
Grants			
Interest	3,189	1,000	2,189
Miscellaneous	4,114	1,000	3,114
Total Revenue	187,549	185,743	1,806
Disbursements:			
Operating:			
Public Safety	63,035	63,650	(615)
Public Works	78,157	67,100	11,057
Culture and Recreation	73,763	71,705	2,058
Community and Economic Development			
General Government	68,495	45,000	23,495
Capital Projects			
Debt Service			
Principal Retirements			
Interest			
Total Disbursements	283,450	247,455	35,995
Excess (Deficiency) of Receipts Over Disbursements	(95,901)	(61,712)	(34,189)
Other Financing Sources (Uses)			
Proceeds from Long Term Debt			
Interfund Transfers In	39,143	30,000	9,143
Interfund Transfers Out			
Total Other Financing Sources (Uses)	39,143	30,000	9,143
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(56,758)	(31,712)	(25,046)
Cash Balances - Beginning of Year	77,240	16,142	61,098
Cash Balances - End of Year	$ 20,482	$ (15,570)	$ 36,052

Road Use Tax Fund	Budgeted Amounts	Final To Net Variance	Local Option Sales Tax Fund	Budgeted Amounts	Final To Net Variance
			$ 41,505	$ 45,000	$ (3,495)
$ 66,600	$ 60,000	$ 6,600			
67,266	60,000	6,600	41,505	45,000	(3,495)
38,473	86,200	(47,727)			
38,473	86,200	(47,727)	-	-	-
28,793	(26,200)	54,327	41,505	45,000	(3,495)
			(29,149)	(20,000)	(9,149)
-	-	-	(29,149)	(20,000)	(9,149)
28,793	(26,200)	54,327	12,356	25,000	(12,644)
92,037	93,057	(1,020)	64,838	65,000	(162)
$ 120,830	$ 66,857	$ 53,307	$ 77,194	$ 90,000	$ (12,806)

Continued

CITY OF WHITING, IOWA
BUDGETARY COMPARISON SCHEDULE
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - GENERAL FUND AND ALL MAJOR SPECIAL REVENUE FUNDS
REQUIRED SUPPLEMENTARY INFORMATION - (Continued)
YEAR ENDED JUNE 30, 2005

	Employee Benefit Fund	Budgeted Amounts	Final To Net Variance
Receipts:			
Property Tax	$ 9,662	$ 9,707	$ (45)
Other City Taxes	332	293	39
Licenses and Permits			
Intergovernmental Revenue			
Charges for Services			
Fines and Forfeits			
Special Assessments			
Grants			
Interest			
Miscellaneous			
Total Revenue	9,994	10,000	(6)
Disbursements:			
Operating:			
Public Safety			
Public Works			
Culture and Recreation			
Community and Economic Development			
General Government			
Capital Projects			
Debt Service			
Principal Retirements			
Interest			
Total Disbursements	-	-	-
Excess (Deficiency) of Receipts Over Disbursements	9,994	10,000	(6)
Other Financing Sources (Uses)			
Proceeds from Long Term Debt			
Interfund Transfers In			
Interfund Transfers Out	(9,994)	(10,000)	6
Total Other Financing Sources (Uses)	$ (9,994)	$ (10,000)	$ 6
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	-	-	-
Cash Balances - Beginning of Year	-	-	-
Cash Balances - End of Year	-	-	-

Capital Projects Fund	Budgeted Amounts	Final To Net Variance	Debt Service Fund	Budgeted Amounts	Final To Net Variance
			$ 23,476	$ 22,090	$ 1,386
			756	666	90
$ 35,513	$ 35,000	$ 513			
			1,363		
250,000	250,000				
			299		
7,197		7,197	285		
292,710	285,000	7,710	26,179	22,756	1,476
675,362	562,000	113,362			
			34,633	19,633	15,000
			9,404	3,123	6,281
675,362	562,000	113,362	44,037	22,756	21,281
(382,652)	(277,000)	(105,652)	(17,858)	-	(19,805)
411,230	244,770	166,460			
			20,996		
(20,996)		(20,996)			
390,234	244,770	145,464	20,996	-	-
7,582	(32,230)	39,812	3,138	-	(19,805)
38,370	$ 32,230	6,140	13,323	1,760	11,563
$ 45,952	-	$ 45,952	$ 16,461	$ 1,760	$ (8,242)

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon 10 major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital projects funds, and proprietary funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund.

During the year ended June 30, 2005, disbursements exceeded the amount budgeted in the Culture and Recreation, General Government, Capital Projects and Debt Service functions.

SUPPLEMENTARY INFORMATON

Schedule 1

CITY OF WHITING, IOWA
SCHEDULE OF INDEBTEDNESS
YEAR ENDED JUNE 30, 2005

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
GO Capital Notes - Sewer	October 6, 1999	4.80%	$ 95,000	$ 53,044		$ 9,633	$ 43,411	$ 2,553	
GO Capital Notes - Library	July 1, 1994	5.70%	60,000	10,000		10,000	-	855	
Iowa Finance Authority	June 1, 2004	3.00%	398,000		$ 366,000	15,000	351,000	5,004	
Sloan State Bank	July 13, 2005	3.00%	47,811		47,811		47,811	-	
Total			$ 445,811	$ 63,044	$ 413,811	$ 34,633	$ 442,222	$ 8,412	

CITY OF WHITING, IOWA
Bond and Note Maturities
June 30, 2005

	Capital Loan Notes						
	Water Well Project Issued July 13, 2005		Sewer Project Issued June 1, 2004		Sewer Issued October 6, 1999		
Year Ending June 30,	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Total
2006	3.00%	$ 9,099	3.00%	$ 14,000	4.80%	$ 10,102	$ 33,201
2007	3.00%	9,254	3.00%	14,000	4.80%	10,588	33,842
2008	3.00%	9,529	3.00%	15,000	4.80%	11,096	35,625
2009	3.00%	9,817	3.00%	15,000	4.80%	11,625	36,442
2010	3.00%	10,112	3.00%	16,000			26,112
2011			3.00%	16,000			16,000
2012			3.00%	17,000			17,000
2013			3.00%	17,000			17,000
2014			3.00%	18,000			18,000
2015			3.00%	18,000			18,000
2016			3.00%	19,000			19,000
2017			3.00%	19,000			19,000
2018			3.00%	20,000			20,000
2019			3.00%	21,000			21,000
2020			3.00%	21,000			21,000
2021			3.00%	22,000			22,000
2022			3.00%	22,000			22,000
2023			3.00%	23,000			23,000
2024			3.00%	24,000			24,000
Total		$ 47,811		$ 351,000		$ 43,411	$ 442,222

See Note 3 in referrence to Sewer Project note.

CITY OF WHITING, IOWA
Comparison of Taxes and Intergovernmental Revenues
June 30, 2005

	For The Years Ended June 30,			
	2005	2004	2003	2002
Property Tax	$ 144,187	$ 169,854	$ 162,209	$ 136,498
Other City Taxes:				
Mobile Home Tax	792	822	1,182	1,031
Utility Tax	3,994	5,056	4,688	4,267
Local Option Sales Tax	41,505	42,623	38,284	35,647
	46,291	48,501	44,154	40,945
Intergovernmental:				
State Allocations		2,064	9,795	9,429
Road Use Tax	66,600	66,713	65,212	57,753
Library Service	4,616	4,634	7,168	6,413
	71,216	73,411	82,175	73,595
Total	$ 261,694	$ 291,766	$ 288,538	$ 251,038

The years 2004, 2003 and 2002 are not covered by the Auditors' Report.

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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 and Members of the City Council
City of Whiting, Iowa

We have audited the general purpose financial statements of the CITY OF WHITING, IOWA, as of and for the year ended June 30, 2005 and have issued our report thereon dated February 16, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards; Chapter 11 Code of Iowa; and those 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 Whiting's general purpose 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.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have all been resolved.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Whiting'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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the City of Whiting's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as Item 05-II-A.

A material weakness is a condition in which the design or operation of one or more or 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 function. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might have reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider Item 05-II-A to be a material weakness.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the City of Whiting and other parties to whom the City of Whiting may report. This report is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Whiting, Iowa, during the course of our examination. If you have any questions concerning the above matters, we would be pleased to discuss them with you at your convenience.

Williams & Company P.C.
Certified Public Accountants

Onawa, Iowa
February 16, 2006

CITY OF WHITING, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005

Part I: Summary of the Independent Auditors' Results

(a) An unqualified opinion was issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U. S. generally accepted accounting principles.
(b) A reportable condition in internal control over financial reporting was disclosed by the audit of the financial statements including a material weakness.
(c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Reportable Conditions:

05-II-A. Segregation of Accounting Functions

Observation - One important aspect of internal control is the segregation of accounting functions among employees. Several incompatible accounting functions regarding cash receipts are handled by the same employee.

Recommendations – We realize that with a limited number of office employees, segregation of duties is difficult. However, the city should review its operation procedures to obtain the maximum control possible under the circumstances.

Response - Due to the limited number of personnel in the office it is not feasible at this time to break down the segregation of duties any further.

Conclusion - We realize that there are limited number of personnel available and we agree with the City's response. Our purpose in making this observation is to remind management of the careful attention and scrutiny of the records that is necessary when a limited number of personnel are available which makes ideal controls impossible.

Part III: Other findings Related to Required Statutory Reporting

05-III-A. Official Depositories - A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.

05-III-B. Certified Budget – City disbursements during the fiscal year ended June 30, 2005 exceeded the amount budgeted in the Culture and Recreation, Capital Projects, Debt Service, and General Government functions. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The budget will be amended in the future, if applicable.

Conclusion – Response accepted.

05-III-C. Questionable Disbursements - We noted no expenditures for parties, banquets or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.

05-III-D. Travel Expense - No expenditures of City money for travel expense of spouses of City officials and/or employees were noted.

05-III-E. Business Transactions – There were no business transactions between the City and city officials or employees during the year ended June 30, 2005.

05-III-F. Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions, but we suggest that the City review its coverage with the council and insurance agent on an annual basis.

05-III-G. Council Minutes - The minutes record was examined and appeared to give a condensed, accurate account of business transacted by the council. The City has represented to us that we were furnished a complete and official copy of all minutes of all meetings of the council.

05-III-H. Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

05-III-I. Financial Condition – The City had no funds with a deficit at June 30, 2005.