CITY OF CLINTON, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2007

City of Clinton, Iowa

CITY OF CLINTON, IOWA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

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City of Clinton, Iowa

City Clerk/Finance Department

TO: Honorable Mayor, City Council and Citizens of the City of Clinton

DATE: June 12, 2008

State law requires that the City's financial statements be audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants or by the State Auditor's Office. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Clinton, Iowa for the fiscal year ended June 30, 2007.

This report consists of management's representations concerning the finances of the City of Clinton. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

In 1999, the Governmental Accounting Standards Board (GASB) adopted Statement No. 34, "Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments". The effective date for the implementation of GASB No. 34 for the City of Clinton was June 30, 2003. Accordingly, this report includes the requirements of this reporting model, and complies with those standards.

The City's financial statements have been audited by Clifton Gunderson LLP, 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 for the fiscal year ended June 30, 2007, 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 auditor concluded, based upon the audit, there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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The independent audit of the financial statements of the City 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. Information related to the single audit, including the schedule of expenditures of federal awards, findings and questioned costs, and the auditor's reports on the internal control and compliance with applicable laws, regulations, contracts, and grants are included in the compliance section of this report. Also included in the compliance section are schedules required by the City for compliance with the covenants of a sewer revenue bond ordinance.

Generally accepted accounting principles require 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 the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of Government

The City of Clinton, incorporated in 1857, is located in the eastern most part of Iowa along the Mississippi River. The City is located 45 miles northeast of the Moline and Rock Island, Illinois and Davenport and Bettendorf, Iowa area (the "Quad Cities"); approximately 140 miles directly west of Chicago, Illinois and 200 miles east and north of Des Moines, Iowa. The City also is the county seat of Clinton County, covers a land area of 34.75 square miles, and serves a population of 27,772 people.

The City operates under the Mayor-Council form of government with policy-making and legislative authority vested in a mayor and seven council members. Four of the council members are elected from individual wards. The Mayor and the remaining three council members are elected at-large. Council members are elected on a non-partisan basis and serve staggered four-year terms. The city council is responsible for passing ordinances and resolutions, adopting the budget, appointing committees, and hiring the City Administrator and the City Attorney. The City Administrator is responsible for carrying out the policies and ordinances of the city council, overseeing the day-to-day operations of the government, and appointing the department managers.

The City of Clinton provides a full range of services which includes police and fire protection, an ambulance service, roadway maintenance, water pollution control, solid waste management, municipal transportation, a general aviation airport, planning and zoning, recreational and cultural activities and facilities, a marina, a library, and general administration. The City employs 203 full time and 32 permanent part time employees. The Clinton Police Department consists of 46 sworn full time police officers. The Fire Department is staffed by a Fire Chief and 44 full time firefighters operating from three fire stations. The ambulance function is part of the Fire Department and provides service at a paramedic level.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Administrator in December of each year. The City Administrator uses these requests for developing a proposed budget. The proposed budget as prepared by the City Administrator is presented to the Council for review in early February. Several budget workshops involving the Council, City Administrator, department managers, and any other interested parties are held before the formal public hearing on the proposed budget is scheduled. By State law, the City Council is required to hold a public hearing on the proposed budget and to adopt a final budget no later than March 15. The appropriated budget is prepared by fund, function, and department. However, the level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is at the total function level. Spending and administrative control of expenditures and operating transfers are monitored through detailed line item department budgets. Budget-to-actual comparisons are provided on schedules located in the Required Supplementary Information subsection of this report, which starts on page 55.

Factors Affecting Financial Condition

The information presented in the financial statements may be better understood when it is considered from the broader perspective of the specific environment within which the City operates.

In April, 2003, the state legislature passed legislation which eliminated the majority of state shared revenues distributed to cities and counties. This action was taken after cities and counties had certified their fiscal year 2003/04 budgets. For the City, the loss of revenue translated to approximately $868,000 in the General Fund alone. The department managers were asked to review their budgets and either identify items and/or services to be reduced or propose revenue enhancements. As a result of this analysis, ambulance fees were substantially increased, capital outlay items delayed, operational adjustments implemented, and other previously designated funding sources diverted to the General Fund. The influx of these other sources of revenues, likewise, resulted in the continued deferral of capital equipment purchases. The schedules included in this report continue to reflect the financial impact of this situation.

In addition to the loss of state aid, another challenge to the financial stability of the City is the erosion of the tax base. Although new construction is encouraging, the residential rollback of taxable property values continues to limit the actual growth to the tax base. The City's tax base reflects minimal growth while the City struggles to deliver basic services without additional financial support to sustain them. The rollback factor along with the removal of the machinery and equipment valuations for industrial and commercial valued properties continues to shift the burden of payment for these services. The City's total taxable property value base has increased by only 5% over the last ten years.

Growth, however, has continued on the western boundary of the City in recent years. A new department store was constructed which complimented the existing commercial development. Major modifications to the intersection were made to facilitate traffic flows. Also, an eight screen movie theater, a restaurant, and new motel have been built in the area. This development project was a joint effort between the developer and the City. Nearby, a 130,000 square foot building materials store opened along a major thoroughfare into the City. Development continues along the corridor with the construction of a land-based casino and hotel complex to be completed in 2008.

One of the goals of the City Council is the creation of 800 new jobs in the commercial, light industrial and office sectors. Jointly, the City, the Chamber of Commerce, and the Development Corporation have formed a non-profit corporation to develop an area that is attractive and conducive to this type of employment and development. The business park is located in the northwest part of the City and will, when completed, encompass 108 acres. Currently completed and ready for development are 22 acres. This site includes all earthwork, storm sewer, paving, sanitary sewer and water lines. Additionally, a gravity sewer line in the area has been completed which will facilitate the future development of 13,000 acres of agricultural land within the City. Ashford University located some of its classrooms and on-line college class programs at the facility.

Another development initiative is an area along Highway 30/67, a major transportation corridor in the City. This area is referred to as the Liberty Square Redevelopment Area. Major highway improvements involve the realignment of the major thoroughfare to a one-way couplet system. Storm sewers and sanitary sewers will also be separated. Targeted properties continue to be purchased, cleaned up, and certain locations will be sold for redevelopment. Other properties will be revitalized through private/public initiatives. The total project cost is estimated at approximately $51 million with funding identified from federal and state grants, local option sales taxes, sewer improvement funds, land sales, and City bond proceeds. The first sewer construction/separation phase has been completed. Highway design is almost completed with construction to begin in the near future.

Additionally, a major improvement and enhancement to the City's riverfront and adjacent areas is almost done. Construction costs were estimated at $22 million with approximate $18.5 million completed. The project includes private development, state participation with Vision Iowa Funds, the City, and contributions from businesses and citizens in the community. The City issued $3.575 million of bonds in the spring of 2006 for its share of construction costs which cannot be funded from other available City funds. Another issue for $2,600,000 is planned for the summer of 2008 for the redesigned amenities building and enhanced dock improvements. The amenities building will include a full service restaurant. These improvements for the riverfront were part of the Riverview Park master plan and consisted of the conversion of the Showboat Theatre to a year-round facility, redeveloping the baseball stadium to current minor league standards, construction of a skate park, a new aquatic center including expansion of the current swimming pool, enhancement and expansion of the recreational vehicle park, construction of a new and larger bandshell, and other aesthetic improvements to the park area in addition to a new marina facility. Nearby development included rehabilitation of a vacant building in the downtown area into usable commercial space and modern apartments. Also, the City has invested over $1,500,000 in streetscape improvements in the public right-of-way in the downtown area.

On June 27, 1989, the voters of the City of Clinton and most cities of Clinton County authorized through public referendum a 1% local option sales tax. This tax became effective October 1, 1989. The purpose of the City of Clinton's local option sales tax was to provide funding for storm sewer construction (50%) and property tax relief (50%). Proceeds are used to abate the annual property tax levy for debt service on general obligation bonds issued for storm sewer projects. Also, $1,129,600 of these taxes abate a portion of the annual property tax levy for debt service of other general obligation bonds. The employee benefit tax levy was, likewise, reduced due to an allocation of $85,000.

Cash management policies and practices. The City invests its idle cash during the year in money market accounts. The investment policy of the City also includes the ability to solicit competitive bids from local banking institutions and the Iowa Public Agency Investment Trust. The rates secured would be equal to or above the minimum rates prescribed by the State Treasurer's office. Investments for City operations are accounted for in an investment pool, and interest is allocated annually to the individual funds based on available fund balances. The City received $315,180 of interest during fiscal year 2006/07.

Risk Management. The City of Clinton is exposed to various risks of loss related to liability issues; theft of, damage to, or destruction of assets; errors and omissions; workers' compensation; and health care of its employees. The City is a member of the Iowa Communities Assurance Pool for general and auto liability, as well as public official and police professional liability. Property insurance has been obtained through a private insurance company. For workers' compensation, the City also participates in the Iowa Municipalities Workers Compensation Association Pool. Employee safety meetings are held regularly. The employee committees participate in the review of employee accidents and may recommend changes in safety policies and work practices. Both pool organizations provide risk management and loss control services. For health benefits, the City supports a self-insurance fund which is treated as an internal service fund. The program is administered by a third party provider. Additional information concerning the City's risk management programs can be found in the notes to the financial statements.

Pension Benefits. The City provides pension benefits for its employees through either the Municipal Fire and Police Retirement System of Iowa (MFPRSI) or the Iowa Public Employees' Retirement System (IPERS). These benefits are provided through state-wide plans managed by their respective state pension boards. The City has no other obligation in connection with the pension benefits beyond its state mandated contributions to the state plans. By special provisions within the retirement programs, the City Administrator has opted to participate in the International City Management Association Retirement Corporation plan in lieu of the state program. The City, likewise, makes the appropriate retirement contributions for the employee to this plan. Additional information on the City's pension arrangements and post employment benefits can be found in the notes to the financial statements.

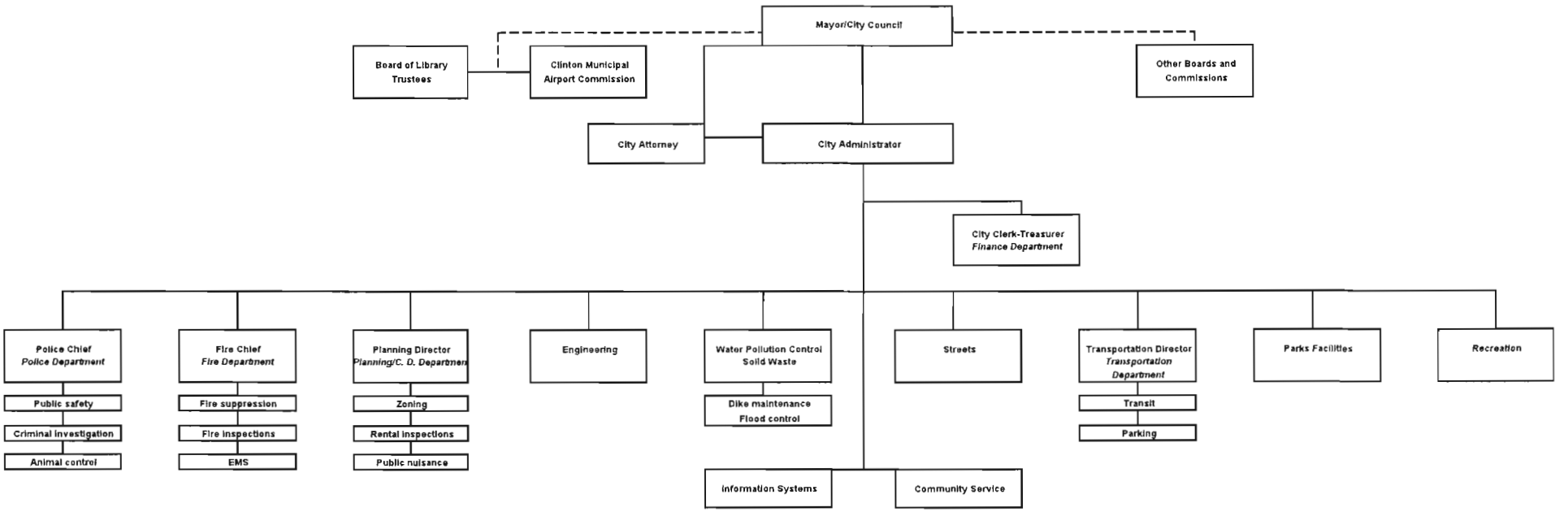
Acknowledgements. In regard to the preparation of this report and the accounting activity throughout the year in the Finance Department, I would like to express my appreciation to all members of the department for their assistance and contributions for this endeavor. Our auditors, Clifton Gunderson LLP were, likewise, very helpful and worked diligently in assisting us in the preparation of the annual financial report. Lastly, credit must be given to the Mayor and City Council for their continued support in planning and conducting the financial operations of the City in a responsible and prudent manner, especially in these difficult times of limited resources and on-going needs for City services.

Respectfully submitted,

Deborah K. Neels

Deborah K. Neels
Finance Director

CITY OF CLINTON, IOWA



CITY OF CLINTON, IOWA

List of Principal Officials
June 30, 2007

ELECTED OFFICIALS

Mayor	LaMetta K. Wynn
Council Member	Rodger Holm
Council Member	Michael Kearney
Council Member	Ron Mallicoat
Council Member	Bette J. Oakley
Council Member	Darrell G. Smith
Council Member	Robert J. Soesbe
Council Member	Mark S. Vulich

APPOINTED OFFICIALS

City Administrator	Gary W. Boden
City Attorney	Matthew R. Brisch
City Clerk/Finance Director	Deborah K. Neels
City Engineer	Steven A. Honse
City Planner	John F. Staszewski
Airport Manager	Mike Nass
Fire Chief	Mark Regenwether
Library Director	Daniel Horwath
Parks Superintendent	Thomas Krogman
Recreation Manager	Gregg Obren
Police Chief	Brian D. Guy
Street Superintendent	Don Davis
Transportation Director	Dennis Hart
Water Pollution Control Superintendent	Gary Schellhorn

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report

Honorable Mayor and
Members of the City Council

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 Clinton, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City of Clinton, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 of Clinton, Iowa, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2008, on our consideration of the City of Clinton, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Information on pages 12 through 21 and 55 through 57, respectively, are not required parts 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 inquires 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.

Offices in 16 states and Washington, DC

Member of HLB International

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clinton, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The combining and individual nonmajor fund financial statements, schedules, statistical data, and the Schedule of Expenditures of Federal Awards required by the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* as listed in the table of contents, are presented for purpose of additional analysis and are not a required part of the basic financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, 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.

Clifton Gunderson LLP

Clinton, Iowa
June 19, 2008

Management's Discussion and Analysis

As management of the City of Clinton, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Clinton for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the City's financial statements which follow this discussion and analysis. This report complies with the Governmental Accounting Standards Board (GASB) Statement 34 reporting model. Accordingly, comparative information is included in the report.

Financial Highlights

- Assets of the City of Clinton exceeded its liabilities at June 30, 2007 by $129,767,073 (net assets).
- The City's total net assets increased by $10,813,881. This amount represents a 9% increase.
- As of the close of the current fiscal year, the City of Clinton's governmental funds reported combined ending fund balances of $9,101,012, an increase of $2,364,520 in comparison with the prior year. Approximately 86% of the ending fund balances was identified as undesignated and available for spending at the City's discretion.
- At the end of the current fiscal year, the unreserved fund balance for the General Fund was $2,559,542, or 19% of total General Fund expenditures, including transfers out.
- The City's total debt decreased by $1,662,397 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Clinton's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Clinton's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Clinton's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Clinton is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during fiscal year 2006/07. 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. Accordingly, 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 distinguish functions of the City of Clinton 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 public safety, public works, culture and recreation, community and economic development, and general government. The business-type activities of the City of Clinton include sewer operations, solid waste collection, dock operations, marina, municipal transportation, parking, and airport.

The government-wide financial statements can be found on pages 22-24 of this report.

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 of Clinton, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, including restrictions on the use of certain monies. All of the funds of the City of Clinton can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 and is typically the basis that is used for developing the next annual budget.

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 City'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.

The City of Clinton has six major governmental funds: the General Fund, the Road Use Tax Fund, the Local Option Sales Tax Fund, the Employee Benefits Fund, the Debt Service Fund, and the Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for these major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation and are referenced under a single column as Nonmajor. Individual fund data for these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Clinton adopts an annual appropriated budget for all funds as required by state statute. The budget is prepared on a modified accrual basis of accounting. A budgetary comparison schedule has been provided for the governmental and proprietary funds to demonstrate compliance with the adopted budget.

The basic governmental fund financial statements can be found on pages 25-30 of this report.

Proprietary funds. The City of Clinton maintains 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. Enterprise funds serve external customers and are primarily funded through user charges. The City uses enterprise funds to account for its Sewer Revenue (Wastewater), Solid Waste Collection, Dock Operations, Marina, Transit, Parking, and Airport activities. An internal service fund is an accounting devise used to accumulate and allocate costs internally among the City of Clinton's various functions. The City uses an internal service fund to account for its employee health insurance costs. Because this activity predominantly benefits governmental rather than business-type functions, it has been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. In the basic financial statements, the proprietary fund financial statements provide separate information for the Sewer Revenue (Wastewater) Fund, Solid Waste Collection Fund, Transit System Fund, and Airport Operations Fund. Individual fund data of each of the nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 31-36 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City of Clinton's programs. The City has two agency funds. The most significant fiduciary fund maintained by the City is the Payroll Clearing Fund which records the accounting for payroll and associated liability payments. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 37 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38-54 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor funds are presented immediately following the required supplementary information on pages 55-57. Combining and individual fund statements and schedules can be found on pages 58-66 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the City of Clinton, assets exceeded liabilities by $129,767,073 at the close of the fiscal year ended June 30, 2007. For the fiscal year ended June 30, 2006, assets had exceeded liabilities by $118,953,192. This represents a 9% increase in net assets between the two fiscal periods.

City of Clinton's Net Assets
June 30, 2007 and 2006

	Governmental Activities 2007	Governmental Activities 2006	**Business-type Activities 2007**	Business-type Activities 2006	**Total 2007**	Total 2006
Current and other assets	**$ 24,055,585**	$ 22,441,510	**$ 7,704,609**	$ 7,002,303	**$ 31,760,194**	$ 29,443,813
Capital assets	**88,287,350**	81,198,627	**48,758,278**	50,127,040	**137,045,628**	131,325,667
Total assets	**112,342,935**	103,640,137	**56,462,887**	57,129,343	**168,805,822**	161,769,480
Current and other liabilities	**13,983,127**	14,905,246	**669,769**	891,153	**14,652,896**	15,796,399
Long-term liabilities outstanding	**20,889,319**	24,574,724	**3,496,534**	1,445,165	**24,385,853**	26,019,889
Total liabilities	**34,872,446**	39,479,970	**4,166,303**	2,336,318	**39,038,749**	41,816,288
Net assets						
Invested in capital assets, net of related debt	**67,382,872**	56,608,744	**48,748,278**	50,107,040	**116,131,150**	106,715,784
Restricted	**1,332,543**	1,238,582	**2,578,901**	2,356,486	**3,911,444**	3,595,068
Unrestricted	**8,755,074**	6,312,841	**969,405**	2,329,499	**9,724,479**	8,642,340
Total net assets	**$ 77,470,489**	$ 64,160,167	**$ 52,296,584**	$ 54,793,025	**$ 129,767,073**	$ 118,953,192

The largest portion of the City of Clinton's net assets (89%) reflect its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

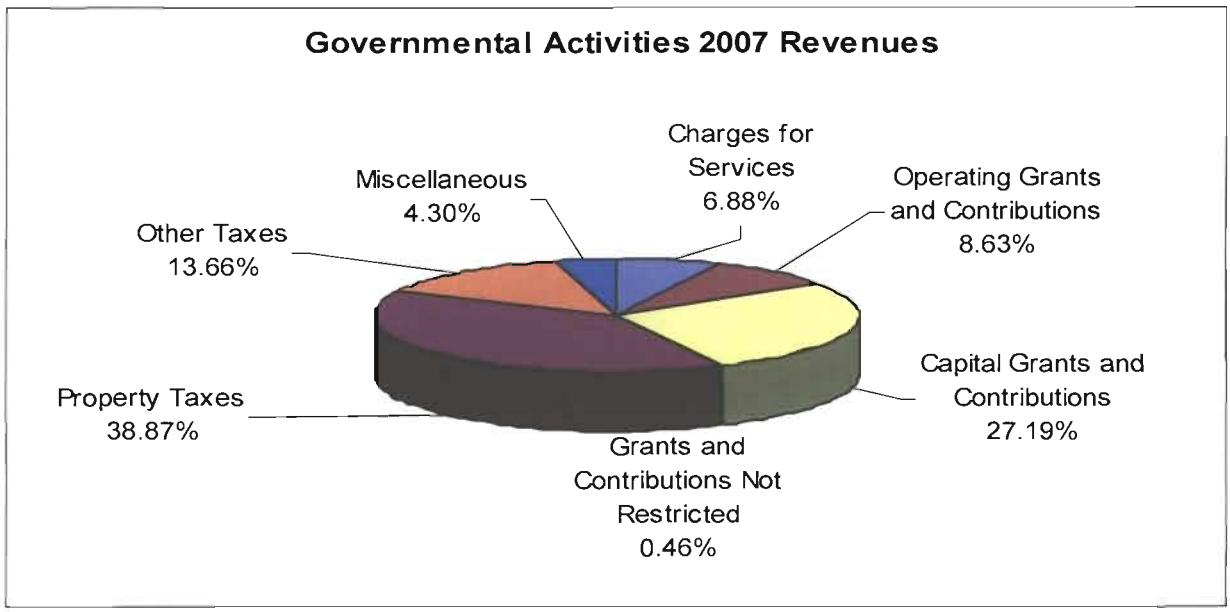
A portion of the City of Clinton's net assets (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($9,724,479) may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the 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.

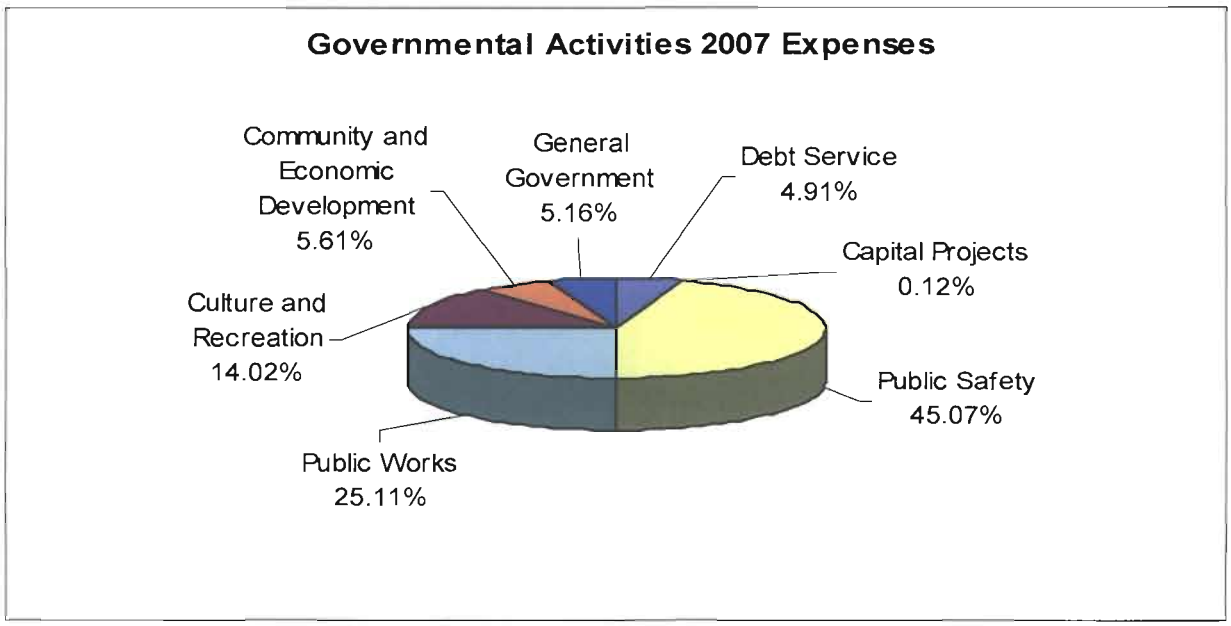
The following is a detailed review of the current year's operation and fiscal year 2005/06.

City of Clinton's Changes in Net Assets
June 30, 2007 and 2006

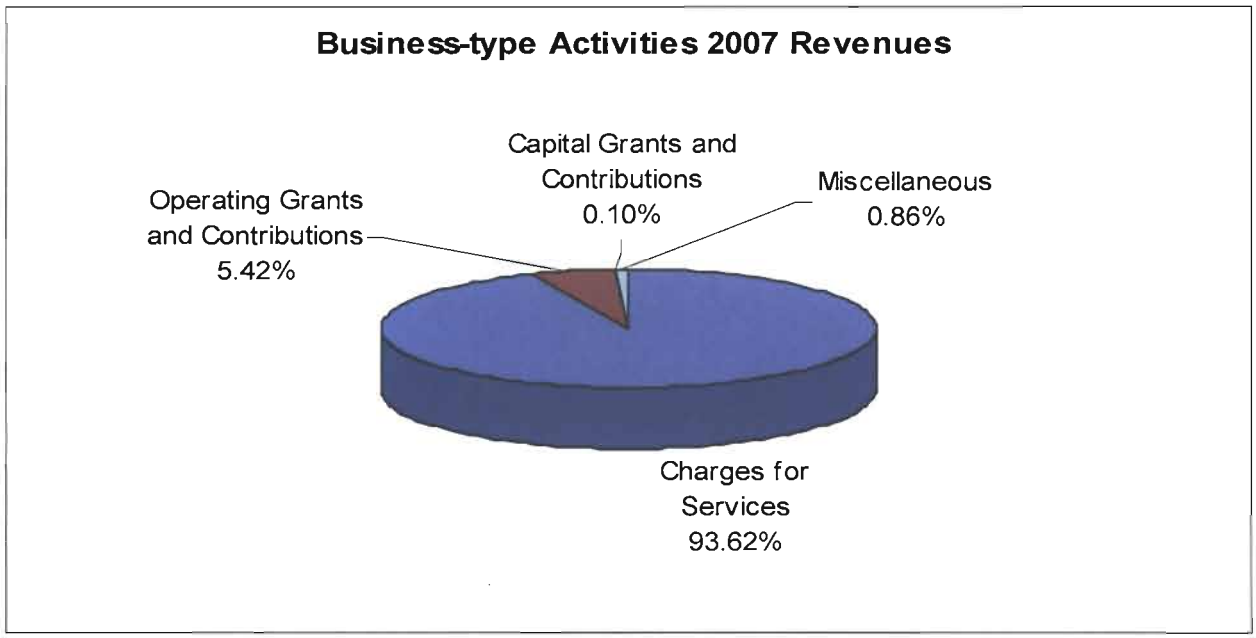
	Governmental Activities 2007	Governmental Activities 2006	**Business-type Activities 2007**	Business-type Activities 2006	**Total 2007**	Total 2006
Revenues:						
Program Revenues:						
Charges for services	**$ 2,148,081**	$ 2,058,323	**$ 8,167,589**	$ 6,843,468	**$ 10,315,670**	$ 8,901,791
Operating grants and contributions	**2,693,891**	3,051,496	**473,201**	641,142	**3,167,092**	3,692,638
Capital grants and contributions	**8,484,855**	4,634,500	**8,742**	302,683	**8,493,597**	4,937,183
General Revenues:						
Property taxes	**12,126,859**	11,468,614	**-**	-	**12,126,859**	11,468,614
Other taxes	**4,263,421**	3,318,609	**-**	-	**4,263,421**	3,318,609
Grants and contributions not restricted to specific programs	**143,163**	143,172	**-**	-	**143,163**	143,172
Miscellaneous	**1,340,845**	355,845	**74,712**	76,289	**1,415,557**	432,134
Total revenues	**31,201,115**	25,030,559	**8,724,244**	7,863,582	**39,925,359**	32,894,141
Expenses:						
Public safety	**9,475,416**	9,062,590	**-**	-	**9,475,416**	9,062,590
Public works	**5,278,666**	4,980,665	**-**	-	**5,278,666**	4,980,665
Culture and recreation	**2,946,489**	2,731,504	**-**	-	**2,946,489**	2,731,504
Community and economic development	**1,178,891**	1,357,633	**-**	-	**1,178,891**	1,357,633
General government	**1,084,581**	1,077,809	**-**	-	**1,084,581**	1,077,809
Debt service	**1,033,138**	1,150,678	**-**	-	**1,033,138**	1,150,678
Capital projects	**24,727**	-	**-**	-	**24,727**	-
Sewer	**-**	-	**4,627,855**	4,652,854	**4,627,855**	4,652,854
Solid waste	**-**	-	**1,234,011**	1,220,393	**1,234,011**	1,220,393
Transit	**-**	-	**1,320,140**	1,274,703	**1,320,140**	1,274,703
Dock operations	**-**	-	**69,354**	70,143	**69,354**	70,143
Marina	**-**	-	**115,063**	106,857	**115,063**	106,857
Parking system	**-**	-	**66,044**	65,135	**66,044**	65,135
Airport operations	**-**	-	**657,103**	644,231	**657,103**	644,231
Total expenses	**21,021,908**	20,360,879	**8,089,570**	8,034,316	**29,111,478**	28,395,195
Increase (decrease) in net assets before transfers	**10,179,207**	4,669,680	**634,674**	(170,734)	**10,813,881**	4,498,946
Transfers	**3,131,115**	(120,968)	**(3,131,115)**	120,968	**-**	-
Increase (decrease) in net assets	**13,310,322**	4,548,712	**(2,496,441)**	(49,766)	**10,813,881**	4,498,946
Net assets - beginning of year	**64,160,167**	59,611,455	**54,793,025**	54,842,791	**118,953,192**	114,454,246
Net assets - end of year	**$ 77,470,489**	$ 64,160,167	**$ 52,296,584**	$ 54,793,025	**$ 129,767,073**	$ 118,953,192

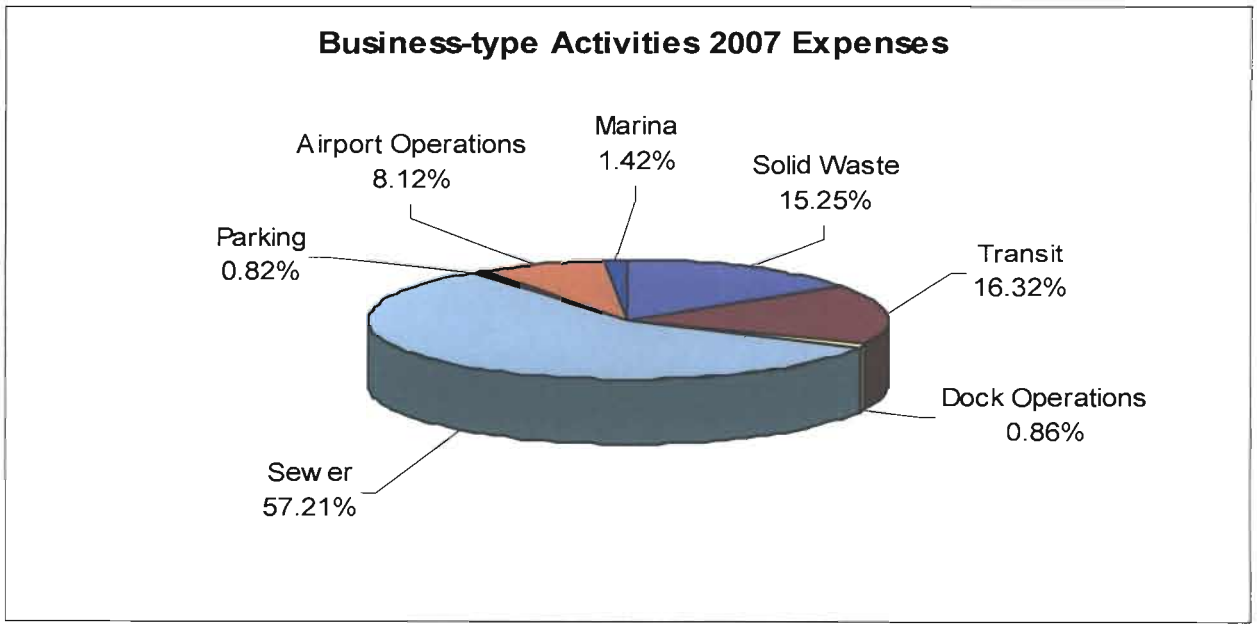
Governmental activities. Governmental activities increased the City's net assets by $13,310,332. This increase combined with the slight decrease in the business-type activities resulted in overall increase of $10,813,881 in net assets of the City as a whole for the fiscal year. The following graphs display the percentage of governmental revenues and expenses allocated by each revenue and expense type:





Business-type activities. As stated earlier, business-type activities decreased the City's total assets by $2,496,441. The Sewer Revenue Fund experienced a reduction of net assets of $2,360,106 due to increased funding requirements of certain capital improvements. The Transit System Fund, Airport Operations Fund and Non Major Enterprise Funds also decreased their respective net asset totals while the Solid Waste Fund increased its total net assets. The graphs which follow display the percentage of revenues and expenses allocated by each revenue and expense type for the business-type activities.





Financial Analysis of the Government's Funds

As noted earlier, the City of Clinton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The financial reporting focus of the City of Clinton's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Clinton's government funds reported combined ending fund balances of $9,101,012, an increase of $2,364,520 in comparison with the prior year. Approximately 86% of this total amount or $7,783,373 constitutes unreserved fund balance, which is available to meet the future financial needs of the City. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has been committed to fund debt service payments, employee retirement and benefit programs, and a variety of other restricted purposes.

The General Fund is the chief operating fund of the City of Clinton. At the end of the current fiscal year, unreserved fund balance of the General Fund was $2,559,542. As a measure of the General Fund's liquidity, it is useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 21% of total General Fund expenditures (excluding transfers out).

The fund balance of the City's General Fund decreased by $189,344 during the current fiscal year. This amount was increased from the $120,490 utilized in the prior year. Management continues its efforts to control and reduce budgeted expenditures in addition to enhancing revenue streams whenever possible.

The Road Use Tax Fund experienced a small decrease in fund balance of $177,304. The fund balance for this fund is $2,354,026. Monies in this fund are used for maintenance of City streets, related engineering expenses and for certain capital improvement projects. The Local Option Sales Tax Fund collects funds from a City 1 cent sales tax. Sales tax collections are used for the retirement of debt issued for major storm sewer improvements and property tax relief. Property tax relief consists of applying local option sales tax funds to debt service requirements on other City bonds and assistance in the payment of employee benefits.

Fund balance for the Capital Projects Fund increased by $2,692,829. This was due to the number of capital improvement projects under contract including those which are a part of the Vision Iowa Capital Project group that had been completed during the prior fiscal year. However, construction of a new marina occurred in the current year and amounted to $3,262,790. Additionally, a major storm sewer separation project amounting to $1,795,155 was completed during the fiscal year. The State of Iowa also purchased on behalf of the City $2,810,850 of property for public improvements and future economic development. Reimbursement to the State will occur in the next two years for properties purchased for economic development purposes. Note proceeds and additional fund transfers in fiscal year 2006/07 replenished fund balances for the major projects.

Proprietary funds. The City of Clinton's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net assets for the City's enterprise funds as of June 30, 2007 were $52,296,584, a decrease of $2,496,441 from the previous fiscal year. This is primarily due to additional funding requirements of certain capital improvements which totaled $1,939,790 for the year. Of the net assets of the enterprise funds, $48,748,278 is invested in capital assets, net of related debt. Unrestricted net assets totaled $969,405.

The City's internal service fund is the Health Insurance Fund for employee health benefits. Net assets for this internal service fund totaled $704,034, a decrease of $17,528 from the prior year.

General Fund Budgetary Highlights

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

- The original operating revenue budget of $8,762,463 was increased to $9,390,732, an increase of $628,269. The primary source of the increase was additional revenues anticipated to be received from the sale of City property amounting to $500,000.

- The original operating expenditure budget of $12,114,100 was increased to $12,343,800, an increase of $229,700. This expenditure increase was distributed between the activities in the General Fund.

- Transfers in were slightly adjusted to reflect anticipated funding needs for employee benefits. Transfers out were decreased slightly for lower than initially anticipated hotel/motel taxes to the Special Revenue Fund.

A schedule detailing budgetary information can be found on pages 55-57 of this report.

Capital Asset and Debt Administration

Capital assets. The City of Clinton's investment in capital assets for its governmental and business-type activities as of June 30, 2007 amounts to $137,045,628 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, park and marina facilities, streets, bridges, traffic signals, storm sewers, sanitary sewers, and sidewalks. The City's investment in capital assets for the current fiscal year increased by $5,719,961 compared to the prior year. Capital assets associated with governmental activities increased by $7,088,723 while capital assets for the business-type activities decreased by $1,368,762.

City of Clinton's Capital Assets
(net of depreciation)

	Governmental Activities 2007	Governmental Activities 2006	**Business-type Activities 2007**	Business-type Activities 2006	**Total 2007**	Total 2006
Land	**$ 17,964,454**	$ 15,153,604	**$ 1,306,993**	$ 1,306,993	**$ 19,271,447**	$ 16,460,597
Construction in progress	**6,239,480**	14,127,972	**314,234**	34,228	**6,553,714**	14,162,200
Machinery and equipment	**2,575,641**	2,367,524	**1,314,882**	1,224,958	**3,890,522**	3,592,482
Land improvements	**426,034**	527,600	**-**	-	**425,735**	527,600
Buildings	**13,435,718**	8,563,814	**14,356,830**	14,853,593	**27,792,548**	23,417,407
Infrastructure	**47,646,023**	40,458,113	**31,465,339**	32,707,268	**79,111,362**	73,165,381
Total	**$ 88,287,350**	$ 81,198,627	**$ 48,758,278**	$ 50,127,040	**$ 137,045,628**	$ 131,325,667

Major capital asset events during the current fiscal year included the following:

- Construction of a new marina facility
- Reconstruction of a bridge on 2nd Avenue South
- Continuation of storm sewer separation in the Liberty Square Redevelopment area
- Purchase of real estate for street construction & economic development in the Liberty Square Redevelopment area

Additional information concerning the City of Clinton's capital assets can be found in Note 5 on pages 47-48 of this report.

Long-term debt. At the end of the current fiscal year, the City of Clinton had total debt outstanding of $23,830,603. Of this amount $19,805,000 comprises debt backed by the full faith and credit of the City. Of this outstanding indebtedness, $3,285,000 is abated from local option sales tax revenues, $1,990,000 from tax increment financing tax revenues, and $155,000 from airport hangar revenues. The economic development note ($754,000) is secured by any tax increment revenues remaining after bonds abated by certain tax increment revenues have been satisfied. The remainder of the City's debt of $3,271,603 represents notes secured solely by revenues generated from sanitary sewer rental fees.

City of Clinton's Outstanding Debt
General Obligation Bonds and Revenue Notes

	Governmental Activities 2007	Governmental Activities 2006	**Business-type Activities 2007**	Business-type Activities 2006	**Total 2007**	Total 2006
General obligation bonds	**$ 19,650,000**	$ 23,360,000	**$ 155,000**	$ 175,000	**$ 19,805,000**	$ 23,535,000
Development note	**754,000**	754,000	**-**	-	**754,000**	754,000
Sewer revenue notes	**-**	-	**3,271,603**	1,204,000	**3,271,603**	1,204,000
Total	**$ 20,404,000**	$ 24,114,000	**$ 3,426,603**	$ 1,379,000	**$ 23,830,603**	$ 25,493,000

During the current fiscal year, the City of Clinton decreased its indebtedness by $1,662,397. This amount reflected planned debt service retirement. The new debt in the amount of $2,321,603 funded sanitary sewer/storm sewer improvements.

The City maintains its A1 rating from Moody's Investors Service.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total assessed valuation. The current debt limitation for the City of Clinton is $55,574,658, which is significantly in excess of the City's outstanding general obligation debt.

Additional information concerning the City of Clinton's long-term debt can be found in Note 6 on pages 49-51 of this report.

Economic Factors and Next Year's Budget and Rates

The City of Clinton's taxable value was $702,066,751 for the 2006/07 fiscal year and increases for fiscal year 2007/08. The City will also realize a 5.2% increase for fiscal year 2008/09. The City continues to experience limited revenue streams as expenditures are increasing faster than increases in property values including new growth. Reductions in the General Fund balance continue to be forecasted through fiscal year 2008/09 before stabilizing. Thereafter, the balance should begin to increase as the result of major industrial expansion. The overall City tax rate decreased slightly for fiscal year 2007/08, and decreases by 1% in 2008/09. Also, the transfer in from the Riverboat Excursion Fund decreases in 2007/08 as does the transfer from the Hotel/Motel Tax Fund. Capital equipment replacements have been delayed until the 2008 capital loan note.

Other concerns for the City include increases in employee health insurance costs, fire and police medical disability expenses and costs for providing basic services. Meanwhile, sources for funding these concerns remain limited in the immediate future without major increases in the property tax rate.

Requests for Information

This financial report is designed to provide a general overview of the City of Clinton's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Deborah K. Neels, Finance Director, City of Clinton, 611 South 3rd Street, Clinton, IA 52733-2958.

CITY OF CLINTON, IOWA
STATEMENT OF NET ASSETS
June 30, 2007

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 7,390,194	$ 1,507,227	$ 8,897,421
Receivables			
Taxes	12,503,809	-	12,503,809
Service fees	948,051	4,574,493	5,522,544
Intergovernmental	682,805	31,170	713,975
Loan	53,486	-	53,486
Special assessments	4,410	-	4,410
Other	164,717	33,714	198,431
Due to/from other funds	(65,000)	65,000	-
Prepaid insurance	7,126	-	7,126
Prepaid - other	30,146	-	30,146
Restricted cash and investments	2,335,841	1,493,005	3,828,846
Capital assets, net of accumulated depreciation	88,287,350	48,758,278	137,045,628
Total assets	112,342,935	56,462,887	168,805,822
LIABILITIES			
Cash overdrafts	199,448	-	199,448
Accounts payable	1,090,499	303,667	1,394,166
Warrants payable	735,255	335,109	1,070,364
Deposits payable	20,119	-	20,119
Accrued interest payable	82,039	-	82,039
Contracts payable	168,554	19,441	187,995
Leases payable	15,159	10,000	25,159
Deferred revenue	11,395,084	1,552	11,396,636
Estimated payable for incurred but not reported claims	276,970	-	276,970
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds	3,600,000	25,000	3,625,000
Notes payable	-	261,000	261,000
Compensated absences	485,319	69,931	555,250
Long-term liabilities:			
Portion due or payable after one year:			
General obligation bonds	16,050,000	130,000	16,180,000
Notes payable	754,000	3,010,603	3,764,603
Total liabilities	34,872,446	4,166,303	39,038,749
NET ASSETS			
Invested in capital assets, net of related debt	67,382,872	48,748,278	116,131,150
Restricted for:			
Police and fire retirement	414,257	-	414,257
Employee benefits	214,811	-	214,811
Capital equipment replacement/repairs	-	2,337,428	2,337,428
Debt service	696,475	241,473	937,948
Endowments	7,000	-	7,000
Unrestricted			
Designated for capital improvements	2,683,078	-	2,683,078
Undesignated	6,071,996	969,405	7,041,401
Total net assets	$ 77,470,489	$ 52,296,584	$ 129,767,073

The notes to the financial statements are an integral part of this statement.

CITY OF CLINTON, IOWA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

		Program Revenues		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
FUNCTIONS/PROGRAMS				
Governmental activities:				
Public safety	$ 9,475,416	$ 792,041	$ 227,818	$ -
Public works	5,278,666	433,900	2,380,636	-
Culture and recreation	2,946,489	715,664	72,963	11,118
Community and economic development	1,178,891	132,742	12,474	389,186
General government	1,084,581	73,734	-	-
Debt service	1,033,138	-	-	-
Capital projects	24,727	-	-	8,084,551
Total governmental activities	21,021,908	2,148,081	2,693,891	8,484,855
Business-type activities				
Sewer	4,627,855	5,661,490	14,356	-
Solid waste	1,234,011	1,473,177	-	-
Transit	1,320,140	238,287	446,867	-
Dock operations	69,354	329,354	-	-
Marina	115,063	88,068	1,522	-
Parking system	66,044	29,973	55	-
Airport operations	657,103	347,240	10,401	8,742
Total business-type activities	8,089,570	8,167,589	473,201	8,742
Total	$ 29,111,478	$ 10,315,670	$ 3,167,092	$ 8,493,597
GENERAL REVENUES				
General property tax				
Delinquent tax				
Tax increment financing				
Mobile home tax				
Hotel/motel tax				
Local option sales tax				
Franchise tax				
Excise tax				
Proceeds from fixed asset sales				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues				
CHANGE IN NET ASSETS				
NET ASSETS, BEGINNING OF YEAR				
NET ASSETS, END OF YEAR				

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
$ (8,455,557)	$ -	$ (8,455,557)
(2,464,130)	-	(2,464,130)
(2,146,744)	-	(2,146,744)
(644,489)	-	(644,489)
(1,010,847)	-	(1,010,847)
(1,033,138)	-	(1,033,138)
8,059,824	-	8,059,824
(7,695,081)	-	(7,695,081)
-	1,047,991	1,047,991
-	239,166	239,166
-	(634,986)	(634,986)
-	260,000	260,000
-	(25,473)	(25,473)
-	(36,016)	(36,016)
-	(290,720)	(290,720)
-	559,962	559,962
(7,695,081)	559,962	(7,135,119)
10,794,819	-	10,794,819
109,026	-	109,026
1,216,297	-	1,216,297
6,717	-	6,717
303,726	-	303,726
3,211,844	-	3,211,844
143,163	-	143,163
747,851	-	747,851
270,000	-	270,000
215,381	74,712	290,093
855,464	-	855,464
3,131,115	(3,131,115)	-
21,005,403	(3,056,403)	17,949,000
13,310,322	(2,496,441)	10,813,881
64,160,167	54,793,025	118,953,192
$ 77,470,489	$ 52,296,584	$ 129,767,073

CITY OF CLINTON, IOWA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

		Special Revenue	
	General	Road Use Tax	Local Option Sales Tax
ASSETS			
Cash and investments	$ 1,573,717	$ 2,236,427	$ -
Receivables			
Taxes	6,876,154	191,336	313,272
Service fees	948,051	-	-
Intergovernmental	6,731	-	-
Loan	-	-	39,912
Special assessments	-	-	-
Other	132,433	2,576	4,375
Due from other funds	-	-	-
Prepaid insurance	-	-	-
Prepaid - other	30,146	-	-
Restricted cash and investments	-	-	-
TOTAL ASSETS	$ 9,567,232	$ 2,430,339	$ 357,559
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Cash overdrafts	$ -	$ -	$ 199,448
Accounts payable	212,853	23,018	-
Warrants payable	81,326	33,176	-
Deposits payable	-	20,119	-
Contracts payable	-	-	-
Due to other funds	-	-	-
Deferred revenue	6,683,365	-	-
Total liabilities	6,977,544	76,313	199,448
FUND BALANCES			
Reserved for:			
Prepaid expenditures	30,146	-	-
Police and fire retirement	-	-	-
Employee benefits	-	-	-
Debt service	-	-	-
Endowments	-	-	-
Unreserved			
Designated for capital improvements	-	-	-
Undesignated			
Reported in			
General fund	2,559,542	-	-
Special revenue funds	-	2,354,026	158,111
Permanent funds	-	-	-
Total fund balances (deficit)	2,589,688	2,354,026	158,111
TOTAL LIABILITIES AND FUND BALANCES	$ 9,567,232	$ 2,430,339	$ 357,559

See notes to financial statements

Special Revenue				
Employee Benefits	Debt Service	Capital Projects	Nonmajor	Total
$ 461,422	$ 782,642	$ 253,506	$ 787,649	$ 6,095,363
3,491,047	1,170,796	-	461,204	12,503,809
-	-	-	-	948,051
-	-	611,528	64,546	682,805
-	-	-	13,574	53,486
-	-	40,284	(35,874)	4,410
-	-	-	25,333	164,717
-	-	110,000	-	110,000
-	-	-	4,500	4,500
-	-	-	-	30,146
-	-	2,335,841	-	2,335,841
$ 3,952,469	$ 1,953,438	$ 3,351,159	$ 1,320,932	$ 22,933,128
$ -	$ -	$ -	$ -	$ 199,448
3,315	-	522,089	16,390	777,665
7,811	25,861	199,572	383,890	731,636
-	-	-	-	20,119
-	-	168,554	-	168,554
-	-	175,000	-	175,000
3,438,440	1,154,487	35,496	447,906	11,759,694
3,449,566	1,180,348	1,100,711	848,186	13,832,116
-	-	-	4,500	34,646
404,077	-	-	-	404,077
98,826	-	-	-	98,826
-	773,090	-	-	773,090
-	-	-	7,000	7,000
-	-	2,250,448	-	2,250,448
-	-	-	-	2,559,542
-	-	-	460,138	2,972,275
-	-	-	1,108	1,108
502,903	773,090	2,250,448	472,746	9,101,012
$ 3,952,469	$ 1,953,438	$ 3,351,159	$ 1,320,932	$ 22,933,128

CITY OF CLINTON, IOWA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2007

Total governmental fund balances (page 26)	$ 9,101,012
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is $146,771,534 and the accumulated depreciation is $58,484,184	88,287,350
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	364,610
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(485,319)
Bonds and notes payable	(20,404,000)
Leases payable	(15,159)
Accrued interest payable	(82,039)
The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	704,034
Net assets of governmental activities (page 22)	$ 77,470,489

See notes to financial statements

CITY OF CLINTON, IOWA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended June 30, 2007

		Special Revenue	
	General	Road Use Tax	Local Option Sales Tax
REVENUES			
Taxes	$ 7,001,963	$ -	$ 3,211,844
Licenses and permits	223,713	48,020	-
Use of money and property	255,008	23,587	52,351
Intergovernmental	213,817	2,380,148	-
Charges for services	1,061,021	218,540	-
Miscellaneous	137,060	14,858	-
Total revenues	8,892,582	2,685,153	3,264,195
EXPENDITURES			
Current			
Public safety	9,030,788	-	-
Public works	65,704	2,202,846	-
Culture and recreation	2,187,855	-	-
Community and economic development	248,260	-	-
General government	795,913	-	-
Capital projects	-	150,954	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	-	-
Policy and Administration	-	-	-
Total expenditures	12,328,520	2,353,800	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,435,938)	331,353	3,264,195
OTHER FINANCING SOURCES (USES)			
Proceeds from fixed asset sales	-	-	-
Operating transfers in	4,423,013	-	-
Operating transfers out	(1,176,419)	(508,657)	(3,184,732)
Total other financing sources (uses)	3,246,594	(508,657)	(3,184,732)
NET CHANGE IN FUND BALANCES	(189,344)	(177,304)	79,463
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	2,779,032	2,531,330	78,648
FUND BALANCES (DEFICIT), END OF YEAR	$ 2,589,688	$ 2,354,026	$ 158,111

See notes to financial statements

Special Revenue				
Employee Benefits	Debt Service	Capital Projects	Nonmajor	Total
$ 3,460,133	$ 1,098,623	$ -	$ 1,583,786	$ 16,356,349
-	-	-	-	271,733
4,441	9,982	38,410	149,264	533,043
-	-	5,260,806	470,347	8,325,118
-	-	-	238,869	1,518,430
-	-	706,201	80,379	938,498
3,464,574	1,108,605	6,005,417	2,522,645	27,943,171
9,295	-	25,186	37,920	9,103,189
-	-	397,266	153,601	2,819,417
-	-	85,920	251,322	2,525,097
-	-	-	927,660	1,175,920
9,084	-	8,691	233,921	1,047,609
-	-	7,342,535	59,799	7,553,288
-	3,710,000	-	-	3,710,000
-	1,005,422	-	-	1,005,422
-	-	36,305	-	36,305
-	3,519	-	-	3,519
18,379	4,718,941	7,895,903	1,664,223	28,979,766
3,446,195	(3,610,336)	(1,890,486)	858,422	(1,036,595)
-	-	270,000	-	270,000
85,000	3,658,580	4,355,830	589,845	13,112,268
(3,513,342)	(43,487)	(42,515)	(1,512,001)	(9,981,153)
(3,428,342)	3,615,093	4,583,315	(922,156)	3,401,115
17,853	4,757	2,692,829	(63,734)	2,364,520
485,050	768,333	(442,381)	536,480	6,736,492
$ 502,903	$ 773,090	$ 2,250,448	$ 472,746	$ 9,101,012

CITY OF CLINTON, IOWA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

Net change in fund balances - total governmental funds (page 29)	$ 2,364,520
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the estimated useful lives of the assets. Depreciation expense exceeded capital outlay in the current year as follows:	
Expenditures for capital assets	10,364,138
Depreciation expense	(3,250,688)
Loss on disposal of fixed assets	(24,727)
Because some revenues will not be collected for several months after year-end, they are not considered available revenues and are deferred in the governmental funds.	177,094
The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The net revenues of certain activities of the internal service fund is reported with governmental activities.	(17,528)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Compensated absences	(24,595)
Interest on long-term debt	12,108
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Issuance of debt is a revenue in the governmental funds, but increases long-term liabilities in the statement of net assets.	3,710,000
Change in net assets of governmental activities (page 24)	$ 13,310,322

See notes to financial statements

CITY OF CLINTON, IOWA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2007

	Enterprise		
	Sewer Revenue	Solid Waste Collection	Transit System
ASSETS			
Cash and investments	$ -	$ 532,995	$ 303,730
Receivables			
Service fees	3,634,561	919,383	-
Intergovernmental	-	-	31,170
Other	5,891	-	8,179
Due from other funds	-	-	-
Prepaid - other	-	-	-
Restricted cash and investments	1,493,005	-	-
Capital assets, net of accumulated depreciation	40,912,346	368,608	1,870,139
Total assets	46,045,803	1,820,986	2,213,218
LIABILITIES			
Accounts payable	217,644	17,077	12,799
Warrants payable	273,506	11,152	3,448
Contracts payable	19,441	-	-
Due to other funds	-	-	-
Compensated absences payable	39,930	6,187	22,668
Notes payable	3,271,603	-	-
Leases payable	-	-	-
General obligation bonds payable	-	-	-
Deferred revenue	-	-	-
Estimated payable for incurred but not reported claims	-	-	-
Total liabilities	3,822,124	34,416	38,915
NET ASSETS			
Invested in capital assets, net of related debt	40,912,346	368,608	1,870,139
Restricted for:			
Capital equipment replacement/repairs	1,559,474	777,954	-
Debt service	241,473	-	-
Unrestricted	(489,614)	640,008	304,164
Total net assets	$ 42,223,679	$ 1,786,570	$ 2,174,303

See notes to financial statements

Enterprise			Internal Service
Airport Operations	Nonmajor Enterprise	Total	Health Insurance
$ 229,175	$ 441,327	$ 1,507,227	$ 1,294,831
-	20,549	4,574,493	-
-	-	31,170	-
15,324	4,320	33,714	-
175,000	-	175,000	-
-	-	-	2,626
-	-	1,493,005	-
2,550,127	3,057,058	48,758,278	-
2,969,626	3,523,254	56,572,887	1,297,457
51,230	4,917	303,667	312,834
43,455	3,548	335,109	3,619
-	-	19,441	-
110,000	-	110,000	-
1,146	-	69,931	-
-	-	3,271,603	-
10,000	-	10,000	-
155,000	-	155,000	-
1,552	-	1,552	-
-	-	-	276,970
372,383	8,465	4,276,303	593,423
2,540,127	3,057,058	48,748,278	-
-	-	2,337,428	-
-	-	241,473	-
57,116	457,731	969,405	704,034
$ 2,597,243	$ 3,514,789	$ 52,296,584	$ 704,034

CITY OF CLINTON, IOWA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2007

	Enterprise		
	Sewer Revenue	Solid Waste Collection	Transit System
OPERATING REVENUES			
Charges for services	$ 5,624,689	$ 1,473,026	$ 232,394
Property rental	-	151	5,885
Miscellaneous	36,801	-	8
Total operating revenues	5,661,490	1,473,177	238,287
OPERATING EXPENSES			
General government			
Contractual services	-	-	-
Business-type/enterprise			
Personal services	1,300,956	383,442	923,665
Commodities	229,321	102,884	182,795
Contractual services	1,494,613	652,025	127,591
Depreciation	1,531,247	95,660	86,089
Total operating expenses	4,556,137	1,234,011	1,320,140
Operating income (loss)	1,105,353	239,166	(1,081,853)
NON-OPERATING REVENUES (EXPENSES)			
Interest revenue	71,598	8,211	1,735
Intergovernmental	380	-	446,867
Proceeds from fixed asset sales	-	-	-
Interest expense	(71,718)	-	-
Total non-operating revenues (expenses)	260	8,211	448,602
INCOME (LOSS) BEFORE TRANSFERS	1,105,613	247,377	(633,251)
Operating transfers in	-	-	584,789
Operating transfers out	(3,465,719)	-	-
CHANGE IN NET ASSETS	(2,360,106)	247,377	(48,462)
NET ASSETS, BEGINNING OF YEAR	44,583,785	1,539,193	2,222,765
NET ASSETS, END OF YEAR	$ 42,223,679	$ 1,786,570	$ 2,174,303

See notes to financial statements

Enterprise			Internal Service
Airport Operations	Nonmajor Enterprise	Total	Health Insurance
$ -	$ 98,224	$ 7,428,333	$ 2,639,139
67,422	349,135	422,593	-
279,818	36	316,663	-
347,240	447,395	8,167,589	2,639,139
-	-	-	2,619,397
70,365	28,953	2,707,381	-
265,667	16,833	797,500	-
130,059	106,685	2,510,973	48,381
183,429	97,990	1,994,415	-
649,520	250,461	8,010,269	2,667,778
(302,280)	196,934	157,320	(28,639)
1,930	5,214	88,688	11,111
19,143	1,577	467,967	-
-	-	-	-
(7,583)	-	(79,301)	-
13,490	6,791	477,354	11,111
(288,790)	203,725	634,674	(17,528)
91,882	7,933	684,604	-
-	(350,000)	(3,815,719)	-
(196,908)	(138,342)	(2,496,441)	(17,528)
2,794,151	3,653,131	54,793,025	721,562
$ 2,597,243	$ 3,514,789	$ 52,296,584	$ 704,034

CITY OF CLINTON, IOWA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
Year Ended June 30, 2007

	Enterprise		
	Sewer Revenue	Solid Waste Collection	Transit System
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 5,000,384	$ 1,312,385	$ 318,317
Cash paid to suppliers	(1,862,899)	(748,528)	(429,368)
Cash paid to employees	(1,297,326)	(389,415)	(918,702)
Net cash provided by (used in) operating activities	1,840,159	174,442	(1,029,753)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Intergovernmental	380	-	-
Operating transfers in	-	-	584,789
Operating transfers out	(3,465,719)	-	-
Net cash provided by (used in) non-capital financing activities	(3,465,339)	-	584,789
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(569,070)	-	(4,500)
Intergovernmental	-	-	446,867
Increase in long-term debt	2,321,603	-	-
Principal payments on long-term debt	(254,000)	-	-
Lease payment	-	-	-
Interest expense	(71,718)	-	-
Net cash provided by (used in) capital and related financing activities	1,426,815	-	442,367
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest revenue	71,598	8,211	1,735
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(126,767)	182,653	(862)
CASH AND INVESTMENTS, JULY 1	1,619,772	350,342	304,592
CASH AND INVESTMENTS, JUNE 30	$ 1,493,005	$ 532,995	$ 303,730
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	$ 1,105,353	$ 239,166	$ (1,081,853)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation expense	1,531,247	95,660	86,089
Changes in assets and liabilities:			
(Increase) decrease in receivables	(661,106)	(160,792)	80,030
(Increase) decrease in prepaid - other	-	-	-
Increase (decrease) in accounts payable	(218,590)	237	(62,471)
Increase (decrease) in warrants payable	79,625	6,144	(56,511)
Increase (decrease) in compensated absences payable	3,630	(5,973)	4,963
Decrease in deferred revenue	-	-	-
Decrease in estimated payable for incurred but not reported claims	-	-	-
Net cash flows provided by (used in) operating activities	$ 1,840,159	$ 174,442	$ (1,029,753)

See notes to financial statements

Enterprise			Internal Service
Airport Operations	Nonmajor Enterprise	Total	Health Insurance
$ 334,746	$ 450,459	$ 7,416,291	$ 2,639,139
(357,119)	(121,208)	(3,519,122)	(2,766,029)
(69,219)	(28,953)	(2,703,615)	-
(91,592)	300,298	1,193,554	(126,890)
-	1,577	1,957	-
91,882	7,933	684,604	-
-	(350,000)	(3,815,719)	-
91,882	(340,490)	(3,129,158)	-
(39,682)	(12,401)	(625,653)	-
19,143	-	466,010	-
-	-	2,321,603	-
(20,000)	-	(274,000)	-
(10,000)	-	(10,000)	-
(7,583)	-	(79,301)	-
(58,122)	(12,401)	1,798,659	-
1,930	5,214	88,688	11,111
(55,902)	(47,379)	(48,257)	(115,779)
285,077	488,706	3,048,489	1,410,610
$ 229,175	$ 441,327	$ 3,000,232	$ 1,294,831
$ (302,280)	$ 196,934	$ 157,320	$ (28,639)
183,429	97,990	1,994,415	-
(11,759)	3,064	(750,563)	-
-	-	-	(2,626)
24,014	1,212	(255,598)	53,792
14,593	1,098	44,949	(197,798)
1,146	-	3,766	-
(735)	-	(735)	-
-	-	-	48,381
$ (91,592)	$ 300,298	$ 1,193,554	$ (126,890)

CITY OF CLINTON, IOWA
STATEMENT OF FIDUCIARY NET ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2007

	Agency Funds
ASSETS	
Cash and investments	$ 424,551
Receivables	
Other	1,952
Prepaid insurance	40,262
Total assets	466,765
LIABILITIES	
Accounts payable	124,366
Warrants payable	342,399
Total liabilities	466,765
NET ASSETS	$ -

See notes to financial statements

CITY OF CLINTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

The notes to the financial statements contain a summary of significant accounting policies and other notes considered necessary for an understanding of the financial statements of the City and are an integral part of this report. The index to the notes is as follows:

1. Summary of Significant Accounting Policies
2. Budgets and Budgetary Accounting
3. Deposits and Investments
4. Fund Transfer Reconciliation
5. Capital Assets
6. Changes in Long-Term Liabilities
7. Risk Management
8. Commitments and Contingent Liabilities
9. Employee Retirement Systems
10. Postemployment Benefits Other Than Pensions
11. Industrial Development Revenue Bonds
12. Subsequent Event

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Clinton was incorporated in 1857 and is a political subdivision of the State of Iowa located in Clinton County. It operates under the Home Rule provisions of the Constitution of Iowa and under a 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, community and economic development, and general government services. The City also provides sewer and solid waste utilities for its citizens, operates a transit system, marina, airport, and a parking system.

Responsibility for the City's operations is vested with the City's elected officials. Management of the City is appointed by and is accountable to the Council.

The City's financial statements are prepared in conformity with accounting principals generally accepted in the United States of America applicable to state and local governments as prescribed by the Governmental Accounting Standards Board. The following represents the more significant accounting and reporting policies and practices used in the preparation of these financial statements:

Reporting Entity

For financial reporting purposes, the City of Clinton 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 of Clinton has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City also participates in several jointly governed organizations that provide goods or 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:

Blackhawk Area Task Force
City Assessor Conference Board
Clinton County Area Solid Waste Agency
Clinton County Communications Commission
East Central Intergovernmental Association
ECIA Regional Planning Affiliation
Enhanced 911 Service Board
Mobile Team Training Unit IV
Resource Enhancement Protection Agency

Government-wide and Fund Financial Statements

The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property 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 net assets presents the City's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management which can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues 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 restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within the governmental and proprietary funds in the financial section of the basic financial statements and are detailed in the supplementary information.

The City reports the following major governmental funds:

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

The Road Use Tax Fund is used to account for state revenue allocated to the City for maintenance and improvements of City streets. This state revenue representing the City's share of state gasoline taxes is received on a per capita basis. State law requires these revenues be received and expensed in a special revenue fund.

The Local Option Sales Tax Fund is used to account for revenue from the 1% local option tax approved by the voters of the City. This revenue has been designated to finance major storm sewer projects and provide property tax relief on a 50/50% basis. This fund also pays principal and interest on bonds which were issued to finance storm sewer projects. Additionally, local option sales taxes provide property tax relief for certain debt requirements and liability insurance.

The Employee Benefits Fund is used to account for the funding of employee benefits related to those City employees who are paid through the General Fund. The benefits are funded by property tax levies and public safety funds designated to be used for City retirement contributions.

The Debt Service Fund is used to account for the accumulation of revenues for payment of principal and interest on general obligation debt including the tax increment portion of the bonds in addition to general obligation refunding bonds.

The Capital Projects Fund is used to account for resources used for the acquisition and construction of capital facilities and certain capital purchases, with the exception of those that are financed by the Enterprise Funds.

The City reports the following major proprietary funds:

The Sewer Revenue Fund is used to account for the operation of the municipally owned sewer treatment plant which provides services to the City. Additionally, this fund accounts for plant improvements, various sewer improvement projects, and reserve requirements according to the provisions of the sewer revenue bond ordinance. Services are primarily supported from user fees.

The Solid Waste Collection Fund is used to account for the operation of the City's refuse collection services and recycling operations including capital equipment replacement. Revenues to fund the services are received from monthly service charges to residential users and the sale of garbage stickers.

The Transit System Fund is used to account for the operation of the municipal transit operations. The service is funded from user fees, grants, and property taxes from a special transit levy. Also included in the Transit System Fund are construction funds for the new transportation facility.

The Airport Operations Fund is used to account for the activities and improvements of the Municipal Airport. Hangar fees and farm land rentals support its operation in addition to an operating subsidy provided by General Fund.

Additionally, the City reports the following fund types:

The Internal Service Fund accounts for the costs related to the City's self-insurance plan which provides health insurance benefits to its employees, City retirees, and two outside agencies. The City Assessor's office, Clinton Housing Authority, and certain retirees have the ability to participate in the plan, but at their cost.

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. The City's fiduciary funds consist of:

Agency funds, which are custodial in nature, report assets and liabilities and do not involve measurement of the results of operations. These funds function primarily as a clearing mechanism for resources which are collected by the City, held for a brief period, and then disbursed to an authorized recipient.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Property taxes, intergovernmental revenue, charges for services, interest and special assessments are susceptible to accrual. The City considers property taxes as available if they are collected within sixty days after year-end. Sales taxes collected and held by the state at year-end on behalf of the City are also recognized as revenue. Other receipts and taxes become measurable and available if the revenue has been earned by year-end and is received within sixty days after year-end.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statement.

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Internal Service Fund are charges to operating activities for employee health insurance benefits. The principal operating revenues of the City's Enterprise Funds are charges to customers for sales and services. Operating expenses for the internal service fund and the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Liabilities, and Equity

The following accounting policies are followed in preparing the combined balance sheet:

Cash and Investments

The City maintains a cash and investment pool for all funds. Cash resources have been pooled in order to maximize investment opportunities. Income from investments purchased with pooled cash is allocated to individual funds based on the fund's average cash balance and legal requirements. Each fund's portion of total cash and investments is reported as such within this report.

State statute authorizes the City to invest public funds in obligations of the United States government and 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 invests in the Iowa Public Agency Investment Trust which is a 2a7 - like pool. The Iowa Public Agency Investment Trust is a common law trust established under Iowa code law and is administered by an appointed investment management company.

Investments are stated at fair value or amortized cost. Amortized cost is used only for money market investments that have a remaining maturity at time of purchase of one year or less.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Receivables and Payables

Property tax receivable is recognized on the levy or lien date, which is the date that the tax asking is certified. Delinquent property tax receivable represents unpaid taxes for the current year and prior years. The succeeding year property tax receivable represents taxes certified to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the budget is required to be certified in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred both in the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property taxes are levied as of July 1 on property values assessed as of January 1, of the previous year. The tax levy is divided into two installments. The first installment becomes delinquent after September 30 and the second is delinquent after March 31 of the following year. Once the installment becomes delinquent, penalties and interest may be assessed. Property taxes attach as an enforceable lien on July 1. Tax collections remitted to the City within sixty days subsequent to June 30 are recorded as property tax revenues for the year ended June 30 in the governmental fund statements. Taxes not collected and remitted to the City within sixty days subsequent to June 30 are delinquent and are recorded as deferred revenue in the governmental funds, but recognized as revenue in the government-wide financial statements.

Accounts receivable are recorded at the time the service is billed. Unbilled usage for services used between scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Reported prepaid items in the governmental funds are offset by fund balance reserves, which indicate that the balances are not available for appropriation.

Restricted Assets

Assets within the individual funds which can be designated by the City Council for any use within the fund's purpose are considered to be unrestricted assets. Assets which are restricted for specific uses by bonded debt requirements, or other requirements are classified as restricted assets.

Capital Assets

Capital assets which include land, construction in progress, machinery and equipment, land improvements, buildings and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets and in the Proprietary Funds Statement of Net Assets. All land is capitalized. All other capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 ($25,000 for buildings and improvements and $50,000 for infrastructure) and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year ended June 30, 2007, no interest expense was added to the cost of assets acquired in the business-type activities.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Machinery and equipment	5-20 years
Land improvements	20 years
Buildings and infrastructure	10-75 years

Deferred Revenue

Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivables not collected within sixty days after year end.

Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and compensatory time benefits payable to the employees. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007.

Long-Term Obligations

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the governmental fund financial statements, reservations of fund balance represent amounts that are not available for appropriation or are legally segregated for a specific purpose. Designations of fund balance indicate management's plans for use of financial resources in a future period. In the government-wide financial statements and the proprietary fund financial statements, restrictions of net assets are limited to outside third-party requirements.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

In accordance with the Code of Iowa, the City Council annually adopts a budget on or before March 15 of each year which becomes effective July 1 following the required public notice and hearing for all funds except permanent and fiduciary funds. The budget may be amended during the year utilizing statutorily prescribed procedures and time limitations. Appropriations as adopted and amended lapse at the end of the fiscal year. For the fiscal year ended June 30, 2007, the budget was amended twice due to increases in public safety overtime, medical disability payments, fuel and equipment purchases funded from grant monies; increased street lighting costs; property insurance allocations, cost of living wage allocations between City functions; principal and interest payments on the 2006 bond issue not previously budgeted; re-alignment of capital projects between fiscal years and corresponding funding resources for those expenditures; to appropriate funds for activities not previously included in the budget - summer youth program, traffic safety enforcement, police and fire capital equipment; to appropriate funding for the engineering costs of Highway 30/67 Reconstruction Phase I, Highway 30 Corridor Study, the Liberty Square Brownsfield Project; and in business activities, transfer of certain sewer improvement projects and related sewer revenue loans to FY2007/08.

Formal and legal budgetary control is based upon eight major classes of expenditures known as functions. These functions are: Public Safety, Public Works, Culture and Recreation, Community and Economic Development, General Government, Debt Service, Capital Projects, and Business-type Activities. Although the budget document presents function expenditures by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level.

The City's budget preparation process begins at the department level. Preliminary budget review of operating department requests is conducted by the City Administrator. A budget proposal is developed by the City Administrator which is a complete financial plan for the upcoming fiscal year. This proposal is submitted to the City Council the first week of February. The Council holds several budget workshops with the City Administrator, department managers, and boards and commissions during February. A public hearing is held the first part of March, and the budget is adopted by the Council and certified to the County Auditor by March 15 preceding the beginning of the fiscal year.

As allowed by GASB Statement No. 41, Budgetary Comparison Schedules - Perspective Differences, the City presents budgetary comparison schedules as required supplementary information based on the program structure of eight functional areas as required by state statute for its legally adopted budget.

The following table, which includes the legally-adopted budgets of all General, Special Revenue, Debt Service, and Capital Projects Funds demonstrates legal compliance:

Function	Budget	Actual	Variance
Public Safety	$ 9,257,200	$ 9,103,189	$ 154,011
Public Works	2,744,500	2,819,417	(74,917)
Culture and Recreation	2,482,500	2,525,097	(42,597)
Community and Economic Development	1,304,300	1,175,920	128,380
General Government	1,059,600	1,047,609	11,991
Debt Service	4,748,000	4,755,246	(7,246)
Capital Projects	9,263,500	7,553,288	1,710,212
Business-type Activities	14,287,190	8,089,570	6,197,620
Total	$ 45,146,790	$ 37,069,336	$ 8,077,454

The overruns for the Public Works and Culture and Recreation functions were a result of reclassifying expenditures from the capital projects function to those functions for items under the government-wide capitalization threshold.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits. At year end, the City's carrying amount of deposits with financial institutions was $8,212,507 and the bank balance was $8,211,975. These bank balances were fully covered by 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.

Investments. The City classifies its investments into categories which present an indication of the level of credit risk in relation to the nature of the investment and the custodial provisions. Category 1 records securities that are insured, registered, held by the City, or held by the City's agent in the City's name. Category 2 denotes uninsured and unregistered securities that are held by a counter party's trust department or agent in the City's name. Category 3 specifies uninsured and unregistered securities that are held by a counter party's trust department or agent in other than the City's name. As of June 30, 2007, the City did not have any assets subject to risk categorization.

The City's investments at June 30, 2007, are as follows:

	Amortized Cost
Investments not subject to categorization:	
Iowa Public Agencies Investment Trust	$ 4,738,863

A reconciliation of cash and investments as shown on the combined balance sheet for the primary government follows:

Carrying amount of deposits	$ 8,212,507
Carrying amount of investments	4,738,863
Total	$ 12,951,370
Cash and investments	$ 8,697,973
Cash and investments - Agency Funds	424,551
Restricted cash and investments	3,828,846
Total	$ 12,951,370

NOTE 4 - FUND TRANSFER RECONCILIATION

	Transfers In	Transfers Out
General	$ 4,423,013	$ 1,176,419
Road Use Tax	-	508,657
Local Option Sales Tax	-	3,184,732
Employee Benefits	85,000	3,513,342
Debt Service	3,658,580	43,487
Capital Projects	4,355,830	42,515
Other Nonmajor Governmental Funds	589,845	1,512,001
Sewer Revenue	-	3,465,719
Transit System	584,789	-
Airport Operations	91,882	-
Other Nonmajor Proprietary Funds	7,933	350,000
	$ 13,796,872	$ 13,796,872

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

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
Governmental activities:				
Capital assets, not being depreciated:				
Land	$15,153,604	$ 2,810,850	$ -	$17,964,454
Construction in progress	14,127,972	6,825,400	14,713,892	6,239,480
Total capital assets, not being depreciated	29,281,576	9,636,250	14,713,892	24,203,934
Capital assets, being depreciated				
Machinery and equipment	12,525,585	759,128	50,000	13,234,713
Land improvements	2,058,737	-	7,066	2,051,671
Buildings	12,617,714	5,286,550	-	17,904,264
Infrastructure	79,980,850	9,396,102	-	89,376,952
Total capital assets, being depreciated	107,182,886	15,441,780	57,066	122,567,600
Less accumulated depreciation for:				
Machinery and equipment	10,158,061	532,261	31,250	10,659,072
Land improvements	1,531,137	95,589	1,089	1,625,637
Buildings	4,053,900	414,646	-	4,468,546
Infrastructure	39,522,737	2,208,192	-	41,730,929
Total accumulated depreciation	55,265,835	3,250,688	32,339	58,484,184
Total capital assets, being depreciated, net	51,917,051	12,191,092	24,727	64,083,416
Governmental activities capital assets, net	$81,198,627	$21,827,342	$14,738,619	$88,287,350

Depreciation expense was charged to the governmental functions as follows:

Public works	$ 2,452,126
Public safety	349,225
Culture and recreation	415,012
General government	34,325
	$ 3,250,688

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 1,306,993	$ -	$ -	$ 1,306,993
Construction in progress	34,228	280,006	-	314,234
Total capital assets, not being depreciated	1,341,221	280,006	-	1,621,227
Capital assets, being depreciated				
Machinery and equipment	6,504,085	345,647	-	6,849,732
Land improvements	319,900	-	-	319,900
Buildings	25,774,808	-	-	25,774,808
Infrastructure	73,475,218	-	-	73,475,218
Total capital assets, being depreciated	106,074,011	345,647	-	106,419,658
Less accumulated depreciation for:				
Machinery and equipment	5,279,127	255,723	-	5,534,850
Land improvements	319,900	-	-	319,900
Buildings	10,921,215	496,763	-	11,417,978
Infrastructure	40,767,950	1,241,929	-	42,009,879
Total accumulated depreciation	57,288,192	1,994,415	-	59,282,607
Total capital assets, being depreciated, net	48,785,819	(1,648,768)	-	47,137,051
Business-type activities capital assets, net	$50,127,040	$(1,368,762)	$ -	$48,758,278

Depreciation expense was charged to the governmental functions as follows:

Sewer	$ 1,531,247
Solid waste	95,660
Transit	86,089
Airport operations	183,429
Other business-type funds	97,990
	$ 1,994,415

NOTE 6 - CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Amounts Due One Year
Governmental activities					
General obligation	$ 23,360,000	$ -	$ 3,710,000	$ 19,650,000	$ 3,600,000
Notes payable	754,000	-	-	754,000	-
Accrued compensated absences	460,724	737,079	712,484	485,319	485,319
Governmental activities, long-term liabilities	$ 24,574,724	$ 737,079	$ 4,422,484	$ 20,889,319	$ 4,085,319
Business-type activities					
General obligation	$ 175,000	$ -	$ 20,000	$ 155,000	$ 25,000
Sewer revenue capital notes	1,204,000	2,321,603	254,000	3,271,603	261,000
Accrued compensated absences	66,165	110,825	107,059	69,931	69,931
Business-type activities, long-term liabilities	$ 1,445,165	$ 2,432,428	$ 381,059	$ 3,496,534	$ 355,931

Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and procurement of capital equipment. General obligation bonds have been issued for general government. In 2006, $4,275,000 of bonds were issued for the purpose of refunding 1997 and 1999 issues which contained higher interest rates. The amounted refunded was $4,205,000 and included a portion of the 1997 issue used to construct hangars at the airport. As in prior years, rental revenue from the hangars will pay the general long-term debt principal and interest associated with construction of the hangars. The liability for those bonds is included in that enterprise fund.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. General obligation bonds outstanding at June 30, 2007 are as follows:

Purpose	Date of Issue	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Corporate purpose	03/01/01	4.20-4.25	$ 3,415,000	$ 1,575,000
Refunding	05/01/01	3.35-4.50	5,575,000	2,640,000
Corporate purpose	11/01/03	3.00-5.00	630,000	430,000
Corporate purpose	11/01/03	1.75-3.75	2,800,000	2,650,000
Refunding	06/15/04	2.00-3.15	7,650,000	2,185,000
Corporate purpose	05/01/06	5.40-5.70	7,620,000	6,855,000
Corporate purpose	05/01/06	4.00-4.25	3,470,000	3,470,000
			$31,160,000	$19,805,000

Annual debt service requirements to maturity for general obligation bonds, including interest of $3,659,107, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2008	$ 3,625,000	$ 820,888	$ 4,445,888
2009	3,730,000	691,008	4,421,008
2010	2,920,000	546,771	3,466,771
2011	1,985,000	422,662	2,407,662
2012	1,665,000	339,917	2,004,917
2013-2018	5,880,000	837,861	6,717,861
Total	$ 19,805,000	$ 3,659,107	$ 23,464,107

Notes Payable. Notes payable have been issued to provide funds for economic development and for sewer plant improvements. Notes payable at June 30, 2007 are as follows:

Purpose	Date of Issue	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Economic Development	07/01	6.00%	$ 800,000	$ 754,000
Sewer plant Improvements	11/11/93	4.62%	2,564,000	1,054,000
Sewer separation project	08/03/06	3.00%	2,321,603	2,217,603
			$ 5,685,603	$ 4,025,603

Debt service requirements to maturity, including interest of $1,058,205 on notes payable, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2008	$ 265,000	$ 129,695	$ 394,695
2009	275,000	119,201	394,201
2010	285,000	108,295	393,295
2011	296,000	96,974	392,974
2012	308,000	85,195	393,195
2013-2017	857,000	289,885	1,146,885
2018-2022	1,521,000	175,590	1,696,590
2023-2026	218,603	53,370	271,973
Total	$ 4,025,603	$ 1,058,205	$ 5,083,808

The resolutions providing for the issuance of the revenue notes include the following provisions:

(a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.

(b) Sufficient monthly transfers shall be made to a separate sewer revenue note sinking fund for the purpose of making the note principal and interest payments when due.

(c) Additional monthly transfers to a sewer revenue reserve account shall be made until specific minimum balances have been accumulated. This account is restricted for the purpose of paying note principal and interest when there are insufficient funds in the sinking fund.

(d) Additional monthly transfers of $25,000 shall be made to the improvement fund until specific minimum balances have been accumulated. This account is restricted for the purpose of paying any extraordinary repairs and expenses, renewals and replacements not included in the current budget, capital improvement to the system, and note and interest payments which the other accounts might be unable to make.

(e) All funds remaining in the sewer rental account after the payment of all maintenance and operating expenses and required transfers shall be placed in a sewer revenue surplus account. This account is restricted for the purpose of paying for any extraordinary repairs or replacements to the system or for note and interest payments which the other accounts might be unable to make.

Operating Leases. The City has an operating lease for occupancy of a building and parking for the police department which resulted in rent paid of $46,446 for the year ended June 30, 2007.

The original lease agreement was signed in November, 1997 and renewed in October, 2003. The term of the lease is three years with two one year options at current monthly payments of $3,820. On February 14, 2006, the City exercised the two one year options.

NOTE 7 - RISK MANAGEMENT

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 509 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each members' annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions. The City has elected not to obtain this coverage from the Pool.

The City's contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2007 were $300,271.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to $250,000 per claim. Claims exceeding $250,000 are reinsured in an amount not to exceed $1,750,000 per claim and $5,000,000 in aggregate per year. For members requiring specific coverage from $2,000,000 to $10,000,000 such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to $100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2007, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given sixty days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City has established a Health Insurance Fund for insuring benefits provided to City employees, covered dependents, retirees, and two outside agencies which is included in the Internal Service Fund Type. Health benefits were self-insured up to a specific stop loss amount of $35,000, and an aggregate stop loss of approximately $2.2 million for 2007. Coverage from a private insurance company is maintained for losses in excess of the stop loss amount. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate.

All funds of the City participate in the program and make payments to the Health Insurance Fund based on actuarial estimates of the amounts needed to pay prior-year and current-year claims. Certain retirees and the two outside agencies make payments directly to the fund. The claims liability of $276,970 in the Health Insurance Fund is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The estimated claims liability does not include any allocated or unallocated claims adjustment expenses.

Changes in reported liabilities for the fiscal year ended June 30, 2007 are summarized as follows:

Liability at June 30, 2006	$ 228,589
Claims and changes in estimates during fiscal year 2007	2,167,573
Claim payments	(2,119,192)
Liability at June 30, 2007	$ 276,970

Settled claims have not exceeded commercial coverages in any of the last three fiscal years.

NOTE 8 - COMMITMENTS AND CONTINGENT LIABILITIES

Grants

The City has received financial assistance from numerous federal and state agencies in the form of grants and entitlements. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a material effect on the City's financial position as of June 30, 2007.

Construction Contracts

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2007. The City has additional commitments for signed construction contracts of approximately $12,337,959 as of June 30, 2007. These commitments will be funded from bond proceeds, grants, and resources already accumulated.

NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS

MFPRSI

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits which are established by State statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 2836 104th Street, Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate, based upon actuarially determined normal contribution rate, and can not be less than 17.00% of earnable compensation. Contribution requirements are established by State statute. The City's contributions to the Plan for the years ended June 30, 2007, 2006, and 2005, were $1,246,446, $1,177,902, and $1,016,545, respectively, which met the required contribution for each year.

IPERS

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.

Most regular plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of covered payroll. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The City's contributions to IPERS for the years ended June 30, 2007, 2006, and 2005 were $259,922, $249,635, and $245,028, respectively, equal to the required contributions for each year.

NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The City pays for the health insurance premiums for 18 of its retirees to participate in the City's health insurance plan until the age of 65. Health insurance premiums paid during the year ended June 30, 2007 totaled $81,774. The City also pays a Medicare supplement insurance charge for 3 retirees. Those premium payments amounted to $5,787.

NOTE 11 - INDUSTRIAL DEVELOPMENT REVENUE BONDS

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The City has issued a total of $145,305,000 of industrial development revenue bonds.

NOTE 12 - SUBSEQUENT EVENT

The City Council approved a loan and disbursement agreement between the City, Iowa Finance Authority, Iowa Department of Natural Resources and Wells Fargo Bank on November 27, 2007. The amount of the sewer revenue capital loan note, series 2007, was $9,898,000. The note was dated December 13, 2007 at an interest rate of 3% with final maturity on June 1, 2028. Proceeds from the note will be used to fund the sewer separation projects and sanitary sewer construction projects in the City. Funds from the note will be requested by the City as costs on the project are incurred. Upon completion of the project and the determination of final project costs, the final debt service retirement schedule will be determined. Sewer charges will pay the principal and interest costs as stated on the retirement schedule.

CITY OF CLINTON, IOWA
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS - GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
Year Ended June 30, 2007

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
REVENUES			
Taxes	$ 16,356,349	$ -	$ 16,356,349
Licenses and permits	271,733	-	271,733
Use of money and property	533,043	88,688	621,731
Intergovernmental	8,325,118	467,967	8,793,085
Charges for services	1,518,430	7,428,333	8,946,763
Property rental	-	422,593	422,593
Special assessments	-	-	-
Miscellaneous	938,498	316,663	1,255,161
Total revenues	27,943,171	8,724,244	36,667,415
EXPENDITURES			
Current			
Public safety	9,103,189	-	9,103,189
Public works	2,819,417	-	2,819,417
Culture and recreation	2,525,097	-	2,525,097
Community and economic development	1,175,920	-	1,175,920
General government	1,047,609	-	1,047,609
Debt service	4,755,246	-	4,755,246
Capital projects	7,553,288	-	7,553,288
Business-type activities	-	8,089,570	8,089,570
Total expenditures	28,979,766	8,089,570	37,069,336
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,036,595)	634,674	(401,921)
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	-
Proceeds from fixed asset sales	270,000	-	270,000
Operating transfers in	13,112,268	684,604	13,796,872
Operating transfers out	(9,981,153)	(3,815,719)	(13,796,872)
Total other financing sources (uses)	3,401,115	(3,131,115)	270,000
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES UNDER EXPENDITURES AND OTHER FINANCING USES	2,364,520	(2,496,441)	(131,921)
FUND BALANCE, BEGINNING OF YEAR	6,736,492	54,793,025	61,529,517
FUND BALANCE, END OF YEAR	$ 9,101,012	$ 52,296,584	$ 61,397,596

Budgeted Amounts		Variance with Final Budget Positive (Negative)
Original	Final	
$ 15,924,166	$ 16,510,092	$ (153,743)
204,700	208,000	63,733
669,400	766,100	(144,369)
11,289,140	10,163,800	(1,370,715)
9,046,200	8,943,500	3,263
-	-	422,593
-	25,000	(25,000)
4,409,900	3,705,900	(2,450,739)
41,543,506	40,322,392	(3,654,977)
8,670,700	9,257,200	154,011
2,422,800	2,744,500	(74,917)
2,348,800	2,482,500	(42,597)
1,468,200	1,304,300	128,380
1,238,300	1,059,600	11,991
4,340,800	4,748,000	(7,246)
10,656,722	9,263,500	1,710,212
32,815,100	14,287,190	6,197,620
63,961,422	45,146,790	8,077,454
(22,417,916)	(4,824,398)	4,422,477
21,928,400	6,888,700	(6,888,700)
-	-	270,000
9,918,198	13,757,012	39,860
(9,918,198)	(13,757,012)	(39,860)
21,928,400	6,888,700	(6,618,700)
(489,516)	2,064,302	(2,196,223)
13,681,887	12,625,989	48,903,528
$ 13,192,371	$ 14,690,291	$ 46,707,305

CITY OF CLINTON, IOWA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
June 30, 2007

The budgetary comparison is presented as Required Supplementary Information in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on or before March 15 of each year which becomes effective July 1 following the required public notice and hearing for all funds except permanent and fiduciary funds. The budget may be amended during the year utilizing statutorily prescribed procedures and time limitations. Appropriations as adopted and amended lapse at the end of the fiscal year.

Formal and legal budgetary control is based upon eight major classes of disbursements known as functions, not by fund or fund type. These eight functions are: Public Safety, Public Works, Culture and Recreation, Community and Economic Development, General Government, Debt Service, Capital Projects, and Business-type Activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and Enterprise Funds. Although the budget document presents function disbursement by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments decreased budget disbursements by $18,814,632. These budget amendments are reflected in the final budgeted amounts.

The City's budget preparation process begins at the department level. Preliminary budget review of operating department requests is conducted by the City Administrator. A budget proposal is developed by the City Administrator which is a complete financial plan for the upcoming fiscal year. This proposal is submitted to the City Council the first week of February. The Council holds several budget workshops with the City Administrator, department managers, and boards and commissions during February. A public hearing is held the first part of March, and the budget is adopted by the Council and certified to the County Auditor by March 15 preceding the beginning of the fiscal year.

During the year ended June 30, 2007, disbursements in the public works, culture and recreation, and debt service functions exceeded the amounts budgeted.

CITY OF CLINTON, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2007

	Special Revenue		
	Leisure/ Cultural Programs	Community and Economic Development	Tort Liability
ASSETS			
Cash and investments	$ 70,061	$ 368,510	$ 20,802
Receivables			
Taxes	-	-	-
Intergovernmental	-	58,437	-
Loan	-	13,574	-
Special assessments	-	-	-
Other	24,545	-	-
Prepaid insurance	-	-	4,500
TOTAL ASSETS	$ 94,606	$ 440,521	$ 25,302
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 2,328	$ 3,341	$ -
Warrants payable	35,487	213,560	4,500
Deferred revenue	-	-	-
Total liabilities	37,815	216,901	4,500
FUND BALANCES			
Fund balance			
Reserved for prepaid expenditures	-	-	4,500
Reserved for endowments	-	-	-
Unreserved			
Undesignated			
Reported in			
Special revenue funds	56,791	223,620	16,302
Permanent funds	-	-	-
Total fund balances	56,791	223,620	20,802
TOTAL LIABILITIES AND FUND BALANCES	$ 94,606	$ 440,521	$ 25,302

Special Revenue	Permanent		
Miscellaneous	Hayes Trust	Boyd Henningsen Trust	Total
$ 320,168	$ 3,497	$ 4,611	$ 787,649
461,204	-	-	461,204
6,109	-	-	64,546
-	-	-	13,574
(35,874)	-	-	(35,874)
788	-	-	25,333
-	-	-	4,500
$ 752,395	$ 3,497	$ 4,611	$ 1,320,932
$ 10,721	$ -	$ -	$ 16,390
130,343	-	-	383,890
447,906	-	-	447,906
588,970	-	-	848,186
-	-	-	4,500
-	3,000	4,000	7,000
163,425	-	-	460,138
-	497	611	1,108
163,425	3,497	4,611	472,746
$ 752,395	$ 3,497	$ 4,611	$ 1,320,932

CITY OF CLINTON, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2007

	Special Revenue		
	Leisure/ Cultural Programs	Community and Economic Development	Tort Liability
REVENUES			
Taxes	$ -	$ -	$ -
Use of money and property	141,730	2,063	-
Intergovernmental	45,335	389,186	-
Charges for services	238,869	-	-
Miscellaneous	14,180	-	-
Total revenues	440,114	391,249	-
EXPENDITURES			
Current			
Public safety	11,380	-	-
Public works	-	-	-
Culture and recreation	229,414	-	-
Community and economic development	55,000	428,375	-
General government	-	-	233,921
Capital projects	43,327	-	-
Total expenditures	339,121	428,375	233,921
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	100,993	(37,126)	(233,921)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	289,011	52,242	245,319
Operating transfers out	(455,849)	-	-
Total other financing sources (uses)	(166,838)	52,242	245,319
NET CHANGE IN FUND BALANCES	(65,845)	15,116	11,398
FUND BALANCES, BEGINNING OF YEAR	122,636	208,504	9,404
FUND BALANCES, END OF YEAR	$ 56,791	$ 223,620	$ 20,802

Special Revenue	Permanent		
Miscellaneous	Hayes Trust	Boyd Henningsen Trust	Total
$ 1,583,786	$ -	$ -	$ 1,583,786
5,397	32	42	149,264
35,826	-	-	470,347
-	-	-	238,869
66,199	-	-	80,379
1,691,208	32	42	2,522,645
26,540	-	-	37,920
153,601	-	-	153,601
21,908	-	-	251,322
444,285	-	-	927,660
-	-	-	233,921
16,472	-	-	59,799
662,806	-	-	1,664,223
1,028,402	32	42	858,422
3,273	-	-	589,845
(1,056,152)	-	-	(1,512,001)
(1,052,879)	-	-	(922,156)
(24,477)	32	42	(63,734)
187,902	3,465	4,569	536,480
$ 163,425	$ 3,497	$ 4,611	$ 472,746

CITY OF CLINTON, IOWA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2007

	Dock Operations	Marina	Parking System	Total
ASSETS				
Cash and investments	$ 289,287	$ 62,101	$ 89,939	$ 441,327
Receivables				
Service fees	20,549	-	-	20,549
Other	-	4,240	80	4,320
Capital assets, net of accumulated depreciation	2,273,998	555,106	227,954	3,057,058
Total assets	2,583,834	621,447	317,973	3,523,254
LIABILITIES				
Accounts payable	-	4,603	314	4,917
Warrants payable	-	3,154	394	3,548
Total liabilities	-	7,757	708	8,465
NET ASSETS				
Invested in capital assets, net of related debt	2,273,998	555,106	227,954	3,057,058
Unrestricted	309,836	58,584	89,311	457,731
Total net assets	$ 2,583,834	$ 613,690	$ 317,265	$ 3,514,789

CITY OF CLINTON, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
Year Ended June 30, 2007

	Dock Operations	Marina	Parking System	Total
OPERATING REVENUES				
Charges for services	$ 71,354	$ -	$ 26,870	$ 98,224
Property rental	258,000	88,032	3,103	349,135
Miscellaneous	-	36	-	36
Total operating revenues	329,354	88,068	29,973	447,395
OPERATING EXPENSES				
Business-type/enterprise				
Personal services	-	-	28,953	28,953
Commodities	-	12,819	4,014	16,833
Contractual services	6,129	68,926	31,630	106,685
Depreciation	63,225	33,318	1,447	97,990
Total operating expenses	69,354	115,063	66,044	250,461
Operating income (loss)	260,000	(26,995)	(36,071)	196,934
NON-OPERATING REVENUES				
Interest revenue	3,804	393	1,017	5,214
Intergovernmental	-	1,522	55	1,577
Total non-operating revenues	3,804	1,915	1,072	6,791
INCOME (LOSS) BEFORE TRANSFERS	263,804	(25,080)	(34,999)	203,725
Operating transfers in	-	-	7,933	7,933
Operating transfers out	(350,000)	-	-	(350,000)
CHANGE IN NET ASSETS	(86,196)	(25,080)	(27,066)	(138,342)
NET ASSETS, BEGINNING OF YEAR,	2,670,030	638,770	344,331	3,653,131
NET ASSETS, END OF YEAR	$ 2,583,834	$ 613,690	$ 317,265	$ 3,514,789

CITY OF CLINTON, IOWA
COMBINING STATEMENT OF CASH FLOWS -
NONMAJOR ENTERPRISE FUNDS
Year Ended June 30, 2007

	Dock Operations	Marina	Parking System	Total Nonmajor Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 331,449	$ 89,040	$ 29,970	$ 450,459
Cash paid to suppliers	(6,129)	(78,671)	(36,408)	(121,208)
Cash paid to employees	-	-	(28,953)	(28,953)
Net cash provided by (used in) operating activities	325,320	10,369	(35,391)	300,298
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Intergovernmental	-	1,522	55	1,577
Operating transfers in	-	-	7,933	7,933
Operating transfers out	(350,000)	-	-	(350,000)
Net cash provided by (used in) non-capital financing activities	(350,000)	1,522	7,988	(340,490)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	-	-	(12,401)	(12,401)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest revenue	3,804	393	1,017	5,214
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(20,876)	12,284	(38,787)	(47,379)
CASH AND INVESTMENTS, JULY 1	310,163	49,817	128,726	488,706
CASH AND INVESTMENTS, JUNE 30	$ 289,287	$ 62,101	$ 89,939	$ 441,327
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	$ 260,000	$ (26,995)	$ (36,071)	$ 196,934
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation expense	63,225	33,318	1,447	97,990
Changes in assets and liabilities:				
(Increase) decrease in receivables	2,095	972	(3)	3,064
Increase (decrease) in accounts payable	-	1,636	(424)	1,212
Increase (decrease) in warrants payable	-	1,438	(340)	1,098
Net cash flows provided by (used in) operating activities	$ 325,320	$ 10,369	$ (35,391)	$ 300,298

CITY OF CLINTON, IOWA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2007

	Payroll Clearing Fund	Miscellaneous Clearing Fund	Total
ASSETS			
Cash and investments	$ 423,942	$ 609	$ 424,551
Receivables			
Other	-	1,952	1,952
Prepaid insurance	40,262	-	40,262
TOTAL ASSETS	$ 464,204	$ 2,561	$ 466,765
LIABILITIES			
Accounts payable	$ 124,366	$ -	$ 124,366
Warrants payable	339,838	2,561	342,399
TOTAL LIABILITIES	$ 464,204	$ 2,561	$ 466,765

CITY OF CLINTON, IOWA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2007

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
Payroll Clearing Fund				
Assets:				
Cash and investments	$ 396,752	$ 11,907,461	$ 11,880,271	$ 423,942
Prepaid insurance	48,253	40,262	48,253	40,262
Total assets	$ 445,005	$ 11,947,723	$ 11,928,524	$ 464,204
Liabilities:				
Accounts payable	$ 120,035	$ 5,701,459	$ 5,697,128	$ 124,366
Warrants payable	324,970	9,609,541	9,594,673	339,838
Total liabilities	$ 445,005	$ 15,311,000	$ 15,291,801	$ 464,204
Miscellaneous Clearing Fund				
Assets:				
Cash and investments	$ 1,898	$ 12,961	$ 14,250	$ 609
Receivables				
Other	1,787	1,952	1,787	1,952
Total assets	$ 3,685	$ 14,913	$ 16,037	$ 2,561
Liabilities:				
Accounts payable	$ -	$ 5,903	$ 5,903	$ -
Warrants payable	3,685	5,903	7,027	2,561
Total liabilities	$ 3,685	$ 11,806	$ 12,930	$ 2,561
Total All Funds				
Assets:				
Cash and investments	$ 398,650	$ 11,920,422	$ 11,894,521	$ 424,551
Receivables				
Other	1,787	1,952	1,787	1,952
Prepaid insurance	48,253	40,262	48,253	40,262
Total assets	$ 448,690	$ 11,962,636	$ 11,944,561	$ 466,765
Liabilities:				
Accounts payable	$ 120,035	$ 5,707,362	$ 5,703,031	$ 124,366
Warrants payable	328,655	9,615,444	9,601,700	342,399
Total liabilities	$ 448,690	$ 15,322,806	$ 15,304,731	$ 466,765

CITY OF CLINTON, IOWA
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES
BY FUNCTION - ALL GOVERNMENTAL FUND TYPES
For the Last Four Years

	2007	2006	2005	2004
REVENUES				
Taxes	$ 16,356,349	$ 15,093,950	$ 14,569,285	$ 13,209,020
Licenses and permits	271,733	192,010	247,289	183,969
Use of money and property	533,043	509,542	407,488	413,213
Intergovernmental	8,325,118	6,926,122	4,384,103	5,324,550
Charges for services	1,518,430	1,363,812	1,338,684	1,104,422
Miscellaneous	938,498	970,657	309,536	349,131
TOTAL REVENUES	$ 27,943,171	$ 25,056,093	$ 21,256,385	$ 20,584,305
EXPENDITURES				
Current				
Public safety	$ 9,103,189	$ 8,704,919	$ 8,118,198	$ 7,773,283
Public works	2,819,417	2,689,177	2,680,519	2,371,651
Culture and recreation	2,525,097	2,443,820	2,468,359	2,291,667
Community and economic development	1,175,920	1,356,850	1,718,548	737,029
General government	1,047,609	1,050,086	972,907	1,039,592
Debt service	4,755,246	8,379,435	4,140,643	12,068,982
Capital projects	7,553,288	12,522,925	4,852,235	4,907,607
TOTAL EXPENDITURES	$ 28,979,766	$ 37,147,212	$ 24,951,409	$ 31,189,811

CITY OF CLINTON, IOWA
ACTUAL PROPERTY VALUATION COMPARISON

(Unaudited)

Fiscal Year:	2002/03	2003/04	2004/05	2005/06	2006/07
January 1 Valuation	2001	2002	2003	2004	2005
Residential property	$ 580,596,303	$ 601,468,174	$ 620,381,886	$ 651,917,505	$ 680,990,248
Commercial property	195,577,009	195,439,760	213,052,556	212,733,005	239,709,838
Industrial property	88,683,701	97,578,888	97,047,192	90,567,968	92,280,556
Machinery and equipment	26,129,207	-	-	-	-
Utilities	74,135,202	76,758,342	79,872,814	85,108,878	87,104,661
Other	446,750	446,750	446,750	446,750	446,750
Subtotal	965,568,172	971,691,914	1,010,801,198	1,040,774,106	1,100,532,053
Agricultural land	12,307,399	12,295,305	10,210,421	10,420,888	10,961,103
TOTAL	$ 977,875,571	$ 983,987,219	$ 1,021,011,619	$ 1,051,194,994	$ 1,111,493,156

CITY OF CLINTON, IOWA
TAXABLE PROPERTY VALUATION COMPARISON

(Unaudited)

Fiscal Year:	2002/03	2003/04	2004/05	2005/06	2006/07
January 1 Valuation	2001	2002	2003	2004	2005
Residential property	$ 299,980,330	$ 309,078,746	$ 300,611,316	$ 312,687,063	$ 310,556,419
Commercial property	191,215,889	195,439,760	211,469,613	212,733,005	237,440,179
Industrial property	88,683,701	97,578,888	97,047,192	90,567,968	92,280,556
Machinery and equipment	26,129,207	-	-	-	-
Utilities	74,103,520	76,758,342	68,461,470	65,735,002	65,194,081
Other	446,750	446,750	446,750	446,750	446,750
Subtotal	680,559,397	679,302,486	678,036,341	682,169,788	705,917,985
Less military exemptions	4,284,602	4,183,668	4,106,810	4,004,950	3,851,234
TOTAL	$ 676,274,795	$ 675,118,818	$ 673,929,531	$ 678,164,838	$ 702,066,751
Agricultural land	$ 12,307,399	$ 12,295,305	$ 10,210,421	$ 10,420,888	$ 10,961,103

CITY OF CLINTON, IOWA
GENERAL OBLIGATION BOND MATURITIES
June 30, 2007

SUMMARY

Year Ending June 30	Principal	Interest	Total
2008	$ 3,625,000	$ 820,888	$ 4,445,888
2009	3,730,000	691,008	4,421,008
2010	2,920,000	546,771	3,466,771
2011	1,985,000	422,662	2,407,662
2012	1,665,000	339,917	2,004,917
2013	1,735,000	269,916	2,004,916
2014	970,000	195,994	1,165,994
2015	1,020,000	153,381	1,173,381
2016	685,000	107,332	792,332
2017	715,000	73,495	788,495
2018	755,000	37,743	792,743
	$ 19,805,000	$ 3,659,107	$ 23,464,107

CITY OF CLINTON, IOWA
GENERAL OBLIGATION BOND MATURITIES
June 30, 2007

General Corporate Purpose Bonds
Dated March 1, 2001

Year Ending June 30	Principal	Interest	Total
2008	$ 230,000	$ 66,823	$ 296,823
2009	240,000	57,162	297,162
2010	255,000	46,963	301,963
2011	270,000	36,125	306,125
2012	280,000	24,650	304,650
2013	300,000	12,750	312,750
	$ 1,575,000	$ 244,473	$ 1,819,473

General Obligation Refunding Bonds
Dated May 1, 2001

Year Ending June 30	Principal	Interest	Total
2008	$ 740,000	$ 113,077	$ 853,077
2009	775,000	82,737	857,737
2010	825,000	49,800	874,800
2011	300,000	13,500	313,500
	$ 2,640,000	$ 259,114	$ 2,899,114

CITY OF CLINTON, IOWA
GENERAL OBLIGATION BOND MATURITIES
June 30, 2007

General Corporate Purpose Bonds
Taxable - Series 2003A
Dated November 1, 2003

Year Ending June 30	Principal	Interest	Total
2008	$ 105,000	$ 17,748	$ 122,748
2009	145,000	13,967	158,967
2010	40,000	8,168	48,168
2011	45,000	6,527	51,527
2012	45,000	4,570	49,570
2013	50,000	2,500	52,500
	$ 430,000	$ 53,480	$ 483,480

General Corporate Purpose Bonds
Series 2003B
Dated November 1, 2003

Year Ending June 30	Principal	Interest	Total
2008	$ 75,000	$ 87,335	$ 162,335
2009	385,000	85,497	470,497
2010	395,000	75,103	470,103
2011	405,000	63,252	468,252
2012	335,000	50,090	385,090
2013	340,000	38,533	378,533
2014	350,000	26,462	376,462
2015	365,000	13,688	378,688
	$ 2,650,000	$ 439,960	$ 3,089,960

CITY OF CLINTON, IOWA
GENERAL OBLIGATION BOND MATURITIES
June 30, 2007

General Obligation Refunding Bonds
Dated June 15, 2004

Year Ending June 30	Principal	Interest	Total
2008	$ 1,340,000	$ 65,478	$ 1,405,478
2009	845,000	26,617	871,617
	$ 2,185,000	$ 92,095	$ 2,277,095

General Corporate Purpose Bonds
Series 2006A
Dated May 1, 2006

Year Ending June 30	Principal	Interest	Total
2008	$ 1,135,000	$ 277,612	$ 1,412,612
2009	1,005,000	232,213	1,237,213
2010	885,000	192,012	1,077,012
2011	695,000	156,613	851,613
2012	720,000	128,812	848,812
2013	745,000	100,013	845,013
2014	305,000	70,212	375,212
2015	320,000	58,013	378,013
2016	335,000	44,412	379,412
2017	345,000	30,175	375,175
2018	365,000	15,513	380,513
	$ 6,855,000	$ 1,305,600	$ 8,160,600

CITY OF CLINTON, IOWA
GENERAL OBLIGATION BOND MATURITIES
June 30, 2007

General Corporate Purpose Bonds
Taxable - Series 2006B
Dated May 1, 2006

Year Ending June 30	Principal	Interest	Total
2008	$ -	$ 192,815	$ 192,815
2009	335,000	192,815	527,815
2010	520,000	174,725	694,725
2011	270,000	146,645	416,645
2012	285,000	131,795	416,795
2013	300,000	116,120	416,120
2014	315,000	99,320	414,320
2015	335,000	81,680	416,680
2016	350,000	62,920	412,920
2017	370,000	43,320	413,320
2018	390,000	22,230	412,230
	$ 3,470,000	$ 1,264,385	$ 4,734,385

CITY OF CLINTON, IOWA
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2007

(Unaudited)

Actual property valuations, January 1, 2004	$1,111,493,156
Debt limit - 5% of total valuation	$ 55,574,658
Amount of debt applicable to limit - general obligation debt plus economic development note	20,404,000
Legal debt margin	$ 35,170,658

CITY OF CLINTON, IOWA
SUMMARY OF TAXES AND INTERGOVERNMENTAL REVENUES

(Unaudited)

	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02
Taxes						
Property taxes	$ 11,943,048	$ 11,624,678	$ 10,935,516	$ 9,701,894	$ 9,316,228	$ 9,491,478
Mobile home taxes	6,717	7,492	7,001	11,356	8,438	8,914
Utility excise taxes	747,851	658,333	653,610	618,326	754,050	734,059
Local option sales taxes	3,211,844	2,363,972	2,532,034	2,472,374	2,415,966	2,686,303
Hotel/motel taxes	303,726	296,306	290,812	248,276	251,930	222,179
Cable television franchise fees	143,163	143,172	138,787	145,264	146,212	136,421
Other taxes	-	-	11,508	11,529	11,146	11,437
	16,356,349	15,093,953	14,569,268	13,209,019	12,903,970	13,290,791
Intergovernmental						
Road use taxes	2,323,732	2,323,216	2,308,180	2,327,048	2,242,288	2,247,712
State consolidated payments	-	-	-	-	461,064	486,065
Bank franchise tax	-	-	5,886	24,730	25,989	80,358
Machinery and equipment tax replacement	-	-	16	350,166	737,018	316,098
Other federal/state revenues	6,290,529	5,264,706	2,588,722	4,026,803	2,320,345	7,451,976
County contributions	50,893	58,083	40,544	44,738	43,756	33,253
	8,665,154	7,646,005	4,943,348	6,773,485	5,830,460	10,615,462
TOTAL	$ 25,021,503	$ 22,739,958	$ 19,512,616	$ 19,982,504	$ 18,734,430	$ 23,906,253

CITY OF CLINTON, IOWA
Miscellaneous Statistics
June 30, 2007

(Unaudited)

Date Chartered	January 28, 1857
Form of Government	Mayor/Council/City Administrator
Number of Employees (excluding seasonal) Full-time Equivalent	203
Area in Square Miles	34.8
Population	27,772
City of Clinton Facilities and Services:	
Miles of Streets	185.44
Parks and Recreation:	
Parks	17
Park Acreage	476
Swimming Pool	1
Softball and Baseball Diamonds	15
Tennis Courts	10
Baseball Stadium	1
Libraries:	2
Number of Registered Borrowers	12,803
Number of Items in Collection	136,025
Police Protection:	
Number of Stations	1
Number of Sworn Officers	46
Fire Protection:	
Number of Stations	3
Number of Fire Personnel	45
Sewer System:	
Number of Treatment Plants	1
Daily Average Treatment in Gallons	4.5 million
Maximum Daily Capacity in Gallons	18.0 million
Number of Customers	10,244
Sewer Rate - Residential	$4.86 per 100 cubic feet
Commercial Class 1	$4.86 per 100 cubic feet
Commercial Class 2	$5.346 per 100 cubic feet
Commercial Class 3	$6.318 per 100 cubic feet
Commercial Class 4	$7.290 per 100 cubic feet
Commercial Class 5	$8.262 per 100 cubic feet
Public Transportation System:	
Buses	12
Fixed Routes Served	6
Para Transit Vehicles	5
Municipal Airport:	1
Primary Runway Length (in feet)	5,204
Other Runway (in feet)	3,700

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and
Members of the City Council

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 Clinton, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City of Clinton, Iowa's basic financial statements and have issued our report thereon dated June 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Clinton, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Clinton, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an

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opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City of Clinton, Iowa's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City of Clinton, Iowa. 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.

The City of Clinton, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Clinton, Iowa's responses and, accordingly, we express no opinion on them.

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 Clinton, Iowa, and other parties to whom the City of Clinton, Iowa may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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

Clifton Gunderson LLP

Clinton, Iowa
June 19, 2008

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's 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 and
Members of the City Council

Compliance

We have audited the compliance of the City of Clinton, Iowa, 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 June 30, 2007. The City of Clinton, Iowa's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of the City of Clinton's management. Our responsibility is to express an opinion on the City of Clinton's compliance based on our audit.

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

In our opinion, the City of Clinton, Iowa 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 June 30, 2007.

Internal Control Over Compliance

The management of the City of Clinton, Iowa is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Clinton, Iowa's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies,

that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the City of Clinton, Iowa, and other parties to whom the City of Clinton, Iowa may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Clifton Gunderson LLP

Clinton, Iowa
June 19, 2008

CITY OF CLINTON, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2007

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Expenditures
Direct:			
Department of Homeland Security			
Federal Emergency Management Agency			
Assistance to Firefighters Grant Program	97.044	EMW-2005-FG-19044	$ 122,509
Department of Justice			
Bureau of Justice Assistance			
FY2004 Bulletproof Vest Partnerships Grant	16.607	04023488	2,560
Department of Transportation			
Airport Improvement Program	20.106	19-0019-10	6,012
Environmental Protection Agency			
Special Infrastructure Grant	66.606	XP-98706201	1,054,837
Brownsfields Assessment & Cleanup			
Cooperative Agreement - Hazardous Substances	66.818	BF-98761401	74,189
Brownsfields Assessment & Cleanup			
Cooperative Agreement - Petroleum Substances	66.818	BF-98761501	38,992
Total Direct			1,299,099
Indirect:			
Department of Housing & Urban Development			
Iowa Department of Economic Development			
Community Development Block Grants/State's Program	14.228	06-CF-006	249,247
Community Development Block Grants/State's Program	14.228	04-HSG-012	135,939
Subtotal			385,186
Department of Transportation			
Iowa Department of Transportation			
Formula Grants for Other Than Urbanized Areas	20.509	18-4028-141-07	268,029
Formula Grants for Other Than Urbanized Areas	20.509	TF-2007-038/155/164/239/240	903
Transportation & Community System Preservation Pilot Program	20.205	TCSP-1415(614)-9S-23	139,921
Federal Aid Highway Bridge Replacement & Rehabilitation Program	20.200	BRM-1415(10)--8N-23	332,835
Subtotal			741,688
National Highway Traffic Safety Administration			
Governor's Traffic Safety Bureau			
State and Community Highway Safety	20.600	PAP07-04, Task09	6,792
State and Community Highway Safety	20.600	PAP06-04, Task09	2,686
Intoxicated Driver Prevention Program	20.605	07-163, Task 15	2,579
Intoxicated Driver Prevention Program	20.605	06-163, Task 15	4,937
Subtotal			16,994
U.S. Department of Justice			
Governor's Office of Drug Control Policy			
Project Safe Neighborhoods	16.609	06-SD09	2,000
Project Safe Neighborhoods	16.609	05-SD09	3,212
			5,212
Federal Emergency Management Agency			
Iowa Homeland Security & Emergency Management Division			
Iowa Public Assistance	97.036	DR 1688	36,089
			36,089
U.S. Department of Homeland Security			
Iowa Homeland Security & Emergency Management Division			
Buffer Zone Protection Program	97.078	FY2005-BZPP	7,231
Total Indirect			1,192,400
TOTAL			$ 2,491,499

See notes to the schedule of expenditures of federal awards.

CITY OF CLINTON, IOWA
NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
June 30, 2007

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Clinton, Iowa for the year ended June 30, 2007. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies expended during the year is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Revenue from federal awards is recognized when the City has done everything necessary to establish its rights to revenue. For governmental funds, revenue from federal grants is recognized when they become both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred for expenditures/expenses funded through federal awards.

CITY OF CLINTON, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2007

Part I: Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes __x__ no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes __x__ none reported
- Noncompliance material to financial statements noted? _____ yes __x__ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes __x__ no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes __x__ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

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

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/State's Program
20.200	Federal Aid Highway Bridge Replacement & Rehabilitation Program

Dollar threshold used to distinguish between Type A and Type B programs: $300,000

Auditee qualified as low-risk auditee? ____x____ yes _____ no

CITY OF CLINTON, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2007

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

None

REPORTABLE CONDITIONS:

None

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-07 Certified Budget - Expenditures for the year ended June 30, 2007, exceeded the amount budgeted in the public works, culture and recreation, and debt service 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 overrun was a result of reclassifying expenditures from the capital projects function for items under the government-wide capitalization threshold. The City will review its methods of classification and the budget will be amended in the future, if applicable.

Conclusion - Response accepted.

IV-B-07 Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.

IV-C-07 Travel Expenses - No expenditures of City money for travel expense of spouses of City officials or employees were noted.

IV-D-07 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Randy Pennock, Tree Commission, Owner of Pennock Landscaping	Supplies	$ 11,357
James McGraw, City Planning Commission, Owner of Happy Joe's Pizza	Miscellaneous	579
James Connell, Clinton Police Officer, Spouse: Mary Connell, President of Air Control	Repairs and Maintenance	43,537
Jim Thyne, Zoning Board of Adjustments, Owner of R.H.A. Service Inc.	Parts, Repairs and Maintenance	24,350

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with the Planning Commission do not appear to represent conflicts of interest since total transactions were less than $1,500 during the fiscal year. All transactions over $1,500 with the Tree Commission, Clinton Police Officer, and Zoning Board of Adjustments were entered into through competitive bidding and do not appear to represent a conflict of interest.

IV-E-07 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-07 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

IV-G-07 Revenue Bonds - We noted no instances of noncompliance with the provisions of the City's revenue bond resolutions.

IV-H-07 Deposits and Investments - 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 were noted.

CITY OF CLINTON, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2007

IV-I-07 Annual Financial Report - The Annual Financial Report was not filed by the December 1 deadline required by Chapter 384.22 of the Code of Iowa.

Recommendation - The City should comply with Chapter 384.22 of the Code of Iowa and file the report by the deadline.

Response - The City will file the report as required in the future.

Conclusion - Response accepted.

CITY OF CLINTON, IOWA
SCHEDULE OF BALANCE SHEET ACCOUNTS
REQUIRED BY REVENUE BOND ORDINANCE
ENTERPRISE FUNDS
June 30, 2007

	Water Pollution Control Operations	Emergency Repair Reserve	EPA Equipment Replacement Reserve
ASSETS			
Receivables			
Service fees	$ -	$ -	$ -
Other	380	-	-
Restricted cash and investments	125,561	985,889	581,585
Total assets	125,941	985,889	581,585
LIABILITIES			
Accounts payable	76,175	-	-
Warrants payable	46,150	8,000	-
Contracts payable	3,616	-	-
Total liabilities	125,941	8,000	-
NET ASSETS			
Restricted for:			
Capital equipment replacement/repairs	-	977,889	581,585
Debt service	-	-	-
Unrestricted	-	-	-
Total net assets	$ -	$ 977,889	$ 581,585

Sewer Sinking Fund	Sewer Reserve Fund	Sewer Revenue Fund	Sewer Improvement	Total
$ -	$ -	$ 3,634,561	$ -	$ 3,634,561
-	-	5,511	-	5,891
30,465	211,009	(459,500)	17,997	1,493,006
30,465	211,009	3,180,572	17,997	5,133,458
-	-	8,356	133,113	217,644
-	-	4,617	214,739	273,506
-	-	-	15,825	19,441
-	-	12,973	363,677	510,591
-	-	-	-	1,559,474
30,465	211,009	-	-	241,474
-	-	3,167,599	(345,680)	2,821,919
$ 30,465	$ 211,009	$ 3,167,599	$ (345,680)	$ 4,622,867

CITY OF CLINTON, IOWA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS
REQUIRED BY REVENUE BOND ORDINANCE
ENTERPRISE FUNDS
Year Ended June 30, 2007

	Water Pollution Control Operations	Emergency Repair Reserve	EPA Equipment Replacement Reserve
OPERATING REVENUES			
Charges for service	$ 19,631	$ -	$ -
Sale of equipment/materials	406	-	-
Miscellaneous	36,095	-	-
Total operating revenues	56,132	-	-
OPERATING EXPENSES			
Business type/enterprise			
Personal services	1,297,326	-	-
Commodities	226,190	-	-
Contractual services	847,417	-	-
Capital outlay/improvements	394,315	23,600	5,808
Total operating expenses	2,765,248	23,600	5,808
Operating income (loss)	(2,709,116)	(23,600)	(5,808)
NON-OPERATING REVENUES (EXPENSES)			
Interest revenue	-	8,820	5,156
Intergovernmental	380	-	-
Interest expense	-	-	-
Total non-operating revenues (expenses)	380	8,820	5,156
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(2,708,736)	(14,780)	(652)
Operating transfers in	2,708,736	80,000	50,000
Operating transfers out	-	-	-
CHANGE IN NET ASSETS	-	65,220	49,348
NET ASSETS, BEGINNING OF YEAR	-	912,669	532,237
NET ASSETS, END OF YEAR	$ -	$ 977,889	$ 581,585

Sewer Sinking Fund	Sewer Reserve Fund	Sewer Revenue Fund	Sewer Improvement	Total
$ -	$ -	$ 5,600,741	$ 4,318	$ 5,624,690
-	-	-	-	406
-	-	300	-	36,395
-	-	5,601,041	4,318	5,661,491
-	-	-	-	1,297,326
-	-	-	-	226,190
-	-	-	479,186	1,326,603
254,000	-	-	316,488	994,211
254,000	-	-	795,674	3,844,330
(254,000)	-	5,601,041	(791,356)	1,817,161
-	-	57,622	-	71,598
-	-	-	-	380
(71,718)	-	-	-	(71,718)
(71,718)	-	57,622	-	260
(325,718)	-	5,658,663	(791,356)	1,817,421
328,673	-	-	2,000,000	5,167,409
-	-	(5,167,409)	(1,144,116)	(6,311,525)
2,955	-	491,254	64,528	673,305
27,510	211,009	2,676,345	(410,208)	3,949,562
$ 30,465	$ 211,009	$ 3,167,599	$ (345,680)	$ 4,622,867