

CITY OF MISSOURI VALLEY

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2007

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City of Missouri Valley

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Randy McHugh	Mayor	January 2008
Sherman Struble	Council Member	January 2008
Roger Marshall	Council Member	January 2008
Dan Kougias	Council Member	January 2008
Victoria Lee	Council Member	January 2010
Gene Dinsmore	Council Member	January 2010
Robert J. Alborn	City Clerk	Retired August 1, 2006
Rita Miller (Appointed August 1, 2006)	City Clerk	Indefinite
Jan Guill	Treasurer	Indefinite
Shane Warner	Attorney	Indefinite

City of Missouri Valley

November 5, 2007

Independent Auditors' Report

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

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards 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 our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Missouri Valley as of June 30, 2007, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Continued...

Independent Auditors' Report
City of Missouri Valley

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 5, 2007 on our consideration of the City of Missouri Valley's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis and budgetary comparison information on pages 7 through 11 and 32 through 34 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Missouri Valley'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. Other supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Missouri Valley provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2006 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities increased by \$360,047 from fiscal year 2006 to fiscal year 2007. Property tax revenues for debt service decreased by \$47,619, and TIF revenue was down by \$91,973. However, use of money and property increased \$115,741 due to increased interest earnings from moving and renegotiating investments; intergovernmental increased \$309,238, which is revenue from the CDBG for Carry On Trailer project and bond proceeds; and miscellaneous increased \$75,646, which was mostly train and park donations.
- Governmental activities disbursements decreased by \$689,404 in fiscal year 2007 from fiscal year 2006 due in part to debt service reduction of \$415,887 and community and economic development reduction of \$296,098.
- Business type activities (water and sewer) operating receipts increased by approximately \$25,000, and operating disbursements decreased by approximately \$60,000. The City had a water capital project with expenditures of \$2,361,000 financed by anticipatory notes and a CDBG grant.
- The City's total cash basis net assets increased \$2,614,816 from June 30, 2006 to June 30, 2007. Of this amount, the assets of the governmental activities increased by \$197,668 and the assets of the business type activities increased \$2,417,148 due to loan proceeds for the water capital project that were not spent as of June 30, 2007.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term, as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds.

Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Local Option Tax, 3) the Capital Projects Fund, and 4) the Debt Service Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains four Enterprise Funds to provide separate information for the water, water capital projects, sewer funds, and sewer capital projects, all considered to be major funds of the City.

The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

Reconciliations between the government-wide statement and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The city's cash balance for governmental activities increased by \$197,670 from a year ago. The analysis that follows focuses on the changes in cash balances for government activities.

The City's property tax rate for fiscal 2007 is at \$16.12206 per \$1,000 valuation, which is an increase from the property tax rate for fiscal 2006 of \$16.76142.

The cost of all governmental activities this year was \$2,239,781. As shown in the Statement of Activities and Net Assets, the amount taxpayers ultimately financed for these activities was \$1,502,306. The city paid for this with property taxes, local option sales taxes, and other receipts.

Changes in Cash Basis Net Assets of Governmental Activities		
	Year Ended	
	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Receipts:		
Property tax	\$ 906,871	954,490
Tax increment financing collections	172,242	264,215
Other city tax	270,813	260,569
Licenses and permits	6,631	10,690
Use of money and property	186,868	71,127
Intergovernmental	602,242	293,004
Charges for service	162,842	170,013
Miscellaneous	<u>128,942</u>	<u>53,296</u>
Total receipts	2,437,451	2,077,404
Disbursements:		
Operating:		
Public safety	469,765	428,948
Public works	404,610	483,418
Culture and recreation	430,750	376,793
Community and economic development	302,070	598,168
General government	269,048	280,952
Debt service	363,538	684,935
Capital project	-	<u>75,971</u>
Total disbursements	<u>2,239,781</u>	<u>2,929,185</u>
Excess (deficiency) of receipts over (under) disbursements	197,670	(851,781)

Other financing sources (uses):		
Bond proceeds	-	962,284
Sale of capital assets	-	16,288
Operating transfers in	349,045	343,179
Operating transfers out	<u>(349,045)</u>	<u>(343,179)</u>
Total other financing sources	<u>-</u>	<u>978,572</u>
Net changes in cash balances	197,670	126,791
Cash balances beginning of year	<u>2,637,019</u>	<u>2,510,230</u>
Cash balances end of year	\$ <u>2,834,689</u>	\$ <u>2,637,021</u>

Changes in Cash Basis Net Assets of Business Type Activities

	Year Ended	
	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Operating receipts:		
Charges for service	\$ 806,634	\$ 782,047
Miscellaneous	<u>12,730</u>	<u>12,638</u>
Total operating receipts	819,364	794,685
Operating disbursements:		
Business type activities	<u>553,540</u>	<u>614,014</u>
Total operating disbursements	<u>553,540</u>	<u>614,014</u>
Excess of operating receipts over operating disbursements	265,824	180,671
Non-operating receipts (disbursements):		
Intergovernmental	262,002	3,000
Interest on investments	97,326	7,770
Miscellaneous	(5,984)	(12,887)
Proceeds from Anticipatory Notes	4,300,320	-
Capital projects	(2,361,677)	(166,678)
Debt service	<u>(140,663)</u>	<u>(111,068)</u>
Total non-operating receipts (disbursements)	<u>2,151,324</u>	<u>(279,863)</u>
Excess (deficiency) of receipts over (under) disbursements	2,417,148	(99,192)
Cash balances beginning of year	<u>837,315</u>	<u>936,507</u>
Cash balances end of year	\$ <u>3,254,463</u>	\$ <u>837,315</u>

BUDGETARY HIGHLIGHTS

The City amended its budget on May 15, 2007 to allow for increased expenditures due to the water plant construction. Watson Steam Train Restoration Project, the Veteran's Memorial, close out on the lift station project and expenses due to the snow/ice storm and the flood.

DEBT ADMINISTRATION

At June 30, 2007, the City had approximately \$6,061,019 in bonds and other long term debt, compared to approximately \$2,066,213 last year.

	Outstanding Debt at Year End	
	June 30,	
	2007	2006
General Obligation notes	\$ 430,019	1,390,213
TIF Revenue bonds	805,000	100,000
Revenue notes	491,000	576,000
Anticipatory Notes	4,335,000	-
Total	\$ 6,061,019	2,066,213

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of approximately \$4,155,000 is below its constitutional debt limit of approximately \$5,300,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Missouri Valley will be setting the 2008 budget at a high rate again this year due to the continuation of the water plant project. This project will increase revenues from loan proceeds as the long term financing is put in place, but will also increase expenditures due to construction expenses and paying off the short term financing. The water rates will be increasing this budget year to help cover the costs of the water treatment plant, which is being financed through a combination of General Obligation and Water Revenue bonds. The Watson Steam Train Renovation project will increase revenues from grants and donations, but will also increase expenditures as the project progresses. Expenditures may also increase due to dike maintenance that will need to be done during the next budget year. Revenues will increase due to FEMA funds being received to partially cover expenses incurred by the City during and after the May flood. The continued rise in fuel prices, major medical health insurance costs, and the State rollback are negative economic factors which must be considered in the fiscal 2008 budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Rita M. Miller, City Clerk, 223 East Erie Street, Missouri Valley, Iowa.

City of Missouri Valley
Basic Financial Statements

City of Missouri Valley
Statement of Activities and Net Assets – Cash Basis
As of and for the year ended June 30, 2007

	Disbursements	Charges for Service	Program Operating Grants Contributions and Restricted Interest
Functions/Programs:			
Governmental activities:			
Public safety	\$ 469,765	15,339	18,485
Public works	404,610	60,971	272,384
Culture and recreation	430,750	88,022	4,875
Community and economic development	302,070	-	-
General government	269,048	6,631	5,000
Debt service	363,538	-	-
Total governmental activities	2,239,781	170,963	300,744
Business type activities:			
Water	2,808,426	601,257	-
Sewer	253,438	218,107	-
Total business type activities	3,061,864	819,364	-
Total	\$ 5,301,645	990,327	300,744

General Receipts:

Property tax levied for:
 General purposes
 Tax increment financing
 Debt service
Local option sales tax
Unrestricted interest on investments
Proceeds from Anticipatory Notes
Miscellaneous
 Total general receipts

Change in cash basis net assets

Cash basis net assets beginning of year

Cash basis net assets end of year

Cash Basis Net Assets

Restricted:

 Streets
 Local option sales tax
 Debt service
 Other purpose
 Meter deposits
 Permanent fund

Unrestricted

 Total cash basis net assets

See notes to financial statements

<u>Receipts</u>	<u>Net (Disbursement) Receipts and Changes In Cash Basis Net Assets</u>		
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Capital Grants			
Contributions			
and Restricted			
Interest			
-	(435,941)	-	(435,941)
-	(71,255)	-	(71,255)
-	(337,853)	-	(337,853)
302,070	-	-	-
-	(257,417)	-	(257,417)
-	(363,358)	-	(363,358)
<u>302,070</u>	<u>(1,466,004)</u>	<u>-</u>	<u>(1,466,004)</u>
343,689	-	(1,863,480)	(1,863,480)
-	-	(35,331)	(35,331)
<u>343,689</u>	<u>-</u>	<u>(1,898,811)</u>	<u>(1,898,811)</u>
<u>645,759</u>	<u>(1,466,004)</u>	<u>(1,898,811)</u>	<u>(3,364,815)</u>
\$	891,064	-	891,064
	172,242	-	172,242
	135,496	-	135,496
	151,124	-	151,124
	161,368	15,639	177,007
	-	4,300,320	4,300,320
	152,380	-	152,380
	<u>1,663,674</u>	<u>4,315,959</u>	<u>5,979,633</u>
	197,670	2,417,148	2,614,818
	<u>2,637,019</u>	<u>837,315</u>	<u>3,474,334</u>
\$	<u>2,834,689</u>	<u>3,254,463</u>	<u>6,089,152</u>
\$	357,012	-	357,012
	779,822	-	779,822
	1,208,387	75,000	1,283,387
	190,494	-	190,494
	-	108,683	108,683
	85,052	-	85,052
	213,922	3,070,780	3,284,702
	<u>2,834,689</u>	<u>3,254,463</u>	<u>6,089,152</u>

City of Missouri Valley
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances - Governmental Funds
As of and for the year ended June 30, 2007

	General	Special Revenue	
		Local Option Sales Tax	Debt Service
Receipts			
Property tax	\$ 568,796	-	132,516
Tax increment financing collections	-	-	-
Other city tax	111,643	151,124	2,980
Licenses and permits	6,631	-	-
Use of money and property	185,011	-	-
Intergovernmental	334,249	-	-
Charges for service	162,842	-	-
Miscellaneous	125,841	-	-
Total receipts	<u>1,495,013</u>	<u>151,124</u>	<u>135,496</u>
Disbursements			
Operating:			
Public safety	363,282	-	-
Public works	143,666	-	-
Culture and recreation	403,545	-	-
Community and economic development	302,070	-	-
General government	231,941	-	-
Debt service	-	-	363,538
Total disbursements	<u>1,444,504</u>	<u>-</u>	<u>363,538</u>
Excess (deficiency) of receipts over (under) disbursements	50,509	151,124	(228,042)
Other financing sources (uses):			
Operating transfers in	150,360	-	198,685
Operating transfers out	-	(96,000)	-
Total other financing sources (uses)	<u>150,360</u>	<u>(96,000)</u>	<u>198,685</u>
Net change in cash balances	200,869	55,124	(29,357)
Cash balances beginning of year	<u>13,053</u>	<u>724,698</u>	<u>1,237,744</u>
Cash balances end of year	<u>\$ 213,922</u>	<u>779,822</u>	<u>1,208,387</u>
Cash Basis Fund Balances			
Reserved:			
Debt service	\$ -	-	1,208,387
Unreserved:			
General fund	213,922	-	-
Special revenue funds	-	779,822	-
Permanent fund	-	-	-
Total cash basis fund balances	<u>\$ 213,922</u>	<u>779,822</u>	<u>1,208,387</u>

See notes to financial statements

Other Nonmajor Governmental Funds	Total
205,559	906,871
172,242	172,242
5,066	270,813
-	6,631
1,857	186,868
267,993	602,242
-	162,842
3,101	128,942
<u>655,818</u>	<u>2,437,451</u>
106,483	469,765
260,944	404,610
27,205	430,750
-	302,070
37,107	269,048
-	363,538
<u>431,739</u>	<u>2,239,781</u>
224,079	197,670
-	349,045
(253,045)	(349,045)
<u>(253,045)</u>	<u>-</u>
(28,966)	197,670
<u>661,524</u>	<u>2,637,019</u>
<u>632,558</u>	<u>2,834,689</u>
-	1,208,387
-	213,922
547,506	1,327,328
85,052	85,052
<u>632,558</u>	<u>2,834,689</u>

City of Missouri Valley
 Reconciliation of the Statement of Cash
 Receipts, Disbursements and Changes in Cash Balances
 to the Statement of Activities and Net Assets -
 Governmental Funds
 As of and for the year ended June 30, 2007

Total governmental funds cash balances	\$	2,834,689
<i>Adjustments</i>		
None		-
Cash basis net assets of governmental activities	\$	2,834,689
Net change in cash balances	\$	197,670
<i>Adjustments</i>		
None		-
Change in cash balance of governmental activities	\$	197,670

See notes to financial statements

City of Missouri Valley
 Statement of Cash Receipts, Disbursements and Changes in Cash Balances
 Proprietary Funds
 As of and for the year ended June 30, 2007

	Water	Water Capital Project	Sewer	Sewer Capital Project	Total
Operating receipts:					
Charges for service	\$ 588,527	-	218,107	-	806,634
Miscellaneous	12,730	-	-	-	12,730
Total operating receipts	<u>601,257</u>	<u>-</u>	<u>218,107</u>	<u>-</u>	<u>819,364</u>
Operating disbursements:					
Business type activities	411,993	-	141,547	-	553,540
Total operating disbursements	<u>411,993</u>	<u>-</u>	<u>141,547</u>	<u>-</u>	<u>553,540</u>
Excess of operating receipts over operating disbursements	189,264	-	76,560	-	265,824
Non-operating receipts (disbursements):					
Intergovernmental	-	262,002	-	-	262,002
Interest on investments	7,018	81,687	8,621	-	97,326
Miscellaneous	(5,984)	-	-	-	(5,984)
Proceeds from Anticipatory Notes	-	4,300,320	-	-	4,300,320
Capital projects	-	(2,361,677)	-	-	(2,361,677)
Debt service	(28,772)	-	(111,891)	-	(140,663)
Total non-operating receipts (disbursements)	<u>(27,738)</u>	<u>2,282,332</u>	<u>(103,270)</u>	<u>-</u>	<u>2,151,324</u>
Excess (deficiency) of receipts over (under) disbursements	161,526	2,282,322	(26,710)	-	2,417,148
Operating transfers in (out)	-	-	(84,244)	84,244	-
Net change in cash balances	161,526	2,282,332	(110,954)	-	2,417,148
Cash balances beginning of year	<u>1,068,614</u>	<u>(476,391)</u>	<u>329,336</u>	<u>(84,244)</u>	<u>837,315</u>
Cash balances end of year	<u>\$ 1,230,140</u>	<u>1,805,941</u>	<u>218,382</u>	<u>-</u>	<u>3,254,463</u>

Cash Basis Fund Balances

Reserved:					
Debt service	\$ 30,000	-	45,000	-	75,000
Meter deposits	108,683	-	-	-	108,683
Unreserved	1,091,457	1,805,941	173,382	-	3,070,780
Total cash basis fund balances	<u>\$ 1,230,140</u>	<u>1,805,941</u>	<u>218,382</u>	<u>-</u>	<u>3,254,463</u>

See notes to financial statements

City of Missouri Valley
 Reconciliation of the Statement of Cash Receipts, Disbursements
 and Changes in Cash Balances
 to the Statement of Activities and Net Assets –
 Proprietary Funds
 As of and for the year ended June 30, 2007

Total enterprise funds cash balances	\$	3,254,463
<i>Adjustments</i>		
None		-
Cash basis net assets of business type activities	\$	3,254,463
Net change in cash balances	\$	2,417,148
<i>Adjustments</i>		
None		-
Change in cash balance of business type activities	\$	2,417,148

See notes to financial statements

City of Missouri Valley
Notes to Financial Statements
June 30, 2007

NOTE (1) Summary of Significant Accounting Policies

The City of Missouri Valley is a political subdivision of the State of Iowa located in Harrison County. It was first incorporated in 1871 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, culture and recreation, and general government services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

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

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods 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: Harrison County Assessor's Conference Board, Harrison County Emergency Management Commission, Harrison County Landfill Commission and Harrison County Joint E911 Service Board.

B. Basis of Presentation

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

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

City of Missouri Valley
Notes to Financial Statements
June 30, 2007

NOTE (1) Summary of Significant Accounting Policies - Continued

B. Basis of Presentation - Continued

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 that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

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

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

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

Special Revenue:

The Local Option Sales Tax Fund is used to account for accumulation of local option sales tax collected by the State to be expended in accordance with statutory and local provisions.

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

City of Missouri Valley
Notes to Financial Statements
June 30, 2007

NOTE (1) Summary of Significant Accounting Policies - Continued

B. Basis of Presentation - Continued

The City reports the following major proprietary funds:

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

The Water Fund – Capital Projects Account accounts for all resources used in the construction of capital facilities for the water fund.

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

The Sewer Fund – Capital Projects Account accounts for all resources used in the construction of capital facilities for the sewer fund.

C. Measurement Focus and Basis of Accounting

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

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

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

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements exceeded the amount budgeted in the community and economic development, debt service, and capital projects functions.

City of Missouri Valley
Notes to Financial Statements
June 30, 2007

NOTE (1) Summary of Significant Accounting Policies - Continued

E. Property Tax Calendar

The City's property tax rates were extended against the assessed valuation of the City as of January 1, 2005, to compute the amounts which became liens on property on July 1, 2006. These taxes were due and payable in two installments on September 30, 2006 and March 31, 2007, at the Harrison County Treasurer's Office. These taxes are recognized as income to the City when they are received from the county.

NOTE (2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The carrying amount of cash at June 30, 2007 is \$5,747,233. This amount consists of checking accounts, money market and savings accounts, and certificates of deposit. Of this amount, \$5,719,873 is covered by federal depository insurance and \$27,174 is covered by collateral held by the city's agent in the City's name, except for \$185 which is petty cash.

At June 30, 2007, the City had the following investments:

<u>Type</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Federal Home Loan Bond	233,360	223,790
Public Service Co. Oklahoma Note	51,480	48,440
Insured Municipal Funds	42,215	42,075
U.S. Government Securities	<u>14,864</u>	<u>14,625</u>
	<u>\$ 341,919</u>	<u>\$ 328,930</u>

Credit risk

The City's investments listed above are rated as a Category 1 which are insured or registered securities, or securities held by the City or its agent, in the City's name.

City of Missouri Valley
Notes to Financial Statements
June 30, 2007

NOTE (2) Cash and Pooled Investments - Continued

Interest rate risk

The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

The City's total cash and investment was \$6,089,152 at June 30, 2007.

NOTE (3) Bonds and Notes Payable

Annual debt service requirements to maturity of general obligation bonds, urban renewal tax increment financing revenue bonds, and revenue notes are as follows:

Year Ended June 30,	General Obligation Bonds Principal	Urban Renewal Tax Increment Financing (TIF) Revenue Bonds Principal	Revenue Bonds Principal	Total Principal
2008	\$ 109,439	\$ 100,000	\$ 90,000	\$ 299,439
2009	105,247	145,000	91,000	341,247
2010	95,570	85,000	97,000	277,570
2011	64,763	90,000	103,000	257,763
2012	55,000	90,000	110,000	255,000
2013-2015	-	295,000	-	295,000
Total	<u>\$ 430,019</u>	<u>\$ 805,000</u>	<u>\$ 491,000</u>	<u>\$ 1,726,019</u>
Year Ended June 30,	Interest	Interest	Interest	Interest
2008	\$ 49,634	\$ 33,363	\$ 22,578	\$ 105,575
2009	41,291	28,317	18,060	87,668
2010	32,397	21,615	13,336	67,348
2011	24,631	18,555	8,262	51,448
2012	17,975	15,225	2,819	36,019
2013-2015	-	24,005	-	24,005
Total	<u>\$ 165,928</u>	<u>\$ 141,080</u>	<u>\$ 65,055</u>	<u>\$ 372,063</u>

The Code of Iowa requires that principal and interest on general obligation bonds be paid from the Debt Service Fund.

City of Missouri Valley
Notes to Financial Statements
June 30, 2007

NOTE (3) Bonds and Notes Payable - Continued

The urban renewal tax increment revenue bonds were issued for the purpose of defraying a portion of the costs of carrying out an urban renewal project of the City. The bonds are payable solely from the income and proceeds of the Urban Renewal Tax Increment Fund and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. The proceeds of the urban renewal tax increment revenue bonds shall be expended only for purposes which are consistent with the plans of the City's urban renewal area. The bonds are not a general obligation of the City, however the debt is subject to the constitutional debt limitation of the City.

The resolutions providing for the issuance of the sewer 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 fund.
- b) Sufficient monthly transfers shall be made to separate revenue note sinking funds for the purpose of making the note principal and interest payments when due.

The City has complied with the revenue note provisions.

The City has a legal debt limit of approximately \$5,300,000 which was not exceeded during the year ended June 30, 2007.

NOTE (4) Anticipatory Warrants

Anticipatory warrants are warrants which are legally drawn on City funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented for redemption.

The City issued a \$1,415,000 in water revenue and \$2,920,000 in general obligation water improvement anticipatory warrants, at 4.00% and 3.80% interest per annum, respectively, for water construction. As of June 30, 2007, no principal had been paid on these warrants; however, \$95,348 in interest was paid.

NOTE (5) Pension and Retirement Benefits

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

City of Missouri Valley
Notes to Financial Statements
June 30, 2007

NOTE (5) Pension and Retirement Benefits - Continued

Most regular plan members are required to contribute 3.7% of their annual salary and the City is required to contribute 5.75% of covered salary. 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 contribution to IPERS for the years ended June 30, 2007, 2006, and 2005, were \$49,466, \$47,423, and \$43,782, respectively, equal to the required contributions for each year.

NOTE (6) Leases

In December 2006, the City entered into a lease agreement for a piece of equipment for \$145 per month for 48 months. Rent expense for the operating lease for the year ended June 30, 2007, was \$1,015. Future minimum lease payments are as follows:

For the year ended:		
06-30-08	\$	1,740
06-30-09		1,740
06-30-10		1,740
06-30-11		725
		\$ 5,945

NOTE (7) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned compensated absences payable to employees at June 30, 2007, primarily relating to the General Fund is as follows:

<u>Type of Benefit</u>	<u>Amount</u> <u>June 30, 2007</u>
Vacation	\$ 21,087

This liability is computed based on rates of pay effective as of June 30, 2007.

NOTE (8) Industrial Development Revenue Bonds

The City has issued a total of \$1,750,000 of Industrial Development Revenue Bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$5,000 is outstanding at June 30, 2007. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the City.

City of Missouri Valley
Notes to Financial Statements
June 30, 2007

NOTE (9) Risk Management

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 384.12 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 556 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 member's 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's property and casualty contributions to the risk pool are recorded as disbursements 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 \$77,228.

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 \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 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.

City of Missouri Valley
Notes to Financial Statements
June 30, 2007

NOTE (9) Risk Management - Continued

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 claim 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 60 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 also carries commercial insurance purchased from other insurers for coverage associated with workman's compensation. The City assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE (10) Commitments

Water Tank Maintenance Contract

In January, 2003, the City entered into an agreement with Utility Service Co., Inc. for total care and maintenance of the 750,000 gallon elevated water storage tower. The full renovation cost and maintenance fees are spread over the initial three years of the contract. In year four, the cost will be the established base fee of \$19,075. The contract can be renewed every three years. The City made the required payment of \$19,075 in January, 2007.

NOTE (11) Missouri Valley Development Corporation Agreement

In April, 1999, the City loaned the Missouri Valley Development Corporation \$25,000 for the construction of a commercial building within the City of Missouri Valley. A promissory note was signed in December, 1999, with the Corporation agreeing to repay the loan as follows: annual payments of interest only in the amount of \$1,375 per year. Beginning in the year 2005 through 2014, the sum of \$2,451 will be repaid each year. In the year 2015 the entire balance, principal and accrued interest will be due in full.

City of Missouri Valley
Notes to Financial Statements
June 30, 2007

NOTE (11) Missouri Valley Development Corporation Agreement - Continued

In November, 2004, the Corporation sold the building. The City agreed to extend the \$25,000 loan to the Corporation for future projects. Interest will continue to accrue at 5.5%. The City received an interest payment during the year ended June 30, 2007 of \$1,375.

Additionally, the City agreed to a tax rebate to the occupant of the building for eight years. The City agreed to pay the occupant 80% of the taxes collected on the property in the first year, with the percentage decreasing 10% per year for the next seven years.

In December, 2006, the City remitted the required tax rebate payment to the occupant in the amount of \$3,586.

NOTE (12) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Employee Benefits	54,360
	Local Option Sales Tax	96,000
		<u>150,360</u>
Debt Service	Special Revenue:	
	Road Use	\$ 26,443
	Tax Increment financing collection	172,242
		<u>198,685</u>
Enterprise:	Enterprise:	
Sewer sinking	Sewer	112,952
Sewer capital project	Sewer	84,244
		<u>197,196</u>
		<u>\$ 546,241</u>

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

City of Missouri Valley
Notes to Financial Statements
June 30, 2007

NOTE (13) Construction Commitments

The City had the following construction commitments at June 30, 2007:

Project	Estimated Total Contract Price	Paid to June 30, 2007	Remaining Commitment	Retainages Payable
Water Plant Construction #1	\$ 4,099,730	\$ 1,536,187	\$ 2,563,543	\$ 80,849
Construction #2	601,736	559,007	42,729	29,421
Engineering	278,00	236,744	<u>41,256</u>	<u>-</u>
			<u>\$ 2,647,528</u>	<u>\$ 110,270</u>

The project is being funded in part by the following:

Community Development Block Grant	\$ 600,000
General Obligation Water Improvement Anticipatory Notes	2,920,000
Water Revenue Anticipatory Notes	1,415,000

NOTE (14) Litigation

The City is subject to pending litigation seeking compensatory damages of approximately \$8,000. The probability of loss, if any, is undeterminable.

The City is involved in litigation seeking damages for physical injury from a fall on City property. The City's liability insurance is handling this case. The probability of loss, if any, is undeterminable.

NOTE (15) Subsequent Events

In July, 2007, City awarded a construction contract for wastewater lagoon repair and maintenance in the amount of \$110,011.

Due to flooding in May, 2007, Harrison County was declared a Presidential Disaster Area and eligible to receive monies from FEMA. The City has applied for funds from FEMA, but as of June 30, 2007, no funds had been received.

Required Supplementary Information

City of Missouri Valley
 Budgetary Comparison Schedule
 of Receipts, Disbursements, and Changes in Balances -
 Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds
 Required Supplementary Information
 Year ended June 30, 2007

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	<u>Net</u>
Receipts			
Property tax	\$ 906,871	-	906,871
Tax increment financing collections	172,242	-	172,242
Other city tax	270,813	-	270,813
Licenses and permits	6,631	-	6,631
Use of money and property	186,868	97,326	284,194
Intergovernmental	602,242	262,002	864,244
Charges for service	162,842	806,634	969,476
Miscellaneous	128,942	12,730	141,672
Total receipts	<u>2,437,451</u>	<u>1,178,692</u>	<u>3,616,143</u>
Disbursements			
Public safety	469,765	-	469,765
Public works	404,610	-	404,610
Culture and recreation	430,750	-	430,750
Community and economic development	302,070	-	302,070
General government	269,048	-	269,048
Debt service	363,538	-	363,538
Capital projects	-	2,361,677	2,361,677
Business type activities	-	700,187	700,187
Total disbursements	<u>2,239,781</u>	<u>3,061,864</u>	<u>5,301,645</u>
Excess (deficiency) of receipts over (under) disbursements	197,670	(1,883,172)	(1,685,502)
Other financing sources, net	<u>-</u>	<u>4,300,320</u>	<u>4,300,320</u>
Excess of receipts and other financing sources over disbursements and other financing uses	197,670	2,417,148	2,614,818
Balances beginning of year	<u>2,637,019</u>	<u>837,315</u>	<u>3,474,334</u>
Balances end of year	<u>\$ 2,834,689</u>	<u>3,254,463</u>	<u>6,089,152</u>

See accompanying independent auditors' report

Budgeted Amounts		Final to Net Variance
Original	Final	
842,958	842,958	63,913
117,218	117,218	55,024
284,670	284,670	(13,857)
13,550	13,550	(6,919)
20,000	107,000	177,194
483,887	822,887	41,357
1,090,851	977,000	(7,524)
226,200	346,781	(205,109)
<u>3,079,334</u>	<u>3,512,064</u>	<u>104,079</u>
484,588	507,942	38,177
499,225	460,281	55,671
415,686	730,675	299,925
28,000	28,000	(274,070)
392,318	398,524	129,476
133,516	133,516	(230,022)
-	2,160,863	(200,814)
904,845	1,063,640	363,453
<u>2,858,178</u>	<u>5,483,441</u>	<u>181,796</u>
221,156	(1,971,377)	285,875
-	4,337,906	(37,586)
221,156	2,366,529	248,289
<u>3,535,662</u>	<u>5,558,383</u>	<u>(2,084,049)</u>
<u>3,756,818</u>	<u>7,924,912</u>	<u>(1,835,760)</u>

City of Missouri Valley
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2007

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board (GASB) 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 the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund or fund type. These 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, the Permanent Fund, and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted revenue by \$5,152,902 and disbursements by \$3,007,529. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2007 disbursements exceeded the amounts budgeted in the community and economic development, debt service, and capital projects functions.

Other Supplementary Information

City of Missouri Valley
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds
As of and for the year ended June 30, 2007

	Special Revenue			
	Road Use	Employee Benefits	Urban Renewal Tax Increment	CDBG Housing Rehab
Receipts:				
Property tax	\$ -	205,559	-	-
Tax increment financing collections	-	-	172,242	-
Other city tax	-	5,066	-	-
Use of money and property	-	-	-	1,857
Intergovernmental	267,993	-	-	-
Miscellaneous	1,326	-	-	1,375
Total receipts	269,319	210,625	172,242	3,232
Disbursements:				
Operating:				
Public safety	-	106,483	-	-
Public works	223,452	37,492	-	-
Culture and recreation	-	27,205	-	-
General government	-	37,107	-	-
Total disbursements	223,452	208,287	-	-
Excess of receipts over disbursements	45,867	2,338	172,242	3,232
Other financing uses:				
Operating transfers out	(26,443)	(54,360)	(172,242)	-
Net change in cash balances	19,424	(52,022)	-	3,232
Cash balances beginning of year	337,588	185,646	-	53,638
Cash balances end of year	\$ 357,012	133,624	-	56,870
 Cash Basis Fund Balances				
Unreserved:				
Special revenue funds	\$ 357,012	133,624	-	56,870
Permanent fund	-	-	-	-
Total cash basis fund balances	\$ 357,012	133,624	-	56,870

See accompanying independent auditors' report

Schedule 1

<u>Permanent Cemetery Perpetual Care</u>	<u>Total</u>
-	205,559
-	172,242
-	5,066
-	1,857
-	267,993
<u>400</u>	<u>3,101</u>
400	655,818
-	106,483
-	260,944
-	27,205
<u>-</u>	<u>37,107</u>
-	431,739
400	224,079
<u>-</u>	<u>(253,045)</u>
400	(28,966)
<u>84,652</u>	<u>661,524</u>
<u>85,052</u>	<u>632,558</u>
-	547,506
<u>85,052</u>	<u>85,052</u>
<u>85,052</u>	<u>632,558</u>

City of Missouri Valley
Schedule of Indebtedness
Year ended June 30, 2007

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Bridge improvement	Jul 1, 1999	4.70 – 4.85 %	240,000
General purpose notes	Nov 1, 2001	4.50 – 5.00 %	455,000
International Truck	Jul 1, 2004	4.60 %	44,321
JD Mower	Mar 15, 2005	8.50 %	15,800
Ambulance	May 16, 2006	5.63 %	77,850
Skid loader	Jul 12, 2005	11.27 %	44,000
Total			
Urban renewal tax increment financing (TIF) revenue bonds:			
General obligation and refunding bonds	Nov 22, 2005	3.40 – 4.10 %	\$ 980,000
Economic development	Sep 1, 1996	8.10 – 8.15 %	290,000
Total			
Revenue notes:			
Sewer	Mar 16, 1992	3.00 %	\$ 337,000
Sewer	Nov 1, 1996	5.55 – 5.75 %	885,000
Total			
Anticipatory Notes:			
Water construction	Nov 28, 2006	4.00 %	\$ 1,415,000
Water construction	Oct 28, 2006	3.80 %	2,920,000
Total			

See accompanying independent auditors' report

Schedule 2

	<u>Balance Beginning Of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
\$	110,000	-	25,000	85,000	5,218	-
	295,000	-	45,000	250,000	13,813	-
	27,776	-	8,846	18,930	1,275	-
	5,254	-	5,254	-	465	-
	77,850	-	16,377	61,473	3,623	-
	29,333	-	14,717	14,616	1,604	-
\$	<u>545,213</u>	<u>-</u>	<u>115,194</u>	<u>430,019</u>	<u>25,998</u>	<u>-</u>
\$	845,000	-	110,000	735,000	31,360	-
	100,000	-	30,000	70,000	8,102	-
\$	<u>945,000</u>	<u>-</u>	<u>140,000</u>	<u>805,000</u>	<u>39,462</u>	<u>-</u>
\$	131,000	-	20,000	111,000	3,630	-
	445,000	-	65,000	380,000	23,261	-
\$	<u>576,000</u>	<u>-</u>	<u>85,000</u>	<u>491,000</u>	<u>26,891</u>	<u>-</u>
\$	-	1,415,000	-	1,415,000	28,772	-
	-	2,920,000	-	2,920,000	66,576	-
\$	<u>-</u>	<u>4,335,000</u>	<u>-</u>	<u>4,335,000</u>	<u>95,348</u>	<u>-</u>

City of Missouri Valley
Bond and Note Maturities
June 30, 2007

Year Ending June 30,	General Obligation					
	Skid Loader Issued Jul 12, 2005		Bridge Improvement Issued Jul 1, 1999		GO Corp Purpose Notes Issued Nov 1, 2001	
	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
2008	3.75 %	\$ 14,616	4.70 %	\$ 25,000	4.50 %	\$ 45,000
2009	-	-	4.75 %	30,000	4.60 %	50,000
2010	-	-	4.85 %	30,000	4.80 %	50,000
2011	-	-	-	-	4.90 %	50,000
2012	-	-	-	-	5.00 %	55,000
Total		<u>\$ 14,616</u>		<u>\$ 85,000</u>		<u>\$ 250,000</u>

Year Ending June 30,	Urban Renewal Tax Increment Financing (TIF) Revenue Bonds				
	GO Corp and Refunding Notes Issued Nov 22, 2005		Economic Development Issued Sep 1, 1996		Total
	Interest Rate	Amount	Interest Rate	Amount	
2008	3.40 %	\$ 65,000	8.10 %	\$ 35,000	\$ 100,000
2009	3.50 %	110,000	8.15 %	35,000	145,000
2010	3.60 %	85,000	-	-	85,000
2011	3.70 %	90,000	-	-	90,000
2012	3.80 %	90,000	-	-	90,000
2013	3.90 %	95,000	-	-	95,000
2014	4.00 %	100,000	-	-	100,000
2015	4.10 %	100,000	-	-	100,000
Total		<u>\$ 735,000</u>		<u>\$ 70,000</u>	<u>\$ 805,000</u>

See accompanying independent auditors' report

Bonds

Ambulance Issued May 16, 2006		International Truck Issued Jul 1, 2004		Total
Interest Rate	Amount	Interest Rate	Amount	
5.625 %	\$ 15,570	4.60 %	\$ 9,253	\$ 109,439
5.625 %	15,570	4.60 %	9,677	105,247
5.625 %	15,570	-	-	95,570
5.625 %	14,763	-	-	64,763
-	-	-	-	55,000
	<u>\$ 61,473</u>		<u>\$ 18,930</u>	<u>\$ 430,019</u>

Revenue Notes

Sewer Issued Oct. 15, 1999		Sewer Issued Feb. 28, 2003		Total
Interest Rate	Amount	Interest Rate	Amount	
3.00 %	\$ 20,000	5.55 %	\$ 70,000	\$ 90,000
3.00 %	21,000	5.60 %	70,000	91,000
3.00 %	22,000	5.65 %	75,000	97,000
3.00 %	23,000	5.70 %	80,000	103,000
3.00 %	25,000	5.75 %	85,000	110,000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
	<u>\$ 111,000</u>		<u>\$ 380,000</u>	<u>\$ 491,000</u>

City of Missouri Valley
Schedule of Receipts By Source and Disbursements By Function -
All Governmental Funds
For the Last Four Years

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Receipts				
Property tax	\$ 906,871	954,490	947,298	1,057,170
Tax increment financing collections	172,242	264,215	274,845	259,246
Other city tax	270,813	460,569	266,249	261,186
Licenses and permits	6,631	10,690	8,278	11,173
Use of money and property	186,868	71,127	28,913	50,951
Intergovernmental	602,242	293,004	319,538	300,177
Charges for service	162,842	170,013	163,518	179,290
Special assessments	-	-	-	572
Miscellaneous	128,942	53,296	190,965	1,270,538
Total	\$ <u>2,437,451</u>	<u>2,077,404</u>	<u>2,199,604</u>	<u>3,390,303</u>
Disbursements				
Operating:				
Public safety	\$ 469,765	428,948	377,686	411,606
Public works	404,610	483,418	377,457	442,890
Culture and recreation	430,750	376,793	428,532	353,463
Community and economic development	302,070	598,168	-	-
General government	269,048	280,952	242,345	211,421
Debt service	363,538	684,935	322,746	360,600
Capital projects	-	75,971	199,138	1,464,836
Total	\$ <u>2,239,781</u>	<u>2,929,185</u>	<u>1,947,854</u>	<u>3,244,816</u>

See accompanying independent auditors' report

City of Missouri Valley
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2007

Grantor/Program	CFDA Number	Agency Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program	14.228	05-WS-080	\$ 262,002
Community Development Block Grants/State's Program	14.228	05-ED-002	302,070
			564,072
Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Department of Homeland Security and Emergency Management Division:			
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-IA-EM3275	4,391
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Safety Incentive Grants for Use of Seat Belts	20.604	07-157	1,779
			\$ 570,242

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Missouri Valley and is presented in conformity with an other comprehensive basis of accounting. The information on 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.

See accompanying independent auditors' report

City of Missouri Valley

November 5, 2007

Independent Auditors' 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*

To the 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 Missouri Valley, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated November 5, 2007. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Missouri Valley's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Missouri Valley's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Missouri Valley'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 City of Missouri Valley'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 City of Missouri Valley's financial statements that is more than inconsequential will not be prevented or detected by the City of Missouri Valley'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 City of Missouri Valley's internal control.

Continued...

City of Missouri Valley
Report on 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 Missouri Valley's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance that are described in Part III of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City'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. 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.

City of Missouri Valley'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 Missouri Valley'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 Missouri Valley and other parties to whom the City of Missouri Valley 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 Missouri Valley 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.

**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**

November 5, 2007

Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Honorable Mayor and
Members of the City Council:

Compliance

We have audited the compliance of the City of Missouri Valley, Iowa with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2007. City of Missouri Valley's major federal program is 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 its major federal program is the responsibility of City of Missouri Valley's management. Our responsibility is to express an opinion on City of Missouri Valley's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 City of Missouri Valley's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Missouri Valley's compliance with those requirements.

In our opinion, City of Missouri Valley complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

Continued...

Internal Control Over Compliance

The management of City of Missouri Valley is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered City of Missouri Valley's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 City of Missouri Valley's internal control over compliance.

A control deficiency in the City'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 non-compliance 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 City's ability to administer a federal program such that there is more than a remote likelihood non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the City's internal control that might be significant deficiencies or material weaknesses as defined above. We did not identify any deficiencies in internal control over financial reporting 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 Missouri Valley and other parties to whom the City of Missouri Valley 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.

City of Missouri Valley
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Part I: Findings Related to the Financial Statements:

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material for the financial statements.
- (d) No significant deficiencies in internal control over the major federal program were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 14.228 – Community Development Block Grants/State’s Program, Contract 05-ED-002.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) City of Missouri Valley did not qualify as a low-risk auditee.

City of Missouri Valley
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

No matters were reported.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

City of Missouri Valley
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Part III: Other Findings Related to Statutory Reporting:

III-A-07 Certified Budget

Comment - Disbursements during the year ended June 30, 2007 exceeded the amounts in the budget in the community and economic development, debt service, and capital projects 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 sufficiently before disbursements were allowed to exceed the budget.

Response – The procedures to amend the budget will be reviewed so that we will be in compliance with the Code of Iowa.

Conclusion – Response accepted.

III-B-07 Entertainment Expense

We noted no disbursements for parties, banquets or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General’s opinion dated April 25, 1979.

III-C-07 Travel Expense

No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

III-D-07 Business Transactions

We noted no business transactions between the City and City officials or employees.

III-E07 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.

III-F-07 Council Minutes

No transactions were found that we believe should have been approved in the Council minutes but were not.

III-G-07 Revenue Notes

The City is in compliance with the provisions of the bond resolutions.

City of Missouri Valley
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Part III: Other Findings Related to Statutory Reporting Continued:

III-H-07 Excess Balances

Comment – The balances in the Special Revenue Fund, Road Use, Local Option Sales Tax Account and CDBG Account, the Debt Service Fund and the Enterprise Fund-Water Account at June 30, 2007, were in excess of the accounts’ disbursements for the year.

Recommendation – The City should consider the necessity of maintaining these substantial balances, and where financially feasible, consider reducing the balances in an orderly manner through revenue reductions.

Response – We will review the Debt Service Fund further before the next budget is certified. We plan to utilize the funds in the Local Option Sales Tax Account for future street and utility projects, and we are planning to utilize funds from the Water Account to pay for improvements and construction.

Conclusion – Response accepted.

III-I-07 Deposits and Investments

Comment – The City had a variety of investments held in a depository outside the State of Iowa.

Recommendation – Chapters 12C.4 and 12C.5 of the Code of Iowa state in part that “deposits must be held in the County, or adjoining County in which the City is located unless deposits are refused, then the deposits must be held in depositories within the State of Iowa.” The City should deposit funds in allowable depositories.

Response – We will attempt to get the Library to move their investments to allowable depositories.

Conclusion – Response accepted.

III-J-07 Policy on Procedures for Delinquent Utility Accounts

Comment – The City does not have a written policy addressing the procedures for delinquent utility accounts.

Recommendation – The City should have a written policy addressing the procedures concerning shut off policies on delinquent accounts.

Response – We will review this.

Conclusion – Response accepted.

City of Missouri Valley
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Part III: Other Findings Related to Statutory Reporting Continued:

III-K-07 Other Information Required by Bond Resolution

Insurance – The following insurance policies were in force at June 30, 2007:

<u>Insurer</u>	<u>Description</u>	<u>Amount</u>	<u>Date</u>
IMWCA	Workers' compensation and employer's liability:		
	Each occurrence	\$ 500,000	Jul 1, 2007
	Policy limit	1,000,000	Jul 1, 2007
ICAP	Blanket building and contents	10,463,142	Apr 1, 2007
ICAP	Commercial Umbrella	4,000,000	Apr 1, 2007
ICAP	Automobile coverage:		
	Bodily injury liability:		
	Each occurrence	4,000,000	Apr 1, 2007
	Uninsured/underinsured motorists	4,000,000	Apr 1, 2007
ICAP	Fidelity bond coverage for:		
	Clerk	25,000	Apr 1, 2007
	Treasurer	25,000	Apr 1, 2007
ICAP	Public officials' errors and omissions	100,000	Apr 1, 2007

Statistical Information

Utility customers served at June 30, 2007	1,246
Gallons billed during the year ended June 30, 2007 were approximately	96,404,000

NEWS RELEASE

Schroer & Associates, P.C. today released an audit report on the City of Missouri Valley, Iowa.

The City's receipts totaled \$7,916,463 for the year ended June 30, 2007, a 105 percent increase from 2006. The receipts included \$1,026,560 in property and other tax, \$172,242 from tax increment financing collections, \$990,327 from charges for service, \$300,744 from operating grants, contributions and restricted interest, \$645,759 from capital grants, contributions and restricted interest, \$151,124 from local option sales tax, \$177,007 from unrestricted investment earnings, \$4,300,320 from note proceeds, and \$152,380 from other general receipts.

Disbursements for the year totaled \$5,301,645, a 38 percent increase from the prior year, and included \$469,765 for public safety, \$430,750 for culture and recreation, and \$404,610 for public works. Also, disbursements for business type activities totaled \$3,061,864.

A copy of the audit report is available for review in the Office of Auditor of State and the City Clerk's office.

November 11, 2005

To the Honorable Mayor and
Members of the City Council
City of Missouri Valley
223 E Erie
Missouri Valley, IA 51555

We have compiled the annual financial report of the City of Missouri Valley for the year ended June 30, 2005, included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the State of Iowa information that is the representation of management. We have not audited or reviewed the financial statements referred to above, and accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the State of Iowa, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

November 5, 2007

To the Honorable Mayor and
Members of the City Council
City of Missouri Valley
223 E. Erie
Missouri Valley, IA 51555

We have compiled the annual financial report of the City of Missouri Valley for the year ended June 30, 2007, included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the State of Iowa information that is the representation of management. We have not audited or reviewed the financial statements referred to above, and accordingly, do not express an opinion or any other form of assurance on them. These financial statements were compiled by us from financial statements for the same period that we previously audited, as indicated in our report dated November 5, 2007.

These financial statements are presented in accordance with the requirements of the State of Iowa, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences

November 12, 2007

City of Missouri Valley
Missouri Valley, IA

Dear Rita:

Enclosed is a draft copy of the audit for your review and for information to complete the MD&A (Management, Discussion & Analysis).

Also enclosed is the management letter which you need to sign and mail back to us. We used to have you sign this while we were there doing fieldwork, but new regulations make us wait until we have the report completed.

Thanks for your help. Please call me with questions.

Sincerely,

SCHROER & ASSOCIATES, P.C.

Barbara Mass
Shareholder

BM/sh
Enc.

City of Missouri Valley

Hours Worked: 85

December 7, 2007

Rita Miller
City of Missouri Valley
223 East Erie
Missouri Valley, IA 51555

Dear Rita:

We have filed the required copies of your audit report with the Office of Auditor of State. A filing fee is required to be paid based on your final amended budget according to the following schedule:

<u>Budgeted Expenditures (In millions of dollars)</u>	<u>Fee Amount</u>
Under 1	\$100.00
At least 1, but less than 3	\$175.00
At least 3, but less than 5	\$250.00
At least 5, but less than 10	\$425.00
At least 10, but less than 25	\$625.00
25 and over	\$850.00

You are required to send the appropriate filing fee. The check should be made payable to "Auditor of State" and mailed to Office of Auditor of State, PO Box 333, Des Moines, IA 50302-0333.

If you have any questions, please do not hesitate to call me at 712-322-8734.

Sincerely,

SCHROER & ASSOCIATES, P.C.

Barbara Mass
Shareholder

BM/sh

December 7, 2007

David Vaudt
Office of State Auditor
PO Box 333
Des Moines, IA 50302-0333

Dear Sir:

We have enclosed for your records the following information regarding the audit of the City of Missouri Valley for the year ended June 30, 2007.

- 1 copy of the audit report
- 1 copy of the news release
- 1 copy of the number of hours worked
- 1 copy of the invoice

Sincerely,

SCHROER & ASSOCIATES, P.C.

Barbara Mass
Shareholder

BM/sh
Enc.

December 7, 2007

Federal Audit Clearinghouse
1201 E. 10th Street
Jeffersonville, IN 47132

Dear Sirs:

We have enclosed for your records, a copy of the audit report and the data collection forms for City of Missouri Valley for the year ended June 30, 2007.

Sincerely,

SCHROER & ASSOCIATES, P.C.

Barbara Mass
Shareholder

BM/sh
Enc.