CITY OF ALBIA

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

JUNE 30, 2007

Peak & Gerdes, LLP
Certified Public Accountants
1051 Office Park Road
West Des Moines, IA 50265

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City of Albia

Officials

Name	Title	Term Expires
Richard Clark	Mayor	January 1, 2008
Kelly Freeman	Council Member	January 1, 2008
Jan Haselhuhn	Council Member	January 1, 2008
Larry Johnson *	Council Member	January 1, 2008
Jeff Stoffa	Council Member	January 1, 2010
Norm Braun	Council Member	January 1, 2010
Tim Stoller	Council Member	January 1, 2010
Ron Yarkosky **	Council Member	January 1, 2008
Linda Roorda	City Clerk/Treasurer	January 1, 2008
John Pabst	Attorney	January 1, 2008
	Library Board	
Lelah Marlin	Library Trustee	July 1, 2008
Lois Mick	Library Trustee	July 1, 2008
Matt Foster	Library Trustee	July 1, 2008
Marty Ryan	Library Trustee	July 1, 2008
Sharon Crall	Library Trustee	July 1, 2008
Joe Mahoney	Library Trustee	July 1, 2008
Joe Starcevic	Library Trustee	July 1, 2011
Dave Paxton	Library Trustee	July 1, 2012
Sally Bachman	Library Trustee	July 1, 2012
	Cemetery Board	
Cindy See	Cemetery Trustee	July 1, 2008
Coleen Putnam ***	Cemetery Trustee	July 1, 2008
Rowland Barns	Cemetery Trustee	July 1, 2010
George Mosley	Cemetery Trustee	July 1, 2010
Dave Fleener	Cemetery Trustee	July 1, 2012

* - Resigned in 2007.
** - Appointed in 2007 to fill the unexpired term of Larry Johnson.
*** - Resigned prior to the end of the fiscal year. Position currently vacant.

City of Albia

Officials

Name	Title	Term Expires
	Planning and Zoning	
Dan Tometich	Commissioner	February 1, 2008
John Freshwater	Commissioner	February 1, 2009
Rino Della Vedova	Commissioner	February 1, 2009
Homer Renwick	Commissioner	February 1, 2010
Ray Vitko, Jr.	Commissioner	February 1, 2010
Chris Anderson	Commissioner	February 1, 2011
Robert Reed	Commissioner	February 1, 2011
	Board of Adjustment and Review	
Steve Goodlow	Board Member	August 3, 2007
Kenneth Geyer	Board Member	August 3, 2008
Andy Winborn	Board Member	August 3, 2009
Sue Palmer	Board Member	August 3, 2010
E.H. Scales	Board Member	August 3, 2011
	Historic Preservation Board	
Matt Foster	Board Member	January 1, 2008
Robert Reed	Board Member	January 1, 2008
Michael Judge	Board Member	January 1, 2009
Camillia Williamson	Board Member	January 1, 2009
John Scieszinski	Board Member	January 1, 2009
	Low-Rent Housing	
Mary Lou Rinehart	Board Member	May 8, 2008
Marilyn Koffman	Board Member	May 8, 2008
Dan Johnson	Board Member	May 8, 2009
Donna Flahive	Board Member	May 8, 2009
E.H. Scales	Board Member	May 8, 2009
	Albia Waterworks Board	
Bob Russell	Board Member	April 2, 2009
Jack Scieszinski	Board Member	April 2, 2011
John Scieszinski	Board Member	April 2, 2013
	Albia Parks Commission	
Dan Tometich	Commissioner	October 18, 2007
Julie Baylor	Commissioner	October 18, 2007
Kristi Haas	Commissioner	October 18, 2008
Ted Banning	Commissioner	October 18, 2009
Steve Parks	Commissioner	October 18, 2009
Linda Roorda	Commissioner	Indefinite
Jan Haselhuhn	Commissioner	Indefinite

City of Albia

PEAK & GERDES, LLP
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WEST DES MOINES, IOWA 50265

(515) 277-3077

Independent Auditor's 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 Albia, 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 Albia'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.

The financial statements referred to above include only the primary government of the City of Albia, which consists of all funds, organizations, agencies, departments and offices that comprise the City's legal entity. The financial statements do not include financial data for the City's legally separate component unit, which U.S. generally accepted accounting principles require to be reported with the financial data of the City's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the cash basis financial position of the reporting entity of the City of Albia as of June 30, 2007, and the changes in its cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

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 for the primary government of the City of Albia 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.

In accordance with Government Auditing Standards, we have also issued our report dated July 12, 2007 on our consideration of the City of Albia's internal control over financial reporting and 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 internal control over financial reporting or 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.

Management's Discussion and Analysis and budgetary comparison information on pages 8 through 13 and 27 through 28 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 inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Albia's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the primary government financial statements for the four years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 5 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.

Peak & Gerdes, LLP
Certified Public Accountants

July 12, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Albia 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.

2007 FINANCIAL HIGHLIGHTS

* Receipts and transfers of the City's governmental activities decreased 26.6%, or approximately $1,089,000, from fiscal 2006 to fiscal 2007. Local option sales tax increased approximately $209,000 and bond and loan proceeds decreased approximately $1,235,000.

* Disbursements of the City's governmental activities decreased 28.9%, or approximately $1,208,000, in fiscal 2007 from fiscal 2006. Debt service disbursements decreased approximately $857,000, and capital projects disbursements decreased approximately $640,000.

* The City's total cash basis net assets increased 2.7%, or approximately $46,000, from June 30, 2006 to June 30, 2007. Of this amount, the assets of the governmental activities increased approximately $43,000 and the assets of the business type activities increased by approximately $3,000.

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 operation 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:

(1) 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.

(2) Business Type Activities include the landfill, airport 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 Trust & Agency funds, 3) the Debt Service Fund, 4) the Capital Projects Fund and, 5) the Permanent 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 three Enterprise Funds to provide separate information for the Sewer fund, considered to be major fund of the City. The Airport fund and Landfill fund are considered to be non-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 from a year ago, increasing from $1.469 million to $1.512 million. The analysis that follows focuses on the changes in cash balances for governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities
(Expressed in Thousands)

	Year ended June 30, 2006	Year ended June 30, 2007
Receipts and transfers:		
Program receipts:		
Charges for service	$ 105	194
Operating grants, contributions and restricted interest	418	434
Capital grants, contributions and restricted interest	494	253
General receipts:		
Property tax	1,083	1,172
Local option sales tax	579	788
Grants and contributions not restricted to specific purposes	14	14
Unrestricted investment earnings	7	13
Bond and loan proceeds	1,338	103
Miscellaneous	15	4
Sale of assets	15	5
Transfers, net	29	28
Total operating receipts and transfers	4,097	3,008
Disbursements:		
Public safety	505	683
Public works	369	422
Culture and recreation	233	302
Community and economic development	12	3
General government	301	299
Debt service	1,478	621
Capital projects	1,275	635
Total disbursements	4,173	2,965
Increase (decrease) in cash basis net assets	(76)	43
Cash basis net assets beginning of year	1,545	1,469
Cash basis net assets end of year	$1,469	1,512

The City's total receipts and transfers for governmental activities decreased by 26.6%, or 1,089,000. The total cost of all programs and services decreased by approximately $1,208,000, or 28.9%, with no new programs added this year. The significant decrease in receipts was primarily the result of less bond and loan proceeds.

The City's property tax collections increased approximately $89,000 from fiscal 2006 to fiscal 2007. Approximately $1,172,000 and $1,083,000 in property taxes were collected in fiscal 2007 and 2006, respectively. Property tax receipts are budgeted to remain relatively the same in fiscal 2008.

The cost of all governmental activities this year was $2.965 million compared to $4.173 million last year. However, as shown on the Statement of Activities and Net Assets on page 15, the amount taxpayers ultimately financed for these activities was only $2.084 million because some of the cost was paid by those directly benefited from the programs ($194,000) or by other governments and organizations that subsidized certain programs with grants, contributions and restricted interest ($687,000). Overall, the City's governmental activities receipts, including intergovernmental aid and fees for service, decreased in 2007 from approximately $1,017,000 to approximately $881,000, principally due to less block grant monies received in fiscal 2007 compared to fiscal 2006. The City paid for the remaining "public benefit" portion of governmental activities with approximately $2,084,000 in tax (some of which could only be used for certain programs) and with other receipts, such as interest and general entitlements.

Changes in Cash Basis Net Assets of Business Type Activities
(Expressed in Thousands)

	Year ended June 30, 2006	Year ended June 30, 2007
Receipts:		
Program receipts:		
Charges for service		
Airport	$ 4	8
Sewer	318	320
Landfill	16	16
Capital grants, contributions and restricted interest	236	13
General receipts:		
Unrestricted interest on investments	7	9
Total receipts	581	366
Disbursements and transfers:		
Airport	253	8
Sewer	304	308
Landfill	16	19
Transfers	29	28
Total disbursements and transfers	602	363
Increase (decrease) in cash balance	(21)	3
Cash basis net assets beginning of year	267	246
Cash basis net assets end of year	$ 246	249

Total business type activities receipts for the fiscal year were $.366 million compared to $.581 million last year. This significant decrease was due primarily to the grants received in fiscal 2006 for an airport project. The cash balance increased by approximately $3,000 from the prior year because income in the airport fund exceeded the related costs incurred in the fund. Total disbursements and transfers for the fiscal year decreased by 40% to a total of $.363 million.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Albia completed the year, its governmental funds reported a combined fund balance of $1,512,175, an increase of more than $43,000 above last years total of $1,468,951. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

* The General Fund cash balance increased $31,180 from the prior year to $146,398. This increase was just due to spending less money than was received.

* The Special Revenue, Road Use Tax Fund cash balance decreased $26,896 to $33,746 during the fiscal year. This decrease in cash is primarily due to an increase in the cost of utilities, vehicle and equipment fuel, and costs associated with snow and ice removal.

* The Special Revenue, Aquatic Center Fund cash balance increased by $849,050 during the fiscal year. This increase is due to the establishment of the fund in the fiscal year to account for receipts and disbursements of the aquatic center. In prior years, this activity was shown as a Capital Project Fund, but construction on the aquatic center was virtually complete in fiscal 2006. The new aquatic center opened in the summer of 2006.

* The Debt Service Fund cash balance increased by $10,148 to $21,237 during the fiscal year. Bond principal and interest payments and bond proceeds significantly decreased in fiscal 2007. The increase in cash was just due to a decrease in disbursements in this fund.

* The Street Paving Project Fund cash balance decreased by $479,749 during the fiscal year. Proceeds from the sale of bonds were received into this fund in fiscal 2006, and the proceeds were used to pay the costs of street repair in the City in fiscal 2007. There were no sale of bonds deposited into this fund in fiscal 2007.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

* The Sewer Fund cash balance decreased by $9,022 to $147,673, due primarily to the fact that monies spent exceeded monies received in the fiscal year.

BUDGETARY HIGHLIGHTS

During the course of the year, the City amended its budget one time. The budget was amended because of a USDA grant, loan, and pool fees which were greater than originally anticipated. In addition, the budget was amended because of pool related costs, street repairs and a water main project which were greater than originally anticipated.

The City's receipts were $539,094 more than budgeted. This was primarily due to the City receiving more in local option sales taxes and grants than anticipated, even after the amendments.

Even with the budget amendments, the City exceeded the amounts budgeted in the public safety, culture and recreation, debt service and capital projects functions. Certain functions were over budget because of classification differences between the budget and how the disbursements were classified for financial statement purposes. However, for all functions combined, total disbursements were less than budgeted disbursements.

DEBT ADMINISTRATION

At June 30, 2007, the City of Albia had approximately $4,476,000 in bonds and other long-term debt, compared to approximately $4,943,000 last year.

Outstanding Debt at Year-End
(Expressed in Thousands)

	June 30, 2006	June 30, 2007
General Obligation Bonds and Notes	$4,552	4,102
Revenue Bonds	305	308
Lease – Purchase Agreement	86	66
Total	$4,943	4,476

Debt decreased as a result of the payment of the scheduled payments, which exceeded the amount of new debt obtained in the fiscal year.

The amount of general obligation debt a political subdivision of the State of Iowa can incur is controlled by constitutional debt limit, which is an amount equal to 5% of the actual value of property within the corporate limits, taken from the last county tax list. The Issuer's debt limit, based upon said valuation, amounts to the following:

Actual Value of Property, 2005	$102,512,684
Debt Limit	.05
	$5,125,634

The City's outstanding general obligation debt of $4,102,000 is below the constitutional debt limit of $5,125,634.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

City of Albia's elected and appointed officials and citizens considered many factors when setting the fiscal year 2008 budget, tax rates, and fees that will be charged for various City activities. One of those factors is the economy and the rising costs of employee benefits.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The State's CPI increase was 3.2% for fiscal year 2007 compared with the national rate of 3.4%. Inflation has been modest here due, in part, to the slowing of the residential housing market and increases in energy prices in 2007.

These indicators were taken into account when adopting the budget for fiscal year 2008. Amounts available for appropriation in the operating budget are approximately $4.0 million, keeping in line with 2007 budget year.

CONTRACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayer, 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 Linda Roorda, City Clerk, 120 South "A" Street, Albia, Iowa 52531.

Basic Financial Statements

City of Albia

Exhibit A

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2007

Functions / Programs	Disbursements	Program Receipts: Charges for Service	Program Receipts: Operating Grants, Contributions and Restricted Interest	Program Receipts: Capital Grants, Contributions and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Assets: Governmental Activities	Business Type Activities	Total
Governmental activities:							
Public safety	$ 682,761	32,908	42,205	80,481	(527,167)	-	(527,167)
Public works	421,834	3,005	310,760	15,221	(92,848)	-	(92,848)
Culture and recreation	302,258	142,044	50,870	46,040	(63,304)	-	(63,304)
Community and economic development	2,477	-	30,220	-	27,743	-	27,743
General government	299,152	15,708	-	-	(283,444)	-	(283,444)
Debt service	620,756	-	-	-	(620,756)	-	(620,756)
Capital projects	635,254	-	-	110,821	(524,433)	-	(524,433)
Total governmental activities	2,964,492	193,665	434,055	252,563	(2,084,209)	-	(2,084,209)
Business type activities:							
Sewer	307,680	320,232	-	-	-	12,552	12,552
Airport	8,022	8,414	-	12,342	-	12,734	12,734
Landfill	19,419	15,685	-	-	-	(3,734)	(3,734)
Total business type activities	335,121	344,331	-	12,342	-	21,552	21,552
Total	$ 3,299,613	537,996	434,055	264,905	(2,084,209)	21,552	(2,062,657)
General Receipts:							
Property tax levied for:							
General purposes					851,265	-	851,265
Debt service					320,309	-	320,309
Local option sales tax					788,309	-	788,309
Grants and contributions not restricted to specific purpose							
Unrestricted interest on investments					14,074	-	14,074
Loan proceeds					12,695	8,662	21,357
Miscellaneous					102,900	-	102,900
Sale of assets					4,200	491	4,691
Transfers					5,553	-	5,553
Total general receipts and transfers					28,128	(28,128)	-
					2,127,433	(18,975)	2,108,458
Change in cash basis net assets					43,224	2,577	45,801
Cash basis net assets beginning of year, as restated					1,468,951	246,053	1,715,004
Cash basis net assets end of year					$ 1,512,175	248,630	1,760,805
Cash Basis Net Assets							
Restricted:							
Streets					$ 33,746	-	33,746
Debt service					21,237	110,815	132,052
Other purposes					1,310,794	-	1,310,794
Unrestricted					146,398	137,815	284,213
Total cash basis net assets					$ 1,512,175	248,630	1,760,805

See notes to financial statements.

City of Albia

Exhibit B

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: Road Use Tax	Special Revenue: Aquatic Center	Debt Service	Capital Projects: Street Paving Project	Nonmajor	Total
Receipts:							
Property tax	$ 587,643	-	-	320,309	-	263,623	1,171,575
Other city tax	14,074	-	788,309	-	-	-	802,383
Licenses and permits	10,027	-	-	-	-	-	10,027
Use of money and property	16,893	-	8,483	-	-	9,065	34,441
Intergovernmental	113,921	308,876	-	-	15,221	114,731	552,749
Charges for service	152,345	-	-	-	-	-	152,345
Miscellaneous	80,287	-	2,066	-	1,885	63,377	147,615
Total receipts	975,190	308,876	798,858	320,309	17,106	450,796	2,871,135
Disbursements:							
Operating:							
Public safety	595,901	-	-	-	-	86,860	682,761
Public works	2,429	335,772	-	-	-	83,633	421,834
Culture and recreation	220,634	-	36,312	-	-	45,312	302,258
Community and economic development	-	-	-	-	-	2,477	2,477
General government	229,425	-	-	-	-	69,727	299,152
Debt service	-	-	-	620,756	-	-	620,756
Capital projects	-	-	-	-	496,855	138,399	635,254
Total disbursements	1,048,389	335,772	36,312	620,756	496,855	426,408	2,964,492
Excess (deficiency) of receipts over (under) disbursements	(73,199)	(26,896)	762,546	(300,447)	(479,749)	24,388	(93,357)
Other financing sources (uses):							
Loan proceeds	102,900	-	-	-	-	-	102,900
Sale of capital assets	5,553	-	-	-	-	-	5,553
Operating transfers in	8,420	-	358,591	312,415	-	294	679,720
Operating transfers out	(12,494)	-	(272,087)	(1,820)	-	(365,191)	(651,592)
Total other financing sources (uses)	104,379	-	86,504	310,595	-	(364,897)	136,581
Net change in cash balances	31,180	(26,896)	849,050	10,148	(479,749)	(340,509)	43,224
Cash balances beginning of year	115,218	60,642	-	11,089	495,461	786,541	1,468,951
Cash balances end of year	$ 146,398	33,746	849,050	21,237	15,712	446,032	1,512,175
Cash Basis Fund Balances							
Reserved:							
Debt Service	$ -	-	-	21,237	-	-	21,237
Unreserved:							
General fund	146,398	-	-	-	-	-	146,398
Special revenue funds	-	33,746	849,050	-	-	277,406	1,160,202
Capital projects fund	-	-	-	-	15,712	1	15,713
Permanent funds	-	-	-	-	-	168,625	168,625
Total cash basis fund balances	$ 146,398	33,746	849,050	21,237	15,712	446,032	1,512,175

See notes to financial statements.

City of Albia

Exhibit C

Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2007

	Enterprise		
	Sewer	Nonmajor	Total
Operating receipts:			
Use of money and property	$ -	8,414	8,414
Charges for service	320,232	15,685	335,917
Total operating receipts	320,232	24,099	344,331
Operating disbursements:			
Business type activities	194,568	27,441	222,009
Total operating disbursements	194,568	27,441	222,009
Excess (deficiency) of operating receipts over (under) operating disbursements	125,664	(3,342)	122,322
Non-operating receipts (disbursements):			
Intergovernmental	-	12,342	12,342
Interest on investments	6,073	2,589	8,662
Miscellaneous	481	10	491
Debt service	(113,112)	-	(113,112)
Total non-operating receipts (disbursements)	(106,558)	14,941	(91,617)
Excess (deficiency) of receipts over (under) disbursements	19,106	11,599	30,705
Other financing (uses):			
Operating transfers out	(28,128)	-	(28,128)
Net change in cash balances	(9,022)	11,599	2,577
Cash balances beginning of year	156,695	89,358	246,053
Cash balances end of year	$ 147,673	100,957	248,630
Cash Basis Fund Balances			
Reserved for debt service	$ 110,815	-	110,815
Unreserved	36,858	100,957	137,815
Total cash basis fund balances	$ 147,673	100,957	248,630

See notes to financial statements.

(1) Summary of Significant Accounting Policies

The City of Albia is a political subdivision of the State of Iowa located in Monroe County. It 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, community and economic development, and general governmental services. The City also provides sewer utilities for its citizens.

A. Reporting Entity

Except as discussed below, for financial reporting purposes, City of Albia 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.

These financial statements present the City of Albia (the primary government) and exclude the City's component unit. The component unit discussed below is not included in the City's reporting entity although its operational or financial relationship with the City is significant.

Excluded Component Unit

The Albia Municipal Waterworks was established under Chapter 388 of the Code of Iowa, is legally separate from the City, but has the potential to provide specific benefits to or impose specific burdens on the City. The Municipal Waterworks is governed by a three-member board appointed by the Mayor and approved by the City Council. The Waterworks operating budget is subject to the approval of the City Council. Complete financial statements of the component unit, which will issue separate financial statements, can be obtained from the Municipal Waterworks administrative office.

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: Area 15 Regional Planning Commission, Monroe County Assessor's Conference Board and the Monroe County Joint E-911Service Board.

Related Organization

The City Council members are also responsible for appointing the members of the Low Rent Housing Board, but the City's accountability for this organization does not extend beyond making the appointments.

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:

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

The Aquatic Center Fund is used to account for the local option sales tax and the related costs and debt associated with the aquatic center.

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

Capital Projects:

The Street Paving Project Fund is used to account for costs associated with major paving projects of the City.

The City reports the following major proprietary fund:

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

C. Measurement Focus and Basis of Accounting

The City of Albia 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 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 amounts budgeted in the public safety, culture and recreation, debt service and capital projects activities functions.

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

The City had no investments meeting the disclosure requirements of Government Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

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.

(3) Bonds and Notes Payable

Annual debt service requirements to maturity for general obligation bonds and notes, revenue bonds and revenue notes are as follows:

Year Ending June 30,	General Obligation Bonds and Notes		Revenue Bonds		Revenue Note		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	$ 560,000	$ 154,800	$ 100,000	$ 8,713	$ 8,521	$ 4,245	$ 668,521	$ 167,758
2009	415,000	135,396	105,000	4,462	8,873	3,893	528,873	143,751
2010	446,000	120,262	-	-	9,239	3,527	455,239	123,789
2011	606,000	103,880	-	-	9,617	3,146	615,617	107,026
2012	395,000	79,905	-	-	10,016	2,749	405,016	82,654
2013	410,000	65,482	-	-	10,430	2,336	420,430	67,818
2014	420,000	50,092	-	-	10,860	1,906	430,860	51,998
2015	445,000	33,928	-	-	11,308	1,458	456,308	35,386
2016	405,000	16,278	-	-	11,775	992	416,775	17,270
2017	-	-	-	-	12,261	505	12,261	505
	$ 4,102,000	$ 760,023	$ 205,000	$ 13,175	$ 102,900	$ 24,757	$ 4,409,900	$ 797,955

Revenue Bonds

The resolutions providing for the issuance of the revenue bonds include the following provisions.

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

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

Even though not required, the City has established a reserve account for its revenue bonds.

Revenue Note

The City issued a fire department revenue note totaling $102,900 on October 30, 2006 to defray a portion of the cost of purchasing a new fire truck. The note is payable to the U.S. Department of Agriculture (USDA) in annual installments of $12,766, including interest at 4.125% per annum. During the year ended June 30, 2007, no payments were made to the USDA, leaving a balance due at June 30, 2007 of $102,900.

The resolution for the issuance of the fire department revenue note includes the following provisions:

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

(b) The City shall make annual payments of $12,766 to the USDA, including interest at 4.125%, per annum, in fiscal years 2008 through 2017, inclusive.

(c) Sufficient monthly transfers shall be made to a fire department revenue note sinking account for the purpose of making the above payments when due.

(d) Additional monthly transfers shall be made to a fire department revenue note reserve account until a specific maximum balance has been accumulated. This account is restricted for making the annual principal and interest payments whenever there is insufficient money in the fire department revenue note sinking account.

The City has not established the sinking and reserve accounts required by the fire department revenue note resolution.

(4) Lease Purchase Obligations

The City is purchasing a Street Sweeper under a capital lease contract. Future payments in relation to this lease are as follows:

Year Ended June 30,	Principal	Interest	Total Payment
2008	$ 21,150	$ 2,709	$ 23,859
2009	22,016	1,842	23,858
2010	22,919	939	23,858
Total	$ 66,085	$ 5,490	$ 71,575

(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.

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 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 contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were $37,430, $39,943 and $38,027 respectively, equal to the required contributions for each year.

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation, holiday and compensatory leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for compensated absences payable to employees at June 30, 2006 primarily relating to the General Fund, was $19,180. The liability has been computed based on rates of pay in effect at June 30, 2007.

(7) 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:	
	Library	$ 5,055
	Debt Service	1,820
	Permanent:	
	Library Endowment	1,545
		8,420
Debt Service	General	12,200
	Special Revenue:	
	Aquatic Center	272,087
	Enterprise:	
	Sewer	28,128
		312,415
Special Revenue:	Capital Projects:	
Aquatic Center	Aquatic Center	358,591
Permanent:	General	294
Cemetery Perpetual Care and Memorial		
Total		$ 679,720

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

(8) Related Party Transactions

The City had business transactions between the City and City officials, totaling $46,039 during the year ended June 30, 2007.

(9) 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 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 $126,246.

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.

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 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 workers 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.

(10) Contingency

In prior years, the City received payments in lieu of taxes from the local housing agency. However it was later determined that some of these funds should have been distributed to the other political subdivisions in the county. The City Attorney's position was that the City owed the other political subdivisions in the County for the past five years only, which would amount to approximately $21,000. However, in fiscal year 2004, the City agreed to pay approximately $64,000 to the other political subdivisions in settlement of the payments in lieu of taxes from the local housing agency. The City and other political subdivisions signed an agreement whereby the other political subdivisions will receive the City's share of the payments in lieu of taxes until the City's liability has been satisfied. At June 30, 2007, the City owed over $52,000 to the other political subdivisions.

The City participates in a number of Federal and State grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Entitlement to these resources are generally conditional upon compliance with the terms and conditions of grant and loan agreements and applicable federal and state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal or state audit may become a liability to the City. The City's management believes such revisions or disallowances, if any, will not be material to the City.

(11) Commitment

During fiscal year 2007, the City Council approved a resolution to borrow $250,000 to pay for the costs of street improvements. The debt will be general obligation debt; however, as of June 30, 2007, no monies have been borrowed in relation to this project. It is anticipated that the City will borrow this money in fiscal year 2008.

(12) Restatements

The beginning cash balance of the discretely presented component unit was restated to remove the Albia Municipal Waterworks from this report. This report presents the primary government financial statements of the City of Albia; therefore, it excludes the City's discretely presented component unit. The discretely presented component unit of the City of Albia is the Albia Municipal Waterworks. As a result, the beginning cash balance of the discretely presented component unit on Exhibit A was reduced by $309,131 to a $0 balance at July 1, 2006. Because the current year report only includes the primary government of the City of Albia, there is no longer a column for the discretely presented component units on Exhibit A.

Complete financial statements of the component unit, which will issue separate financial statements, can be obtained from the Albia Municipal Waterworks administrative offices.

Required Supplementary Information

City of Albia

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 Actual	Proprietary Funds Actual	Total	Budgeted Amounts Original	Budgeted Amounts Final	Final to Total Variance
Receipts:						
Property tax	$ 1,171,575	-	1,171,575	1,143,434	1,143,434	28,141
Other city tax	802,383	-	802,383	697,637	697,637	104,746
Licenses and permits	10,027	-	10,027	9,425	9,425	602
Use of money and property	34,441	17,076	51,517	5,800	5,800	45,717
Intergovernmental	552,749	12,342	565,091	341,910	341,910	223,181
Charge for service	152,345	335,917	488,262	476,661	476,661	11,601
Miscellaneous	147,615	491	148,106	13,000	23,000	125,106
Total receipts	2,871,135	365,826	3,236,961	2,687,867	2,697,867	539,094
Disbursements:						
Public safety	682,761	-	682,761	433,070	625,070	(57,691)
Public works	421,834	-	421,834	313,070	849,159	427,325
Culture and recreation	302,258	-	302,258	170,181	227,181	(75,077)
Community and economic development	2,477	-	2,477	40,000	40,000	37,523
General government	299,152	-	299,152	424,362	424,362	125,210
Debt service	620,756	-	620,756	320,126	320,126	(300,630)
Capital projects	635,254	-	635,254	424,913	535,734	(99,520)
Business type activities	-	335,121	335,121	376,550	376,550	41,429
Total disbursements	2,964,492	335,121	3,299,613	2,502,272	3,398,182	98,569
Excess (deficiency) of receipts over (under) disbursements	(93,357)	30,705	(62,652)	185,595	(700,315)	637,663
Other financing sources, net	136,581	(28,128)	108,453	-	294,193	(185,740)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	43,224	2,577	45,801	185,595	(406,122)	451,923
Balances beginning of year	1,468,951	246,053	1,715,004	1,534,778	1,534,778	180,226
Balances end of year	$ 1,512,175	248,630	1,760,805	1,720,373	1,128,656	632,149

See accompanying independent auditor's report.

City of Albia

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 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. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds, the Permanent Funds and the 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 disbursements by $895,910. The budget amendment is reflected in the final budgeted amounts.

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

Other Supplementary Information

Revenue		Capital Projects		Permanent		
Cooper Estate Bequest	Cemetery Memorials	Aquatic Center	Waterworks Main	Cemetery Perpetual Care and Memorial	Library Endowment	Total
-	-	-	-	-	-	263,623
5,320	-	2,968	-	22	-	9,065
-	-	-	110,821	-	-	114,731
-	-	18,589	-	316	-	63,377
5,320	-	21,557	110,821	338	-	450,796
-	-	-	-	-	-	86,860
-	-	-	-	-	-	83,633
-	-	-	-	616	865	45,312
1,428	-	-	-	-	-	2,477
-	-	-	-	-	-	69,727
-	-	27,578	110,821	-	-	138,399
1,428	-	27,578	110,821	616	865	426,408
3,892	-	(6,021)	-	(278)	(865)	24,388
-	-	-	-	294	-	294
-	-	(358,591)	-	-	(1,545)	(365,191)
-	-	(358,591)	-	294	(1,545)	(364,897)
3,892	-	(364,612)	-	16	(2,410)	(340,509)
134,726	2,106	364,612	1	76,541	94,478	786,541
138,618	2,106	-	1	76,557	92,068	446,032
138,618	2,106	-	-	-	-	277,406
-	-	-	1	-	-	1
-	-	-	-	76,557	92,068	168,625
138,618	2,106	-	1	76,557	92,068	446,032

City of Albia

Schedule 2

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances
Nonmajor Proprietary Funds

As of and for the year ended June 30, 2007

	Enterprise		
	Landfill	Airport	Total
Operating receipts:			
Use of money and property	$ -	8,414	8,414
Charges for service	15,685	-	15,685
Total operating receipts	15,685	8,414	24,099
Operating disbursements:			
Business type activities	19,419	8,022	27,441
Total operating disbursements	19,419	8,022	27,441
Excess (deficiency) of operating receipts over (under) operating disbursements	(3,734)	392	(3,342)
Non-operating receipts (disbursements):			
Intergovernmental	-	12,342	12,342
Interest on investments	2,589	-	2,589
Miscellaneous	-	10	10
Total non-operating receipts (disbursements)	2,589	12,352	14,941
Net change in cash balances	(1,145)	12,744	11,599
Cash balances beginning of year	77,774	11,584	89,358
Cash balances end of year	$ 76,629	24,328	100,957
Cash Basis Fund Balances			
Unreserved	$ 76,629	24,328	100,957
Total cash basis fund balances	$ 76,629	24,328	100,957

See accompanying independent auditor's report.

City of Albia

Schedule of Indebtedness

Schedule 3

Year ended June 30, 2007

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Bonds and Interest Due and Unpaid
General Obligation Bonds and Notes-									
Street Improvement Bonds	July 1, 1998	4.20 to 4.70%	775,000	425,000	-	50,000	375,000	19,708	-
Fire Equipment Note	May 4, 1999	4.23%	108,000	52,000	-	10,000	42,000	2,200	-
Corporate Purpose Bonds	December 1, 2002	1.90 to 4.35%	520,000	430,000	-	40,000	390,000	16,255	-
Swimming Pool Bonds	December 1, 2003	2.25 to 4.00%	2,000,000	2,000,000	-	45,000	1,955,000	68,013	-
Swimming Pool Bonds	June 1, 2005	2.85 to 3.10%	500,000	300,000	-	150,000	150,000	9,075	-
Corporate Purpose Bonds	May 25, 2006	3.70 to 4.05%	1,345,000	1,345,000	-	155,000	1,190,000	52,671	-
Total				$4,552,000	-	450,000	4,102,000	167,922	-
Revenue Bonds-									
Sewer Revenue Refunding	June 1, 1999	3.60 to 4.25%	$ 595,000	305,000	-	100,000	205,000	12,913	-
Revenue Notes -									
Fire Department	October 30, 2006	4.125%	$ 102,900	-	102,900	-	102,900	-	-
Lease Purchase Agreement-									
Equipment	September 29, 2004	4.10%	$ 105,919	86,402	-	20,317	66,085	3,541	-

See accompanying independent auditor's report.

City of Albia

Bond and Note Maturities

June 30, 2007

Schedule 4

Year Ending June 30,	General Obligation Bonds and Notes												
	Street Improvement Bonds Issued July 1, 1998		Fire Equipment Note Issued May 4, 1999		Corporate Purpose Bonds Issued December 1, 2002		Swimming Pool Bonds Issued December 1, 2003		Swimming Pool Bonds Issued June 1, 2005		Corporate Purpose Bonds Issued May 25, 2006		
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Total
2008	4.55%	$ 55,000	4.23%	$ 10,000	3.20%	$ 40,000	2.60%	$ 190,000	3.10%	$ 150,000	3.70%	$ 115,000	$ 560,000
2009	4.60%	55,000	4.23%	10,000	3.45%	40,000	2.85%	195,000	-	-	3.75%	115,000	415,000
2010	4.65%	60,000	4.23%	11,000	3.55%	50,000	3.10%	200,000	-	-	3.75%	125,000	446,000
2011	4.70%	205,000	4.23%	11,000	3.80%	50,000	3.35%	210,000	-	-	3.80%	130,000	606,000
2012	-	-	-	-	4.00%	50,000	3.95%	215,000	-	-	3.85%	130,000	395,000
2013	-	-	-	-	4.05%	50,000	3.60%	225,000	-	-	3.90%	135,000	410,000
2014	-	-	-	-	4.25%	50,000	3.70%	230,000	-	-	3.95%	140,000	420,000
2015	-	-	-	-	4.35%	60,000	3.85%	240,000	-	-	4.00%	145,000	445,000
2016	-	-	-	-	-	-	4.00%	250,000	-	-	4.05%	155,000	405,000
		$ 375,000		$ 42,000		$ 390,000		$ 1,955,000		$ 150,000		$ 1,190,000	$ 4,102,000

Year Ending June 30,	Sewer Revenue Refunding Bonds Issued June 1, 1999		Fire Department Revenue Note Issued October 30, 2006	
	Interest Rates	Amount	Interest Rates	Amount
2008	4.25%	$ 100,000	4.125%	$ 8,521
2009	4.25%	105,000	4.125%	8,873
2010	-	-	4.125%	9,239
2011	-	-	4.125%	9,617
2012	-	-	4.125%	10,016
2013	-	-	4.125%	10,430
2014	-	-	4.125%	10,860
2015	-	-	4.125%	11,308
2016	-	-	4.125%	11,775
2017	-	-	4.125%	12,261
		$ 205,000		$ 102,900

See accompanying independent auditor's report.

City of Albia

Schedule 5

Schedule of Receipts By Source and Disbursements By Function -
All Governmental Funds

For the Last Five Years

	2007	2006	2005	2004	2003
Receipts:					
Property tax	$ 1,171,575	1,083,508	946,940	950,378	946,568
Other city tax	802,383	592,594	395,200	132,780	12,229
Licenses and permits	10,027	12,467	12,251	10,933	10,435
Use of money and property	34,441	18,817	50,775	51,900	37,023
Intergovernmental	552,749	815,230	491,131	403,254	628,196
Charges for service	152,345	78,802	23,630	6,588	38,705
Special assessments	-	-	-	5,269	-
Miscellaneous	147,615	113,930	46,933	123,574	144,809
Total	$ 2,871,135	2,715,348	1,966,860	1,684,676	1,817,965
Disbursements:					
Operating:					
Public safety	$ 682,761	504,928	523,795	452,930	445,431
Public works	421,834	369,213	362,559	352,137	305,101
Culture and recreation	302,258	233,024	152,510	193,891	268,111
Community and economic development	2,477	11,714	32,956	47,637	18,382
General government	299,152	301,257	228,492	289,948	309,765
Debt service	620,756	1,478,044	417,219	387,104	474,038
Capital projects	635,254	1,275,365	1,867,844	235,007	176,612
Total	$ 2,964,492	4,173,545	3,585,375	1,958,654	1,997,440

See accompanying independent auditor's report.

PEAK & GERDES, LLP
CERTIFIED PUBLIC ACCOUNTANTS
1051 OFFICE PARK ROAD
WEST DES MOINES, IOWA 50265

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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

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying primary government financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Albia, 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 issue our report thereon dated July 12, 2007. Our report expressed unqualified opinions on the primary government financial statement 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 Albia'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 Albia's internal control over financial reporting. Accordingly, we do not express our opinion on the effectiveness of the City of Albia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the 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 a combination of control deficiencies, that adversely affects City of Albia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of City of Albia's financial statements that is more than inconsequential will not be prevented or detected by City of Albia's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items I-A-07, I-D-07, I-E-07 and I-H-07 are material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Albia'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 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 II of the accompanying Schedule of Findings.

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 Albia's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit City of Albia's responses and, accordingly, we do not express an 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 Albia and other parties to whom the City of Albia may report. 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 Albia 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.

Peak & Gerdes, LLP
Certified Public Accountants

July 12, 2007

Part I: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCES:

I-A-07 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The issuance of receipt slips, bank deposits and the posting of the cash receipts to the accounting records are sometimes all done by the same person.

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

Response – We will consider this.

Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

I-B-07 Payroll Procedures – Instances were noted where employee I-9's were either not located or incomplete. A portion of salaries charged to the Road Use Tax Fund represented time incurred on non-road related activities. In some cases, there was no written authorization for employee rates of pay.

Recommendation - Properly completed I-9's should also be on file for all applicable employees. Only salaries related to time incurred on road related activities should be charged to the Road Use Tax Fund. In addition, written authorization should exist for all employee rates of pay.

Response - We will implement these recommendations to the best of our ability.

Conclusion - Response accepted.

I-C-07 Records of Account - The Albia Police Department maintains the accounting records and bank statements pertaining to two different bank accounts. These transactions and the resulting balances are not recorded in the Clerk's records. Chapter 384.20 of the Code of Iowa states in part "a city shall keep accounts which show an accurate and detailed statement of all public funds collected, received, or expended for any city purpose." In addition, some funds are not recorded by the City either manually or on the computer.

Recommendation - For better accountability, financial and budgetary control, the financial activity and balances of all city accounts should be recorded on the Clerk's records. In addition, the City should record all funds on its computer system.

Response – We will review this situation.

Conclusion - Response accepted.

I-D-07 Financial Reporting – We identified instances in which receipts and disbursements were not recorded on the accounting system. An instance was noted where a receipt and disbursement for $16,000 was handled through the use a cashier's check and was not run through the City's bank account. Adjustments of several thousand dollars were made to the accounting records in order to balance the records, but no explanation or support could be provided as to what caused these differences. Instances were noted where receipts and disbursements were not always properly classified in the general ledger. Also, the City's general ledger account structure does not consistently follow the requirements as outlined by the City Finance Committee.

Recommendation – All receipts and disbursements should be recorded on the accounting system and handled through the City's bank accounts. In addition, documentation should be retained to support all adjustments made to the City's accounting records. The City should implement procedures to ensure all receipts and disbursements are properly classified in the general ledger, and that the account structure follows the requirements as outlined by the City Finance Committee.

Response – All receipts and disbursements will be recorded on the accounting system and handled through the City's bank account. In addition, supporting documentation for all adjustments will be retained. We will also work on the proper classification of receipts and disbursements, and ensure compliance with the requirements as outlined by the City Finance Committee.

Conclusion – Response accepted.

I-E-07 Library Procedures – Pre-numbered receipt slips are not issued for Library memorial and donation monies. Library monies are not timely deposited, currently the monies are normally deposited approximately once per month. In addition, Library monies on hand are taken home at night by the Librarian for safekeeping. Also, an adequate written record is not maintained which documents the amount of unspent Library memorial monies, by memorial, at any one time.

Recommendation – The Library issue pre-numbered receipts slips for memorial and donation monies. Library monies should be deposited when cash and checks on hand exceed $100. In addition, Library monies should not be taken home at night by the Librarian. Also, written records need to be maintained documenting the amount of unspent Library memorial monies, by memorial, at any one time.

Response – We will implement the above to the best of our ability.

Conclusion – Response accepted.

I-F-07 Firefighter Grant – The City received a grant and loan from the U.S. Department of Agriculture (USDA). Federal regulations require that procedures be in place to ensure minimal time elapses between the date of receipt of the federal funds and the related disbursement of those funds. For these USDA monies, nineteen days elapsed between the date of receipt of those funds and the related disbursement of those funds.

The City did not spend all of the local funds as required by USDA. Specifically, it appears that the City did not spend approximately $11,000 as required by the USDA. As a result, the City may have to pay back some of the funds it received from the USDA.

Recommendation – The City implement procedures to ensure federal funds received are spent in a timely manner. In addition, the City should work with the USDA to determine a proper resolution of the potential pay back of funds it has received from the USDA.

Response – We will implement these recommendations.

Conclusion – Response accepted.

I-G-07 Police Department – The police department collects funds from police accident reports. Currently, there is not an initial record of receipt of those funds. In addition, these checks are currently cashed by the Police Department and not turned over to the City for deposit.

Recommendation – To strengthen control over the accountability of receipts, the person who opens the police department mail should generate an initial record of receipt. These monies should then be turned over to the City Clerk's office for deposit.

Response – We will review this area.

Conclusion – Response accepted.

I-H-07 Receipts – Receipt slips issued by the City Clerk are numbered, but they are not numbered in sequence. In addition, instances were noted where receipt slips were not issued for some monies which were received.

Accounting for pool receipts is weak. Currently there is no reconciliation between gift certificates issued and redeemed. Season tickets and punch passes are not pre-numbered. In addition, there is no documented reconciliation between monies deposited to the bank, with monies recorded on the cash registers. There is no formal analysis of gross margin on the concession activity at the pool.

For the Cemetery, there is no formal independent reconciliation of the related fees to dig graves with the actual cemetery monies deposited.

Recommendation – The City Clerk issued pre-numbered receipt slips for all monies received. For the pool, procedures should be implemented to reconcile gift certificates, season tickets and punch passes sold with monies deposited. In addition, there should be a documented reconciliation of monies deposited with monies recorded on the cash registers. There should also be a formal analysis of gross margin in relation to the concession activity at the pool. Also, there should be a reconciliation of the related fees to dig graves with the actual cemetery monies deposited.

Response – We will implement these to the best of our ability

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-07 Certified Budget – Disbursements during the year ended June 30, 2007 exceeded the amounts budgeted in the public safety, culture and recreation, 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 in sufficient amounts in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

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

Conclusion – Response accepted.

II-B-07 Questionable Disbursements - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-07 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-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
Robert Reed, Planning and Zoning Commissioner and Historic Preservation Board; Owner, R & H Construction	Construction Work and Hauling	$45,315
Jan Haselhuhn, Council Member; Owner R & H Construction		
Warren Woolums, Fireman Truck Service	Service Trucks	$724

In accordance with Chapter 362.5(10) of the Code of Iowa, the above transactions with the Fireman do not appear to represent conflicts of interest since total transactions was less than $1,500 during the fiscal year. However, the transactions with R&H Construction may represent a conflict of interest pursuant to Chapter 362.5(10) of the Code of Iowa since total transactions were more than $1,500 during the fiscal year.

Recommendation – To determine the proper disposition of this matter, the City should consult with their Attorney regarding the above potential conflict of interest issue.

Response – We will discuss this issue with the City Attorney.

Conclusion – Response accepted.

II-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

II-F-07 Council Minutes - Transactions were found that we believe should have been approved in the Council minutes but were not. The Cooper Estate Bequest Fund and Historical Preservation Board invoices were not approved by the Council.

A summary of all receipts was not published in the newspaper. Some Council minutes, and related claims, were not published in the newspaper. All of this is required by Chapter 372.13(6) of the Code of Iowa. An affirmative roll call vote and the specific reference to a Code section for entering into a closed session was not documented in the Council minutes as required by Chapter 21.5 of the Code of Iowa. Also, the City did not publish annual gross salaries in accordance with an Attorney General's opinion dated April 12, 1978.

Recommendation - The City should implement procedures to ensure that all invoices are approved by the City Council. The City should also implement procedures to ensure that all invoices, a summary of all receipts and all Council minutes are published in the newspaper as required by the Code of Iowa. In addition, procedures should be implemented to ensure compliance with Chapter 21.5 of the Code of Iowa. Also, the individual salaries should be published as required.

Response - We will implement these recommendations.

Conclusion - Response accepted.

II-G-07 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy was noted. Interest income earned from the proceeds of debt and the accumulation of funds to pay debt were not credited to the project fund or the debt service fund as required by the Code of Iowa.

Recommendation – Interest income earned on the proceeds of debt and the accumulation of funds used to pay debt should be credited to the project fund and debt service fund, respectively.

Response – We will implement this recommendation.

Conclusion – Response accepted.

II-H-07 Revenue Bonds and Notes - The City has complied with the revenue bond resolutions. However, the City has not complied with the revenue note resolutions.

The City has not established a fire department revenue note sinking account and a fire department revenue note reserve account as required by the U.S. Department of Agriculture.

Recommendation – The City establish a fire department revenue note sinking account and a fire department revenue note reserve account, as required by the U.S. Department of Agriculture.

Response – We will implement this recommendation.

Conclusion – Response accepted.

II-I-07 Financial Condition – The balance in the Proprietary Funds, Landfill appears to be excessive.

Recommendation – Procedures should be implemented to reduce the fund with excessive balances.

Response - We will continue to monitor this.

Conclusion - Response accepted.

II-J-07 Transfers – At June 30, 2007, $597 was due from the Special Revenue, Library Fund to the Permanent, Library Endowment Fund, $1,403 was due from the Proprietary, Sewer Fund to the Special Revenue, Employee Benefits Fund, $9,624 was due from the Special Revenue, Aquatic Center Fund to the General Fund, $26,720 was due from the General Fund to the Special Revenue, Aquatic Center Fund, and $13,450 was due from the Debt Service Fund to the Capital Projects, Street Paving Project Fund.

Recommendation – The City make the above transfers.

Response – We will implement this recommendation.

Conclusion – Response accepted.

II-K-07 Disbursements – There was not always documented receipt of merchandise or service prior to payment of the invoices. Void checks were not consistently retained.

Recommendation – We recommend the City implement procedures to ensure receipt of merchandise and services is documented prior to the payment of the invoices. Also, all void checks should be retained.

Response – We will implement these recommendations.

Conclusion – Response accepted.

II-L-07 Compliance Issues – Some general obligation bond principal and interest payments were not paid from the Debt Service Fund, as required by Chapter 384.4 of the Code of Iowa. Adjustments were subsequently made so that all general obligation bond principal and interest payments were charged to the Debt Service Fund. The City does not appear to be following the contract in regards to the Municipal Housing Agency payment in lieu of tax amounts. It is unclear of the City received all of the money due to them in relation to the sales tax refund on the completed pool construction project, which could amount to several thousand dollars.

Social Security was withheld on some police department wages, even though there is an agreement which states that Social Security will not be withheld. An instance was noted in which an IRS 1099-Misc. form was not issued as required.

Recommendation – The City should ensure that all general obligation bond principal and interest payments are paid from the Debt Service Fund. The City should follow the contract in relation to the Municipal Housing Agency payment in lieu of tax amounts, and apply for sales tax refunds on completed construction projects. The City should also not withhold Social Security from Police Department wages. Also, procedures should be implemented to ensure IRS 1099-Misc. forms are issued as required.

Response – We will implement these recommendations.

Conclusion – Response accepted.

II-M-07 Receipts – Our review noted where individuals did not pay the City $750 in rent for airplane hangers. In fiscal year 2007, the City averaged over $1,000,000 in its NOW bank account which earned .5% bank interest. During fiscal year 2007, interest rates on liquid funds invested in the Iowa Public Agency Investment Trust were in excess of 4.5%. If City monies were invested in the Iowa Public Agency Investment Trust, the City could have earned at least an additional $40,000 bank interest in fiscal year 2007. The City of Melrose has not paid its Library fee to the City for fiscal year 2007.

Recommendation – The City implement procedures to ensure all monies due to them are received and deposited to the bank account, including monies from the rental of airplane hangars and Library fees from the City of Melrose. In addition, in order to earn more bank interest, the City should also invest its excess funds in higher yielding investments.

Response – We will review this and take appropriate action.

Conclusion – Response accepted.

II-N-07 Accounting Procedures – The City sold a fire truck in the fall of 2006. The City Council accepted a bid for this fire truck for a sale price of $2,550. However, as of July 12, 2007, this receipt amount has not been deposited to the City bank account. It is unclear if the City ever received this check. City personnel were unaware of this condition until we brought it to their attention.

The City does not maintain an accurate and complete certificate of deposit (CD) investment ledger.

Recommendation – The City implement procedures to ensure all monies due to them are received and deposited in a timely manner. In addition, to properly account for all CD's, the City should maintain an accurate and complete CD investment ledger.

Response – We will implement these recommendations.

Conclusion – Response accepted.

II-O-07 Construction – The City had various construction projects during the fiscal year. For two projects, no formal change orders existed. Instead, the City Council approved change orders through a vote at the City Council meeting; however, no subsequent written change orders could be located. Furthermore, one of the change order amounts as documented in the City Council minutes was inaccurate. In some instances, there was no weigh tickets attached to the bill for asphalt purchases. In addition, for an airport project, there was no change order extending the time of performance of the contract, since the contractor did not meet the original completion date.

Recommendation – The City issue and approve written construction change orders on all construction projects which vary from the original contract. In addition, weigh tickets should be obtained on all asphalt purchases.

Response – We will implement the above recommendations.

Conclusion – Response accepted.

City of Albia

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds

As of and for the year ended June 30, 2007

	Special				
	Special Assessment	Historical Preservation Board	Police Department	Employee Benefits	Library
Receipts:					
Property tax	$ -	-	-	263,623	-
Use of money and property	-	755	-	-	-
Intergovernmental	-	-	-	-	3,910
Miscellaneous	-	24,145	6,045	-	14,282
Total receipts	-	24,900	6,045	263,623	18,192
Disbursements:					
Operating:					
Public safety	-	-	6,802	80,058	-
Public works	31,040	-	-	52,593	-
Culture and recreation	-	-	-	29,243	14,588
Community and economic development	-	1,049	-	-	-
General government	-	-	-	69,727	-
Capital projects	-	-	-	-	-
Total disbursements	31,040	1,049	6,802	231,621	14,588
Excess (deficiency) of receipts over (under) disbursements	(31,040)	23,851	(757)	32,002	3,604
Other financing sources (uses):					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	(5,055)
Total other financing sources (uses)	-	-	-	-	(5,055)
Net change in cash balances	(31,040)	23,851	(757)	32,002	(1,451)
Cash balances beginning of year	32,214	28,234	23,993	18,566	11,070
Cash balances end of year	$ 1,174	52,085	23,236	50,568	9,619
Cash Basis Fund Balances					
Unreserved:					
Special revenue funds	$ 1,174	52,085	23,236	50,568	9,619
Capital projects fund	-	-	-	-	-
Permanent funds	-	-	-	-	-
Total cash basis fund balances	$ 1,174	52,085	23,236	50,568	9,619

See accompanying independent auditor's report.