CITY OF WHITING, IOWA

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

JUNE 30, 2007

CITY OF WHITING, IOWA

JUNE 30, 2007

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CITY OF WHITING

CITY OFFICIALS

Thomas Marr	Mayor	Jan 2009
Lynette Corkery	Council Member	Jan 2010
Robert Haack	Council Member	Jan 2010
Angela Lyons	Council Member	Jan 2008
John Jones	Council Member	Jan 2008
Brian Seward	Council Member	Jan 2008
Karen Handeland	Clerk/Treasurer	Annual
Jeffrey Sar	Attorney	Annual

WILLIAMS & COMPANY P.C.
Certified Public Accountants

1009 Iowa Avenue
P.O. Box 238
Onawa, IA 51040
Phone (712) 423-2616
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, and each major fund of the CITY OF WHITING, IOWA as of and for the year ended June 30, 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 Whiting's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which 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, and each major fund of the City of Whiting, Iowa, 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 March 3, 2008 on our consideration of City of Whiting's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of our audit.

The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. City of Whiting, Iowa has not presented management's discussion and analysis that US generally accepted accounting principles has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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

Williams & Company P.C.
Certified Public Accountants

Onawa, Iowa
March 3, 2008

BASIC FINANCIAL STATEMENTS

CITY OF WHITING, IOWA
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

		Program Receipts		
Functions/Programs	Disbursements	Charges for Services	Operating Grants Contributions and Other Program Revenues	Capital Notes Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	$ 63,252	$ 262		
Public Works	152,019	62,440	$ 66,760	
Culture and Recreation	145,003	300	27,000	$ 52,676
Community and Economic Development	5,000			
General Government	28,724	540		
Debt Service	70,031			
Total Governmental Activities	464,029	63,542	93,760	52,676
Business-Type Activities:				
Water System	71,955	63,301		
Sewer System	33,939	85,508		
Total Business-Type Activities:	105,894	148,809	-	-
Total	$ 569,923	$ 212,351	$ 93,760	$ 52,676

General Receipts:
Property Tax Levied For:
General Purposes
Debt Service
Employee Benefits
Local Option Sales Tax
Interest
General Intergovernmental Revenues
Miscellaneous
Interfund Transfers
Total General Revenues
Change in Net Assets
Net Assets - Beginning
Net Assets - Ending

See Accompanying Notes to Financial Statements

Net (Disbursements) Receipts and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
$ (62,990)		$ (62,990)
(22,819)		(22,819)
(65,027)		(65,027)
(5,000)		(5,000)
(28,184)		(28,184)
(70,031)		(70,031)
(254,051)		(254,051)
	$ (8,654)	(8,654)
	51,569	51,569
	42,915	42,915
(254,051)	42,915	(211,136)
130,765		130,765
34,966		34,966
11,374		11,374
39,610		39,610
5,260	3,641	8,901
5,363		5,363
7,453	208	7,661
29,452	(29,452)	-
264,243	(25,603)	238,640
10,192	17,312	27,504
174,831	207,279	382,110
$ 185,023	$ 224,591	$ 409,614

CITY OF WHITING, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

		Special Revenue	
	General	Road Use Tax	Local Option Sales Tax
Receipts:			
Property Tax	$ 126,892		
Other City Taxes	3,873		$ 39,610
Licenses and Permits	540		
Intergovernmental Revenue	5,363	$ 66,760	
Charges for Services	62,740		
Fines and Forfeits	262		
Grants and Capital Loans	79,676		
Interest	4,424	308	
Miscellaneous	6,897	556	
Total Receipts	290,667	67,624	39,610
Disbursements:			
Operating:			
Public Safety	63,252		
Public Works	68,288	83,731	
Culture and Recreation	145,003		
Community and Economic Development	5,000		
General Government	28,724		
Debt Service			
Principal Retirements			
Interest			
Total Disbursements	310,267	83,731	-
Excess (Deficiency) of Receipts Over Disbursements	(19,600)	(16,107)	39,610
Other Financing Sources (Uses):			
Operating Transfers In	28,874		
Operating Transfers Out			(23,416)
Total Other Financing Sources (Uses)	28,874	-	(23,416)
Net Change in Cash Balances	9,274	(16,107)	16,194
Cash Balances Beginning of Year	53,195	90,483	22,482
Cash Balances End of Year	$ 62,469	$ 74,376	$ 38,676

See Accompanying Notes to Financial Statements

Special Revenue		
Employee Benefits	Debt Service	Total Governmental Funds
$ 11,034	$ 33,894	$ 171,820
340	1,072	44,895
		540
		72,123
		62,740
		262
		79,676
	528	5,260
		7,453
11,374	35,494	444,769
		63,252
		152,019
		145,003
		5,000
		28,724
	53,430	53,430
	16,601	16,601
-	70,031	464,029
11,374	(34,537)	(19,260)
	35,368	64,242
(11,374)		(34,790)
$ (11,374)	35,368	29,452
-	831	10,192
-	8,671	174,831
-	$ 9,502	$ 185,023

Exhibit C

CITY OF WHITING, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

	Business Type Activities		
	Water System	Sewer System	Total
Operating Receipts:			
Charges for Services	$ 63,301	$ 85,508	$ 148,809
Total Operating Revenue	63,301	85,508	148,809
Operating Disbursements:			
Business Type Activities	71,955	33,939	105,894
Excess (Deficiency) of Operating Receipts Over Operating Disbursements	(8,654)	51,569	42,915
Non-Operating Receipts (Disbursements):			
Other Non-operating Revenues	2,442	1,407	3,849
Excess (Deficiency) of Receipts Over Operating Disbursements	(6,212)	52,976	46,764
Other Financing Sources (Uses)			
Operating Transfers In		5,916	5,916
Operating Transfers Out	(10,415)	(24,953)	(35,368)
Total Other Financing Sources (Uses)	(10,415)	(19,037)	(29,452)
Net Change in Cash Balances	(16,627)	33,939	17,312
Cash Balances - Beginning of Year	99,865	107,414	207,279
Cash Balances - End of Year	$ 83,238	$ 141,353	$ 224,591

See Accompanying Notes to Financial Statements

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Jointly Governed Organizations

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

B. Basis of Presentation

Government-wide Financial Statements

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

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

Special Revenue:

The Road Use Tax Fund is used to account for road construction and maintenance.
The Local Option Sales Tax Fund is used to account for the monies received from local option sales tax.
The Employee Benefits Fund is used to account for the employee taxes received specifically for employee benefits.

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

The City reports the following major proprietary funds:

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

C. Measurement Focus and Basis of Accounting

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

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

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements exceeded the amounts budgeted in the Debt Service Fund.

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

Note 3 - BONDS AND NOTES PAYABLE

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

Year Ending June 30,	Sloan State Bank Water Well Project		Iowa Finance Authority Sewer Project		G O Capital Notes Sewer		Sloan State Bank Fire Truck		Sloan State Bank Sports Complex		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	$9,529	$886	$15,000	$9,690	$11,095	$1,090	$9,351	$970	$8,612	$3,645	$53,587	$16,281
2009	9,817	598	15,000	9,240	11,600	558	9,634	587	8,947	3,309	54,998	14,292
2010	10,087	303	16,000	8,790			9,894	298	9,314	2,942	45,295	12,333
2011			16,000	8,310					9,687	2,570	25,687	10,880
2012			17,000	7,830					10,074	2,182	27,074	10,012
2013-2017			91,000	31,290					42,913	4,541	133,913	35,831
2018-2022			106,000	16,740							106,000	16,740
2023-2024			47,000	2,130							47,000	2,130
Total	$29,433	$1,787	$323,000	$94,020	$22,695	$1,648	$28,879	$1,855	$89,547	$19,189	$493,554	$118,499

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

Note 4 - PENSION AND RETIREMENT BENEFITS

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

Plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll except for police employees, in which case the percentages are 6.08% and 9.12%, respectively. For the year ended June 30, 2006, the contribution rates for police employees and the City were 6.16% and 9.23%, respectively, and for the year ended June 30, 2005, the contribution rates for police employees and the City were 6.16% and 9.23%, respectively. Contribution requirements are established by State Statute. The City's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were $8,854, $8,945 and $8,323, respectively, equal to the required contributions for each year.

Note 5 - COMPENSATED ABSENCES

The City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation payments to employees at June 30, 2007, is $6,001.

This liability has been computed based on rates of pay in effect at June 30, 2007.

Note 6 - 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:	
	Local Option Sales Tax	$ 17,500
	Employee Benefit	11,374
		28,874
Debt Service	Water Utility	10,415
	Sewer Utility	24,953
		35,368
Sewer Utility	Special Revenue:	
	Local Option Sales Tax	5,916
Total All Transfers		$ 70,158

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

Note 7 - RISK MANAGEMENT

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

REQUIRED SUPPLEMENTARY INFORMATON

CITY OF WHITING, IOWA
BUDGETARY COMPARISON SCHEDULE
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Governmental Funds Actual	Proprietary Funds Actual	Total
Receipts:			
Property Tax	$ 171,820		$ 171,820
Other City Taxes	44,895		44,895
Licenses and Permits	540		540
Intergovernmental Revenue	72,123		72,123
Charges for Services	62,740	$ 148,809	211,549
Fines and Forfeits	262		262
Grants and Capital Loans	79,676		79,676
Interest	5,260	3,641	8,901
Miscellaneous	7,453	208	7,661
Total Revenue	444,769	152,658	597,427
Disbursements:			
Operating:			
Public Safety	63,252		63,252
Public Works	152,019		152,019
Culture and Recreation	145,003		145,003
Community and Economic Development	5,000		5,000
General Government	28,724		28,724
Debt Service	70,031		70,031
Business Type Activities	-	105,894	105,894
Total Disbursements	464,029	105,894	569,923
Excess (Deficiency) of Receipts Over Disbursements	(19,260)	46,764	27,504
Other Financing Sources (Uses):			
Interfund Transfers In	64,242	5,916	70,158
Interfund Transfers Out	(34,790)	(35,368)	(70,158)
Total Other Financing Sources (Uses)	29,452	(29,452)	-
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing (Uses)	10,192	17,312	27,504
Cash Balances - Beginning of Year	174,831	207,279	382,110
Cash Balances - End of Year	$ 185,023	$ 224,591	$ 409,614

See Accompanying Independent Auditors' Report

Budgeted Amounts		Final To Net
Original	Final	Variance
$ 156,256	$ 156,256	$ 15,564
50,991	50,991	(6,096)
500	500	40
76,124	76,124	(4,001)
205,000	205,000	6,549
-	-	262
-	-	79,676
3,000	3,000	5,901
2,000	2,000	5,661
493,871	493,871	103,556
62,700	64,700	1,448
156,100	156,100	4,081
71,908	146,908	1,905
5,000	5,000	-
57,500	43,500	14,776
22,407	65,407	(4,624)
204,542	152,542	46,648
580,157	634,157	64,234
(86,286)	(140,286)	167,790
36,500	36,500	33,658
(36,500)	(36,500)	(33,658)
-	-	-
(86,286)	(140,286)	167,790
378,290	378,290	3,820
$ 292,004	$ 238,004	$ 171,610

CITY OF WHITING, IOWA
BUDGETARY COMPARISON SCHEDULE
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - GENERAL FUND AND ALL MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	General Fund	Budgeted Amounts Original	Budgeted Amounts Final	Final To Net Variance
Receipts:				
Property Tax	$ 130,765	$ 123,690	$ 123,690	$ 7,075
Other City Taxes	-	3,150	3,150	(3,150)
Licenses and Permits	540	500	500	40
Intergovernmental Revenue	5,363	9,000	9,000	(3,637)
Charges for Services	62,440	60,000	60,000	2,440
Fines and Forfeits	262			262
Grants	79,676			79,676
Interest	4,424	2,000	2,000	2,424
Miscellaneous	7,197	2,000	2,000	5,197
Total Revenue	290,667	200,340	200,340	90,327
Disbursements:				
Operating:				
Public Safety	63,252	62,700	64,700	(1,448)
Public Works	68,288	64,100	64,100	4,188
Culture and Recreation	145,003	71,908	146,908	(1,905)
Community and Economic Development	5,000	5,000	5,000	
General Government	28,724	57,500	43,500	(14,776)
Debt Service				
Total Disbursements	310,267	261,208	324,208	(13,941)
Excess (Deficiency) of Receipts Over Disbursements	(19,600)	(60,868)	(123,868)	104,268
Other Financing Sources (Uses)				
Interfund Transfers In	28,874	36,500	36,500	(7,626)
Interfund Transfers Out				
Total Other Financing Sources (Uses)	28,874	36,500	36,500	(7,626)
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	9,274	(24,368)	(87,368)	96,642
Cash Balances - Beginning of Year	53,195	(149,640)	(149,640)	202,835
Cash Balances - End of Year	$ 62,469	$ (174,008)	$ (237,008)	$ 299,477

See Accompanying Independent Auditors' Report

Road Use Tax Fund	Budgeted Amounts Original	Final To Net Variance	Local Option Sales Tax Fund	Budgeted Amounts Original	Final To Net Variance
			$ 39,610	$ 47,000	$ (7,390)
$ 66,760	$ 67,124	$ (364)			
308					
556					
67,624	67,124	(364)	39,610	47,000	(7,390)
83,731	92,000	(8,269)		5,000	(5,000)
83,731	92,000	(8,269)	-	5,000	(5,000)
(16,107)	(24,876)	7,905	39,610	42,000	(2,390)
			(23,416)	(25,500)	2,084
-	-	-	(23,416)	(25,500)	2,084
(16,107)	(24,876)	7,905	16,194	16,500	(306)
90,483	155,622	(65,139)	22,482	81,190	(58,708)
$ 74,376	$ 130,746	$ (57,234)	$ 38,676	$ 97,690	$ (59,014)

Continued

CITY OF WHITING, IOWA
BUDGETARY COMPARISON SCHEDULE
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - GENERAL FUND AND ALL MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Employee Benefit Fund	Budgeted Amounts Original	Final To Net Variance
Receipts:			
Property Tax	$ 11,033	$ 10,723	$ 310
Other City Taxes	341	277	64
Licenses and Permits			
Intergovernmental Revenue			
Charges for Services			
Fines and Forfeits			
Grants			
Interest			
Miscellaneous			
Total Revenue	11,374	11,000	374
Disbursements:			
Operating:			
Public Safety			
Public Works			
Culture and Recreation			
Community and Economic Development			
General Government			
Debt Service			
Total Disbursements	-	-	-
Excess (Deficiency) of Receipts Over Disbursements	11,374	11,000	374
Other Financing Sources (Uses)			
Interfund Transfers In			
Interfund Transfers Out	(11,374)	(11,000)	(374)
Total Other Financing Sources (Uses)	$ (11,374)	$ (11,000)	$ (374)
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	-	-	-
Cash Balances - Beginning of Year	-	-	-
Cash Balances - End of Year	-	-	-

See Accompanying Independent Auditors' Report

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

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

During the year ended June 30, 2007, the disbursements exceeded the amount budgeted in the Debt Service Fund.

SUPPLEMENTARY INFORMATON

Schedule 1

CITY OF WHITING, IOWA
SCHEDULE OF INDEBTEDNESS
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	Interest Due and Unpaid
GO Capital Notes - Sewer	October 6, 1999	4.80%	$ 95,000	$ 33,283		$ 10,588	$ 22,695	$ 1,598	
Iowa Finance Authority	June 1, 2004	3.00%	398,000	337,000		14,000	323,000	5,898	
Sloan State Bank	July 13, 2005	3.00%	47,811	38,712		9,279	29,433	1,136	
Sloan State Bank	August 22, 2005	3.00%	47,410	37,988		9,109	28,879	1,112	
Sloan State Bank	February 27, 2006	4.00%	100,000	48,379	$ 51,621	10,453	89,547	1,804	
Total			$ 593,221	$ 495,362	$ 51,621	$ 53,429	$ 493,554	$ 11,548	

CITY OF WHITING, IOWA
BOND AND NOTE MATURITIES
JUNE 30, 2007

	Capital Loan Notes										
	Water Well Project Issued July 13, 2005		Sewer Project Issued June 1, 2004		Sewer Issued October 6, 1999		Fire Truck Issued August 22, 2005		Sports Complex Issued February 27, 2006		
Year Ending June 30,	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Total
2008	3.00%	$ 9,529	3.00%	$ 15,000	4.80%	$ 11,095	3.00%	$ 9,351	4.00%	$ 8,612	$ 53,587
2009	3.00%	9,817	3.00%	15,000	4.80%	11,600	3.00%	9,634	4.00%	8,947	54,998
2010	3.00%	10,087	3.00%	16,000			3.00%	9,894	4.00%	9,314	45,295
2011			3.00%	16,000					4.00%	9,687	25,687
2012			3.00%	17,000					4.00%	10,074	27,074
2013			3.00%	17,000					4.00%	42,913	59,913
2014			3.00%	18,000							18,000
2015			3.00%	18,000							18,000
2016			3.00%	19,000							19,000
2017			3.00%	19,000							19,000
2018			3.00%	20,000							20,000
2019			3.00%	21,000							21,000
2020			3.00%	21,000							21,000
2021			3.00%	22,000							22,000
2022			3.00%	22,000							22,000
2023			3.00%	23,000							23,000
2024			3.00%	24,000							24,000
	Total	$ 29,433		$ 323,000		$ 22,695		$ 28,879		$ 89,547	$ 493,554

CITY OF WHITING, IOWA
COMPARISON OF TAXES AND INTERGOVERNMENTAL REVENUES

	For The Years Ended June 30,			
	2007	2006	2005	2004
Property Tax	$ 171,850	$ 140,662	$ 144,187	$ 169,854
Other City Taxes:				
Mobile Home Tax	1,038	1,084	792	822
Utility Tax	4,247	3,722	3,994	5,056
Local Option Sales Tax	39,610	43,005	41,505	42,623
	44,895	47,811	46,291	48,501
Intergovernmental:				
State Allocations	1,892	2,101		2,064
Road Use Tax	66,760	67,064	66,600	66,713
Library Service	3,471	3,135	4,616	4,634
	72,123	72,300	71,216	73,411
Total	$ 288,868	$ 260,773	$ 261,694	$ 291,766

The years 2006, 2005 and 2004 are not covered by the Auditors' Report.

WILLIAMS & COMPANY P.C.
Certified Public Accountants

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

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

We have audited the general purpose financial statements of the CITY OF WHITING, IOWA, as of and for the year ended June 30, 2007 and have issued our report thereon dated March 3, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and those 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 Whiting's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Whiting'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.

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 combination of control deficiencies, that adversely affects the City of Whiting's ability to authorize, record, process, or report financial data consistent with the assertions of management in the financial statements. Significant deficiencies are described in the accompanying Schedule of Findings as Items 07-II-A, 07-II-B, 07-II-C and 07-II-D.

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 organization's internal control. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might have significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider Items 07-II-A, 07-II-B, 07-II-C and 07-II-D.

Compliance and Other Matter

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 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. Prior year statutory comments have all been resolved.

City of Whiting'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 the City of Whiting'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 Whiting and other parties to whom the City of Whiting may report. This report is not intended to be and should not be used by anyone other than those specified parties.

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

Williams & Company P.C.
Certified Public Accountants

Onawa, Iowa
March 3, 2008

CITY OF WHITING, IOWA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007

Part I: Summary of the Independent Auditors' Results

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

Part II: Significant Deficiencies:

07-II-A. Segregation of Accounting Functions

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

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

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

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

07-II-B. Observation - During the audit, we identified adjustments that needed to be made to several funds that were not made by the organization. These adjustments were subsequently made by the organization and are properly included in the financial statements. The Organization does not have adequate control over the preparation of financial statements in conformity with cash basis accounting, an other comprehensive basis of accounting.

Recommendations - Due to the cost involved, we recommend outsourcing this function to independent auditors.

Response - The organization has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in conformity with cash basis accounting, an other comprehensive basis of accounting, and determined that it is in the best interest of the organization to outsource this task to the independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

Conclusion – Response accepted.

07-II-C Observation – During the audit, we identified several employees that were not paid through the payroll system and not subjected to the payroll taxes.

Recommendation – That all employees be paid through the payroll system subjecting the wages to the appropriate payroll taxes etc.

Response – All employees will be paid through the payroll system.

Conclusion – Response accepted.

07-II-D Observation – The water bills were miscalculated for the second and third tier levels as the new rates were not in the computer correctly.

Recommendation – Review the rates in the computer to insure the correct rates.

Response – City Clerk has corrected this discrepancy

Conclusion – Response accepted

Part III: Other findings Related to Required Statutory Reporting

07-III-A. Official Depositories - A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2007.

07-III-B. Certified Budget – City disbursements during the fiscal year ended June 30, 2007 exceeded the amount budgeted in the Debt Service Fund. 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 be amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The budget was amended but did not include the additional debt service for the new debt taken out in the year ended June 30, 2007

Conclusion – Response accepted.

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

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

07-III-E. Business Transactions – Business transactions between the City and city officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Patrick Mattingly, Council Member Owner, Pat's Parts and Repairs	Routine Vehicle Maintenance	$ 2,976
Joseph Mattingly, Son of Patrick Mattingly, Council Member	Misc Labor	$ 2,697
Robert Haack, Council Member	Miscellaneous Mowing Etc.	$ 665

Recommendation – The expenditures to Council Members should be reviewed by the City Attorney.

Response – Expenditures will be reviewed by the City Attorney.

Conclusion – Response accepted.

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

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

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

07-III-I. Financial Condition – The City had no funds with a deficit at June 30, 2007