

City of Roland, Iowa

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

June 30, 2007

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**City of Roland, Iowa
OFFICIALS**

	<u>Term expires</u>
MAYOR AND MEMBERS OF CITY COUNCIL	
Sam Juhl, Mayor	December 2007
Jerry Neely, Council Member	December 2009
John Lee, Council Member	December 2007
Roger Fritz, Council Member	December 2007
Bob Hanson, Council Member	December 2007
Duane Canny, Council Member	December 2009
CITY CLERK	
Deneen Frost	Indefinite
CITY ATTORNEY	
Tom Wynia	Indefinite

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Roland, Iowa

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Roland, Iowa as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed on the contents page of this report. These financial statements are the responsibility of the City of Roland's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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 accounting principles generally accepted in the United States of America.

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, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Roland 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 December 11, 2007 on our consideration of the City of Roland, Iowa'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 6 through 10 and 22 through 24 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 Roland's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2005 (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 4, 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.

The supplementary information for the years ended June 30, 2006 and 2004 has not been audited by us and, accordingly, we express no opinion on it.


DENMAN & COMPANY, LLP

West Des Moines, Iowa
December 11, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Roland, Iowa 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 of the City's governmental activities decreased 15.3%, or approximately \$144,000, from fiscal 2006 to fiscal 2007. Intergovernmental receipts decreased approximately \$88,000.
- Disbursements decreased 20.7%, or approximately \$203,000, in fiscal 2007 from fiscal 2006. Public safety and public works increased approximately \$41,000 and \$66,000, respectively and economic development and capital projects disbursements decreased approximately \$231,000 and \$71,000, respectively.
- The City's total cash basis net assets increased 11.5%, or approximately \$77,000, from June 30, 2006 to June 30, 2007. Of this amount, the assets of the governmental activities increased approximately \$34,000 and the assets of the business type activities increased by approximately \$43,000.

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--Cash Basis. 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 and proprietary funds.

Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America. 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--Cash Basis reports information which helps answer this question.

The Statement of Activities and Net Assets--Cash Basis 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--Cash Basis is divided into three kinds of activities:

- Governmental Activities include public safety, public works, community and economic development, culture and recreation, health and social services, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks and the sewer system. These activities are financed primarily by user charges.
- The Component Unit includes the activities of the Roland Public Library Foundation. The City is financially accountable for the Foundation although it is legally separate from the City.

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 Economic Development, 3) the Debt Service Fund and 4) the Capital Projects 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 statement for governmental funds is 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 water, sewer and meter deposits funds. The water and sewer funds are considered to be major funds of the City.

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

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 \$357,509 to \$392,061. The analysis that follows focuses on the changes in cash net assets of governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities

	<u>Year ended June 30</u>	
	<u>2007</u>	<u>2006</u>
Receipts and transfers:		
Program receipts:		
Charges for services	\$ 131,594	\$ 132,202
Operating grants, contributions and restricted interest	134,232	220,224
General receipts:		
Property tax	337,511	326,101
Local option sales tax	145,851	128,655
Unrestricted investment earnings	9,940	8,036
Other general receipts	38,487	126,628
Transfers, net	<u>12,800</u>	<u>43,229</u>
Total receipts and transfers	<u>810,415</u>	<u>985,075</u>
Disbursements:		
Public safety	132,902	91,927
Public works	336,971	270,948
Community and economic development	15,000	245,723
Culture and recreation	162,648	141,038
Health and social services	2,238	3,707
General government	63,101	68,310
Debt service	47,530	70,635
Capital projects	<u>15,473</u>	<u>86,537</u>
Total disbursements	<u>775,863</u>	<u>978,825</u>
Increase in cash basis net assets	34,552	6,250
Cash basis net assets beginning of year	<u>357,509</u>	<u>351,259</u>
Cash basis net assets end of year	<u>\$ 392,061</u>	<u>\$ 357,509</u>

The City's total receipts for governmental activities decreased by 15.3%, or \$144,000. The total cost of all programs and services decreased by approximately \$203,000, or 20.7%, with no new programs added this year. The decrease in receipts was primarily the result of grants received in prior year to fund economic development and purchase a fire truck.

The cost of all governmental activities this year was \$775,863 compared to \$978,825 last year. However, as shown in the Statement of Activities and Net Assets-Cash Basis on pages 12 and 13, the amount taxpayers ultimately financed for these activities was only \$510,037 because some of the cost was paid by those directly benefited from the programs \$(131,594) or by other governments and organizations that subsidized certain programs with grants, contributions and restricted interest \$(134,232). Overall, the City's governmental activities receipts, including intergovernmental aid and fees for service, decreased in 2007 from approximately \$942,000 to approximately \$798,000, principally due to receiving certain grant proceeds in the prior year. The City paid for the remaining "public benefit" portion of governmental activities with approximately \$483,000 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

	Year ended June 30	
	2007	2006
Receipts:		
Program receipts:		
Charges for services:		
Water	\$ 163,565	\$ 159,449
Sewer	98,714	96,816
Other	3,600	4,800
General receipts:		
Unrestricted interest on investments	6,742	5,409
Other general receipts	<u>2,515</u>	<u>3,519</u>
Total receipts	275,136	269,993
Disbursements and transfers:		
Water	125,662	133,334
Sewer	89,061	78,570
Other	4,990	3,250
Transfers	<u>12,800</u>	<u>43,229</u>
Total disbursements and transfers	<u>232,513</u>	<u>258,383</u>
Increase in cash balance	42,623	11,610
Cash basis net assets beginning of year	<u>312,157</u>	<u>300,547</u>
Cash basis net assets end of year	<u>\$ 354,780</u>	<u>\$ 312,157</u>

Total business type activities receipts for the fiscal year were \$275,136 compared to \$269,993 last year. The cash balance increased by \$42,623 from the prior year. Total disbursements and transfers for the fiscal year decreased by 10.0% to a total of \$232,513 due to a transfer out of \$12,800 in the current year compared to \$43,229 in prior year.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

Governmental Fund Highlights

As the City completed the year, its governmental funds reported a combined fund balance of \$392,061, an increase of \$34,552 from last year's total of \$357,509. 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 decreased \$11,689 from the prior year to \$265,311. The majority of the decrease was because receipts for the fire grant was budgeted in the June 30, 2006 fiscal year but was disbursed in the June 30, 2007 fiscal year.
- The Economic Development Fund cash balance increased \$52,978 from the prior year to \$61,888. The majority of the decrease was because of transfers from other funds.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance increased by \$30,791 to \$133,552, due primarily to the fulfillment of the water tower bond obligation.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time. The amendment resulted in an increase in operating disbursements by approximately \$117,000.

DEBT ADMINISTRATION

At June 30, 2007, the City had \$120,000 in bonds and other long-term debt, compared to \$160,000 last year, as shown below.

Outstanding Debt at Year End

	<u>June 30,</u>	
	<u>2007</u>	<u>2006</u>
General obligation notes	\$ <u>120,000</u>	\$ <u>160,000</u>

Debt decreased as a result of scheduled payments made during fiscal year 2007.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City'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.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Deneen Frost, City Clerk, 202 East Ash Street, Roland, Iowa.

BASIC FINANCIAL STATEMENTS

City of Roland, Iowa
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
As of and for the year ended June 30, 2007

		Program receipts	
	Disbursements	Charges for services	Operating grants, contributions, and restricted interest
FUNCTIONS/PROGRAMS			
Primary Government			
Governmental activities			
Public safety	\$ 132,902	\$ 6,610	\$ -
Public works	336,971	98,206	112,261
Community and economic development	15,000	-	-
Culture and recreation	162,648	25,158	21,971
Health and social services	2,238	-	-
General government	63,101	1,620	-
Debt service	47,530	-	-
Capital projects	15,473	-	-
Total governmental activities	<u>775,863</u>	<u>131,594</u>	<u>134,232</u>
Business type activities			
Water	125,662	163,565	-
Sewer	89,061	98,714	-
Other	4,990	3,600	-
Total business type activities	<u>219,713</u>	<u>265,879</u>	<u>-</u>
Total Primary Government	<u>\$ 995,576</u>	<u>\$ 397,473</u>	<u>\$ 134,232</u>
Component Unit			
Roland Public Library Foundation			
Culture and recreation	\$ 1,404	\$ -	\$ 52,487
GENERAL RECEIPTS			
Property and other city tax levied for			
General purposes			
Tax increment financing			
Debt service			
Special assessments			
Local option sale tax			
Interest on investments			
Miscellaneous			
Transfers			
Total general receipts and transfers			
Change in cash basis net assets			
NET ASSETS, beginning of year			
NET ASSETS, end of year			
CASH BASIS NET ASSETS			
Restricted			
Streets			
Economic development			
Capital Projects			
Unrestricted			
Total cash basis net assets			

See Notes to Financial Statements.

EXHIBIT A

Net (disbursements) receipts and changes in cash basis net assets			
Primary Government			Component Unit
Governmental activities	Business type activities	Total	Roland Public Library Foundation
\$ (126,292)	\$ -	\$ (126,292)	\$ -
(126,504)	-	(126,504)	-
(15,000)	-	(15,000)	-
(115,519)	-	(115,519)	-
(2,238)	-	(2,238)	-
(61,481)	-	(61,481)	-
(47,530)	-	(47,530)	-
<u>(15,473)</u>	<u>-</u>	<u>(15,473)</u>	<u>-</u>
<u>(510,037)</u>	<u>-</u>	<u>(510,037)</u>	<u>-</u>
-	37,903	37,903	-
-	9,653	9,653	-
<u>-</u>	<u>(1,390)</u>	<u>(1,390)</u>	<u>-</u>
<u>-</u>	<u>46,166</u>	<u>46,166</u>	<u>-</u>
(510,037)	46,166	(463,871)	-
-	-	-	51,083
263,106	-	263,106	-
39,761	-	39,761	-
34,644	-	34,644	-
-	400	400	-
145,851	-	145,851	-
9,940	6,742	16,682	170
38,487	2,115	40,602	-
12,800	<u>(12,800)</u>	<u>-</u>	<u>-</u>
<u>544,589</u>	<u>(3,543)</u>	<u>541,046</u>	<u>170</u>
34,552	42,623	77,175	51,253
<u>357,509</u>	<u>312,157</u>	<u>669,666</u>	<u>4,191</u>
<u>\$ 392,061</u>	<u>\$ 354,780</u>	<u>\$ 746,841</u>	<u>\$ 55,444</u>
\$ 13,079	\$ -	\$ 13,079	\$ -
61,888	-	61,888	-
9,222	-	9,222	55,444
<u>307,872</u>	<u>354,780</u>	<u>662,652</u>	<u>-</u>
<u>\$ 392,061</u>	<u>\$ 354,780</u>	<u>\$ 746,841</u>	<u>\$ 55,444</u>

City of Roland, Iowa
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
As of and for the year ended June 30, 2007

	<u>General</u>	<u>Special revenue</u>		<u>Other nonmajor governmental funds</u>	<u>Total</u>
		<u>Road use tax</u>	<u>Economic development</u>		
RECEIPTS					
Property tax	\$ 245,398	\$ -	\$ -	\$ 32,805	\$ 278,203
Tax increment financing taxes	-	-	-	39,761	39,761
Other city taxes	162,835	-	-	1,839	164,674
Licenses and permits	1,675	-	-	-	1,675
Use of money and property	15,547	-	334	1,319	17,200
Intergovernmental	28,526	112,261	-	-	140,787
Charges for services	116,104	-	-	-	116,104
Special assessments	724	-	-	-	724
Miscellaneous	10,454	-	28,033	-	38,487
Total receipts	<u>581,263</u>	<u>112,261</u>	<u>28,367</u>	<u>75,724</u>	<u>797,615</u>
DISBURSEMENTS					
Operating					
Public safety	132,902	-	-	-	132,902
Public works	225,915	111,056	-	-	336,971
Community and economic development	-	-	15,000	-	15,000
Culture and recreation	162,491	-	-	157	162,648
Health and social services	2,238	-	-	-	2,238
General government	63,101	-	-	-	63,101
Debt service	-	-	-	47,530	47,530
Capital projects	-	-	-	15,473	15,473
Total disbursements	<u>586,647</u>	<u>111,056</u>	<u>15,000</u>	<u>63,160</u>	<u>775,863</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(5,384)</u>	<u>1,205</u>	<u>13,367</u>	<u>12,564</u>	<u>21,752</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in (out)	<u>(6,305)</u>	<u>-</u>	<u>39,611</u>	<u>(20,506)</u>	<u>12,800</u>
Total other financing sources (uses)	<u>(6,305)</u>	<u>-</u>	<u>39,611</u>	<u>(20,506)</u>	<u>12,800</u>
Net change in cash balances	(11,689)	1,205	52,978	(7,942)	34,552
CASH BALANCES, beginning of year	<u>277,000</u>	<u>11,874</u>	<u>8,910</u>	<u>59,725</u>	<u>357,509</u>
CASH BALANCES, end of year	<u>\$ 265,311</u>	<u>\$ 13,079</u>	<u>\$ 61,888</u>	<u>\$ 51,783</u>	<u>\$ 392,061</u>
CASH BASIS FUND BALANCES					
Unreserved					
General fund	\$ 265,311	\$ -	\$ -	\$ 42,561	\$ 307,872
Special revenue funds	-	13,079	61,888	-	74,967
Capital project funds	-	-	-	9,222	9,222
Total cash basis fund balances	<u>\$ 265,311</u>	<u>\$ 13,079</u>	<u>\$ 61,888</u>	<u>\$ 51,783</u>	<u>\$ 392,061</u>

City of Roland, Iowa
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
As of and for the year ended June 30, 2007

	<u>Water</u>	<u>Sewer</u>	<u>Nonmajor enterprise fund meter deposits</u>	<u>Total</u>
RECEIPTS				
Use of money and property	\$ 3,749	\$ 4,700	\$ 93	\$ 8,542
Charges for services	163,565	98,714	3,600	265,879
Special assessments	-	400	-	400
Miscellaneous	90	225	-	315
Total receipts	<u>167,404</u>	<u>104,039</u>	<u>3,693</u>	<u>275,136</u>
DISBURSEMENTS				
Water	125,662	-	-	125,662
Sewer	-	89,061	-	89,061
Meter deposit	-	-	4,990	4,990
Total disbursements	<u>125,662</u>	<u>89,061</u>	<u>4,990</u>	<u>219,713</u>
Excess (deficiency) of receipts over (under) disbursements	<u>41,742</u>	<u>14,978</u>	<u>(1,297)</u>	<u>55,423</u>
OTHER FINANCING (USES)				
Operating transfers (out)	<u>(10,951)</u>	<u>-</u>	<u>(1,849)</u>	<u>(12,800)</u>
Total other financing (uses)	<u>(10,951)</u>	<u>-</u>	<u>(1,849)</u>	<u>(12,800)</u>
Net change in cash balances	30,791	14,978	(3,146)	42,623
Cash balances beginning of year	<u>102,761</u>	<u>200,350</u>	<u>9,046</u>	<u>312,157</u>
Cash balances end of year	<u>\$ 133,552</u>	<u>\$ 215,328</u>	<u>\$ 5,900</u>	<u>\$ 354,780</u>

See Notes to Financial Statements.

City of Roland, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Roland (the City) is a political subdivision of the State of Iowa located in Story County. It was first incorporated in 1870 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, health and social services, culture and recreation, community and economic development, public improvements and general administrative services. The City also provides water and sewer utilities for its citizens.

Reporting Entity

For financial reporting purposes, the City 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 following component units are entities which are legally separate from the City, but meet the definition of a component unit. However, the financial transactions of these component units have not been displayed because they are not material.

The Friends of the Roland Library Corporation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Roland Public Library. These would be used to purchase items which are not included in the City's budget.

The Roland Volunteer Fire Department collects donations and has fundraisers, the proceeds of which are used to purchase items that are not included in the City's budget.

The Roland Response Team collects donations and has fundraisers, the proceeds of which are used to purchase items that are not included in the City's budget.

The financial statements present the City of Roland (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significant of its operations or financial relationship with the City.

Discretely Presented Component Unit

The Roland Public Library Foundation was established pursuant to chapter 504A of the Code of Iowa to maintain, develop, increase and extend the facilities and services of the Roland Public Library and to support the mission of the library. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented.

Jointly Governed Organizations

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

The City also participates in the Central Iowa Area Safety and Support Organization, Law Enforcement Services, and Animal Rescue Services, jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa.

City of Roland, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

General Fund

The General Fund is the general operating fund of the City. All general tax receipts and other receipts that are 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 through other funds.

Special Revenue

The road use tax fund is used to account for road construction and maintenance.

The economic development fund is used to account for economic development activities of the City.

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 waste water treatment and sanitary sewer system.

**City of Roland, Iowa
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

The City of Roland 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 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.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, no disbursements exceeded the amounts budgeted in any functions.

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's discretely presented component unit holds certificate of deposits in a depository within the State of Iowa.

Credit risk - The City's discretely presented component unit's investment in certificates of deposit held at First American Bank are unrated.

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.

NOTE 3 GENERAL OBLIGATION NOTES

Annual debt service requirements to maturity for general obligation notes are as follows:

<u>Year ending June 30</u>	<u>General Obligation Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 40,000	\$ 5,710
2009	20,000	3,850
2010	20,000	2,930
2011	20,000	1,980
2012	<u>20,000</u>	<u>1,000</u>
Totals	<u>\$ 120,000</u>	<u>\$ 15,470</u>

City of Roland, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 4 PENSION AND RETIREMENT BENEFITS

IPERS

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

Plan members are required to contribute 3.70% of their annual salary and the City is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$6,477, \$6,290 and \$6,077, respectively, equal to the required contributions for each year.

NOTE 5 COMPENSATED ABSENCES

City employees may accumulate vacation and compensatory 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 and compensatory time payments payable to employees at June 30, 2007, primarily relating to the general fund, is as follows:

<u>Type of benefit</u>	<u>Amount</u>
Vacation	\$ 5,700
Compensatory time	<u>3,000</u>
Total	<u>\$ 8,700</u>

The 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:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue Economic Development	Nonmajor Governmental Funds Tax Increment Financing	\$ <u>39,761</u>
Nonmajor Governmental Funds	Enterprise Water	12,800
	General General	6,305
	Special Revenue Economic Development	<u>150</u>
		<u>19,255</u>
Enterprise Water	Nonmajor Enterprise Funds Meter Deposit	<u>1,849</u>
Total		<u>\$ 60,865</u>

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

City of Roland, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 7 ECONOMIC DEVELOPMENT

Economic development is a public purpose for which the City may provide grants, loans, guarantees and other financial assistance to or for the benefit of private persons as provided by Section 15A.1 of the Code of Iowa.

The City entered into the following loan agreements in which the borrower has applied to the City for financial assistance under this section of the Code in connection with the borrower's plan to locate and enlarge its business enterprise within the City's corporate limits. The proceeds of the loans were considered disbursements in the special revenue fund.

The City entered into a type of forgivable loan agreement with Innovative Lighting, Inc. in which the City will loan the company \$100,000 of which \$75,000 is forgivable. The remaining \$25,000 is payable in sixty equal installments at 0% interest beginning November 19, 2003 and ending October 19, 2008.

As long as the borrower fully performs and is in compliance with all covenants of the loan agreement, the City shall release the borrower from its obligation to pay the forgivable loan portion of the agreement. If, however, the borrower fails to perform or is not in compliance with all covenants, the borrower will be required to pay all obligations as they come due.

During 2001, the City entered into a loan agreement with Field Foods, Inc. (the Company) to loan the Company \$75,000 for assistance in the acquisition of a building, purchase of machinery and equipment, and relocation expenses. Principal payments of \$3,750 are due quarterly from November 1, 2003 through November 15, 2008.

As long as the borrower fully performs and is in compliance with all covenants of the loan agreement, the City shall release the borrower from its obligation to pay the loan. If, however, the borrower fails to perform or is not in compliance with all covenants, the borrower will be required to pay all obligations as they come due.

During 2005 the City granted an economic development loan of \$50,000 to JA Max Machine Company, Inc. to assist with the construction of a new facility. The loan is payable in sixty installments at 2.0% interest beginning June 7, 2005 and ending June 7, 2009.

NOTE 8 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft, 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 from independent third parties. 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 INFORMATION

City of Roland, Iowa
BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN BALANCES - BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUNDS
Year ended June 30, 2007

	Governmental funds actual	Proprietary funds actual	Total
RECEIPTS			
Property tax	\$ 278,203	\$ -	\$ 278,203
Tax increment financing taxes	39,761	-	39,761
Other city taxes	164,674	-	164,674
Licenses and permits	1,675	-	1,675
Use of money and property	17,200	8,542	25,742
Intergovernmental	140,787	-	140,787
Charges for services	116,104	265,879	381,983
Special assessments	724	400	1,124
Miscellaneous	38,487	315	38,802
Total receipts	<u>797,615</u>	<u>275,136</u>	<u>1,072,751</u>
DISBURSEMENTS			
Public safety	132,902	-	132,902
Public works	336,971	-	336,971
Community and economic development	15,000	-	15,000
Culture and recreation	162,648	-	162,648
Health and social services	2,238	-	2,238
General government	63,101	-	63,101
Debt service	47,530	-	47,530
Capital projects	15,473	-	15,473
Business type activities	-	219,713	219,713
Total disbursements	<u>775,863</u>	<u>219,713</u>	<u>995,576</u>
Excess (deficiency) of receipts over (under) disbursements	<u>21,752</u>	<u>55,423</u>	<u>77,175</u>
OTHER FINANCING SOURCES (USES), net	<u>12,800</u>	<u>(12,800)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>34,552</u>	<u>42,623</u>	<u>77,175</u>
BALANCES, beginning of year	<u>357,509</u>	<u>312,157</u>	<u>669,666</u>
BALANCES, end of year	<u>\$ 392,061</u>	<u>\$ 354,780</u>	<u>\$ 746,841</u>

See accompanying independent auditor's report.

<u>Budgeted amounts</u>		<u>Final to total</u>
<u>Original</u>	<u>Final</u>	<u>variance</u>
\$ 278,342	\$ 290,957	\$ (12,754)
36,771	36,771	2,990
143,045	163,445	1,229
1,790	2,040	(365)
19,784	24,325	1,417
135,633	140,788	(1)
370,980	379,170	2,813
885	1,018	106
<u>38,233</u>	<u>41,501</u>	<u>(2,699)</u>
<u>1,025,463</u>	<u>1,080,015</u>	<u>(7,264)</u>
110,845	147,327	14,425
313,970	347,040	10,069
15,000	15,000	-
163,780	178,034	15,386
3,950	3,817	1,579
71,922	72,507	9,406
47,530	47,530	-
-	20,000	4,527
<u>253,230</u>	<u>265,814</u>	<u>46,101</u>
<u>980,227</u>	<u>1,097,069</u>	<u>101,493</u>
<u>45,236</u>	<u>(17,054)</u>	<u>94,229</u>
<u>-</u>	<u>-</u>	<u>-</u>
45,236	(17,054)	94,229
<u>502,893</u>	<u>502,893</u>	<u>166,773</u>
\$ <u>548,129</u>	\$ <u>485,839</u>	\$ <u>261,002</u>

City of Roland, Iowa
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 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 ten 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 nonprogram. 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, one budget amendment increased budgeted disbursements by \$116,842. The budget amendment is reflected in the final budgeted amounts.

OTHER SUPPLEMENTARY INFORMATION

City of Roland, Iowa
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
Nonmajor Governmental Funds
As of and for the year ended June 30, 2007

	<u>General Library fund</u>	<u>Special Revenue Tax increment financing</u>	<u>Debt Service Debt service</u>	<u>Capital Projects Library project</u>	<u>Total</u>
RECEIPTS					
Property tax	\$ -	\$ -	\$ 32,805	\$ -	\$ 32,805
Tax increment financing taxes	-	39,761	-	-	39,761
Other city taxes	-	-	1,839	-	1,839
Use of money and property	1,319	-	-	-	1,319
Total receipts	<u>1,319</u>	<u>39,761</u>	<u>34,644</u>	<u>-</u>	<u>75,724</u>
DISBURSEMENTS					
Operating					
Culture and recreation	157	-	-	-	157
Debt service	-	-	47,530	-	47,530
Capital projects	-	-	-	15,473	15,473
Total disbursements	<u>157</u>	<u>-</u>	<u>47,530</u>	<u>15,473</u>	<u>63,160</u>
Excess (deficiency) of receipts over (under) disbursements	1,162	39,761	(12,886)	(15,473)	12,564
OTHER FINANCING SOURCES (USES)					
Operating transfers in (out)	3,709	(39,611)	15,396	-	(20,506)
Total other financing sources (uses)	<u>3,709</u>	<u>(39,611)</u>	<u>15,396</u>	<u>-</u>	<u>(20,506)</u>
Net change in cash balances	4,871	150	2,510	(15,473)	(7,942)
CASH BALANCES , beginning of year	<u>37,690</u>	<u>(150)</u>	<u>(2,510)</u>	<u>24,695</u>	<u>59,725</u>
CASH BALANCES , end of year	<u>\$ 42,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,222</u>	<u>\$ 51,783</u>
CASH BASIS FUND BALANCES					
Unreserved					
General	\$ 42,561	\$ -	\$ -	\$ -	\$ 42,561
Capital project fund	-	-	-	9,222	9,222
Total cash basis fund balances	<u>\$ 42,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,222</u>	<u>\$ 51,783</u>

City of Roland, Iowa
SCHEDULE OF INDEBTEDNESS
Year ended June 30, 2007

<u>Obligation</u>	<u>Date of issue</u>	<u>Interest rates</u>	<u>Amount originally issued</u>
General Obligation Notes			
Corporate Purposes			
Storm Sewer	June 1, 1998	4.85%	\$ 160,000
Water Improvement Refunding	November 1, 2001	4.45% - 5.00%	180,000
Totals			

See accompanying independent auditor's report.

Schedule 2

<u>Balance beginning of year</u>	<u>Issued during year</u>	<u>Redeemed during year</u>	<u>Balance end of year</u>	<u>Interest paid</u>	<u>Interest due and unpaid</u>
\$ 40,000	\$ —	\$ 20,000	\$ 20,000	\$ 1,930	\$ —
<u>120,000</u>	<u>—</u>	<u>20,000</u>	<u>100,000</u>	<u>5,600</u>	<u>—</u>
<u>\$ 160,000</u>	<u>\$ —</u>	<u>\$ 40,000</u>	<u>\$ 120,000</u>	<u>\$ 7,530</u>	<u>\$ —</u>

**City of Roland, Iowa
BOND AND NOTE MATURITIES
June 30, 2007**

GENERAL OBLIGATION NOTES

<u>Year ending June 30</u>	<u>Storm Sewer Issued June 1, 1998</u>		<u>Water Improvement Refunding Issued November 1, 2001</u>		<u>Total</u>
	<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>	
2008	4.85%	\$ 20,000	4.45%	\$ 20,000	\$ 40,000
2009		—	4.60%	20,000	20,000
2010		—	4.75%	20,000	20,000
2011		—	4.90%	20,000	20,000
2012		—	5.00%	20,000	20,000
Totals		<u>\$ 20,000</u>		<u>\$ 100,000</u>	<u>\$ 120,000</u>

City of Roland, Iowa
SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
All Governmental Funds
For the last four years

	Year ended June 30			
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
RECEIPTS				
Property tax	\$ 278,203	\$ 272,461	\$ 271,950	\$ 252,634
Tax increment financing taxes	39,761	35,641	30,717	25,642
Other city taxes	164,674	145,721	144,351	147,886
Licenses and permits	1,675	1,767	1,526	1,759
Use of money and property	17,200	14,961	16,643	12,711
Intergovernmental	140,787	228,604	173,720	318,129
Charges for services	116,104	115,130	111,471	114,497
Special assessments	724	933	648	685
Miscellaneous	<u>38,487</u>	<u>126,628</u>	<u>44,742</u>	<u>35,803</u>
Total receipts	<u>\$ 797,615</u>	<u>\$ 941,846</u>	<u>\$ 795,768</u>	<u>\$ 909,746</u>
DISBURSEMENTS				
Operating				
Public safety	\$ 132,902	\$ 91,927	\$ 144,110	\$ 204,572
Public works	336,971	270,948	225,106	256,255
Community and economic development	15,000	245,723	91,118	179,080
Culture and recreation	162,648	141,038	147,949	133,699
Health and social services	2,238	3,707	3,158	2,418
General government	63,101	68,310	54,627	58,357
Debt service	47,530	70,635	73,665	76,620
Capital projects	<u>15,473</u>	<u>86,537</u>	<u>1,000</u>	<u>—</u>
Total disbursements	<u>\$ 775,863</u>	<u>\$ 978,825</u>	<u>\$ 740,733</u>	<u>\$ 911,001</u>

**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
Roland, Iowa

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 Roland, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed on the contents page of this report and have issued our report thereon dated December 11, 2007. Our report expressed an unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City'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 an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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 a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City'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 the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings to be a significant deficiency 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 statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in 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, we do not believe the significant deficiency described above is a material weakness.

Compliance and Other Matters

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

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


DENMAN & COMPANY, LLP

West Des Moines, Iowa
December 11, 2007

**City of Roland
SCHEDULE OF FINDINGS
Year ended June 30, 2007**

Part I—Findings Related to the Financial Statements

INSTANCES OF NONCOMPLIANCE

No instances of noncompliance were noted.

SIGNIFICANT DEFICIENCY

I-A-07 SEGREGATION OF DUTIES

One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that generally one person has control over:

The cash receipts listing, bank deposits, check writing, payroll preparation and distribution, and posting of these items to the general ledger.

Recommendation

We realize that with two office employees, segregation of duties is difficult. The City should continue to review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response

We will review our procedures and segregate duties to the extent possible with existing personnel.

Conclusion

Response accepted.

City of Roland, Iowa
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2007

Part II—Other Findings Related to Statutory Reporting

II-A-07 CERTIFIED BUDGET

Disbursements made during the year ended June 30, 2007 did not exceed the amounts budgeted in any functional area.

II-B-07 QUESTIONABLE DISBURSEMENTS

We noted no disbursements for parties, banquets or other entertainment expenses that do 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

No business transactions between the City and City officials or employees were noted.

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

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

II-G-07 DEPOSITS AND INVESTMENTS

No instances of noncompliance with the deposits and investment provisions of Chapter 12B and 12C of the Code of Iowa were noted.

An employee was not removed from list of authorized signatures for City accounts after termination.

Recommendation

The City should take the necessary steps to remove employees from authorized signatures upon termination.

Response

The City will remove terminated employees promptly.

Conclusion

Response accepted.