

CITY OF MISSOURI VALLEY
INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2008

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City of Missouri Valley

Officials

<u>Name</u>	<u>Title</u> (Before January 2008)	<u>Term Expires</u>
Randy McHugh	Mayor	January 2008
Dan Kougias	Council Member	January 2008
Roger Marshall	Council Member	January 2008
Sherman Struble	Council Member	January 2008
Gene Dinsmore	Council Member	January 2010
Victoria Dinsmore	Council Member	January 2010

<u>Name</u>	<u>Title</u> (After January 2008)	<u>Term Expires</u>
Clint Sargent	Mayor	January 2010
Gene Dinsmore	Council Member	January 2010
Victoria Dinsmore	Council Member	January 2010
Roger Marshall	Council Member	January 2012
Leonard Ratliff	Council Member	January 2012
Sherman Struble	Council Member	January 2012

Rita Miller	City Clerk, Administrator	Indefinite
Jodi McGaffey	Treasurer	Indefinite
Shane Warner	Attorney	Indefinite

City of Missouri Valley

January 7, 2009

Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Missouri Valley, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Missouri Valley's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Missouri Valley as of June 30, 2008, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Continued...

Independent Auditors' Report
City of Missouri Valley

In accordance with *Government Auditing Standards*, we have also issued our reports dated January 7, 2009 on our consideration of the City of Missouri Valley's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Missouri Valley's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007 (none of which are presented herein) and expressed unqualified opinions on those financial statements. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Missouri Valley provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities decreased by \$219,335 from fiscal year 2007 to fiscal year 2008. Property tax revenues for debt service increased by \$87,088 and TIF revenue was down by \$95,528 because of the reduced amount of TIF debt. By only levying enough to cover our actual TIF debt, we are able to receive more revenue into the general property tax; use of money and property decreased \$43,715 primarily due to the reduction in interest rates; intergovernmental decreased by \$175,075, which is a combination of revenue from FEMA, CDBG funds and water plant bond proceeds.
- Governmental activities disbursements decreased by \$174,237 in fiscal year 2008 from fiscal year 2007. Public Safety increased \$40,252; Public Works increased \$72,535; General Government increased \$43,650; and Capital Project increased \$61,483. However, these were offset by Community & Economic Development reduction of \$302,070 and Debt Service reduction of \$99,400. Business type activities (water and sewer) operating receipts increased by \$47,328 and operating disbursements increased by \$106,603. The City had a water capital project with expenditures of \$3,033,154 financed by a revenue bond. Interim financing Anticipatory notes on a project were redeemed and long term financing through a combination of revenue bonds and G.O. bonds was put in place.
- The City's total cash basis net assets decreased \$2,022,681 from June 30, 2007 to June 30, 2008. Of this amount, the assets of the governmental activities increased by \$155,505 and the assets of the business type activities decreased \$2,178,186 due to loan proceeds for the water capital project that were received in FY07 and spent in FY08.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

Basis of Accounting

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

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

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

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

Fund Financial Statements

The City has two kinds of funds:

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The city's cash balance for governmental activities increased by \$155,505 from a year ago. The analysis that follows focuses on the changes in cash balances for government activities.

The City's property tax rate for fiscal 2008 is at \$16.12206 per \$1,000 valuation, which is an increase from the property tax rate for fiscal 2007 of \$15.50568.

The cost of all governmental activities this year was \$2,065,544. As shown in the Statement of Activities and Net Assets, the amount taxpayers ultimately financed for these activities was \$1,357,579. The city paid for this with property taxes and other receipts.

Changes in Cash Basis Net Assets of Governmental Activities		
	Year Ended	
	June 30, 2008	June 30, 2007
Receipts:		
Property tax	\$ 993,959	906,871
Tax increment financing collections	76,714	172,242
Other city tax	295,582	270,813
Licenses and permits	6,612	6,631
Use of money and property	143,153	186,868
Intergovernmental	427,167	602,242
Charges for service	146,554	162,842
Special assessments	7,006	0
Miscellaneous	<u>121,909</u>	<u>128,942</u>
Total receipts	2,218,116	2,437,451
Disbursements:		
Operating:		
Public safety	510,017	469,765
Public works	477,145	404,610
Culture and recreation	440,063	430,750
Community and economic development	0	302,070
General government	312,698	269,048
Debt service	264,138	363,538
Capital project	<u>61,483</u>	<u>0</u>
Total disbursements	<u>2,065,544</u>	<u>2,239,781</u>
Excess of receipts over disbursements	152,572	197,670

Other financing sources (uses):		
Operating transfers in	182,349	349,045
Operating transfers out	<u>(179,416)</u>	<u>(349,045)</u>
Total other financing sources	<u>2,933</u>	<u>0</u>
Net changes in cash balances	155,505	197,670
Cash balances beginning of year	<u>2,834,689</u>	<u>2,637,019</u>
Cash balances end of year	\$ <u>2,990,194</u>	\$ <u>2,834,689</u>

Changes in Cash Basis Net Assets of Business Type Activities

	Year Ended	
	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Operating receipts:		
Charges for service	\$ 866,692	\$ 806,634
Miscellaneous	<u>0</u>	<u>12,730</u>
Total operating receipts	866,692	819,364
Operating disbursements:		
Business type activities	<u>660,143</u>	<u>553,540</u>
Total operating disbursements	<u>660,143</u>	<u>553,540</u>
Excess of operating receipts over operating disbursements	206,549	265,824
Non-operating receipts (disbursements):		
Intergovernmental	320,559	262,002
Interest on investments	40,126	97,326
Miscellaneous	100,753	(5,984)
Rent	11,848	0
Bond proceeds	4,625,644	0
Proceeds from Anticipatory Notes	0	4,300,320
Anticipatory notes redeemed	(4,335,000)	0
Capital projects	(3,033,154)	(2,361,677)
Debt service	<u>(112,578)</u>	<u>(140,663)</u>
Total non-operating receipts (disbursements)	<u>(2,381,802)</u>	<u>2,151,324</u>
Excess (deficiency) of receipts over (under) disbursements	(2,175,253)	2,417,148
Operating transfers out	(2,933)	0
Cash balances beginning of year	<u>3,254,463</u>	<u>837,315</u>
Cash balances end of year	\$ <u>1,076,277</u>	\$ <u>3,254,463</u>

INDIVIDUAL GOVERNMENTAL FUND ANALYSIS

As City of Missouri Valley completed the year, its governmental funds reported a combined fund balance of \$2,990,194, an increase of more than \$155,000 above last year's total of \$2,834,689. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund increased \$112,214 from the prior year to \$326,136; \$60,000 of the increase was due to a transfer.
- The Road Use Tax Fund decreased \$10,665 from the prior year to \$346,347.
- The Employee Benefit Fund decreased \$50,163 from the prior year to \$83,461 largely due to a transfer.
- The Local Option Sales Tax Fund increased \$155,293 from the prior year to \$935,115 due to collections and no expenditures.
- The Debt Service Fund decreased \$55,459 from the prior year to \$1,152,928.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund increased \$451,870 from the prior year to \$1,682,010. Part of the increase was due to bond proceeds issued.
- The Water Capital Project Fund decreased \$2,534,846 from the prior year to \$(728,905) due to capital project costs.
- The Sewer Fund decreased \$95,210 from the prior year to \$123,172. The decrease was largely due to debt service payments.

BUDGETARY HIGHLIGHTS

The City amended its budget on May 20, 2008 to allow for receipt of FEMA revenue from the 2007 flood, expenses due to the flood, pay-off of the Anticipatory Notes and receipt of long term financing bond proceeds on the Water Treatment Plant. Increases in other department expenditures were due to increased fuel costs. The City also purchased land and building for the Fire Department.

DEBT ADMINISTRATION

At June 30, 2008, the City had approximately \$6,302,940 in bonds and other long term debt, compared to approximately \$6,061,019 last year.

	Outstanding Debt at Year End	
	June 30,	
	2008	2007
General Obligation notes	\$ 3,471,940	430,019
TIF Revenue bonds	705,000	805,000
Revenue notes	2,126,000	491,000
Anticipatory Notes	0	4,335,000
Total	\$ 6,302,940	6,061,019

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of approximately \$4,176,940 is below its constitutional debt limit of approximately \$5,400,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Missouri Valley will be setting the 2009 budget at a high rate again this year. Although the water plant construction has now been completed, the City is continuing with the Watson Steam Train project. This project will increase revenues from grant proceeds and also will increase expenditures due to construction expenses. The City anticipates the Third Street repaving project to begin construction in this next budget year, thereby increasing expenses. This project is anticipated to be financed primarily through Local Option Tax revenue. The continued rise in fuel prices, major medical health insurance costs, and the State rollback are negative economic factors which must be considered in the fiscal 09 budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

City of Missouri Valley
Basic Financial Statements

City of Missouri Valley
Statement of Activities and Net Assets – Cash Basis
As of and for the year ended June 30, 2008

	Disbursements	Charges for Service	Program Operating Grants Contributions and Restricted Interest
Functions/Programs:			
Governmental activities:			
Public safety	\$ 510,017	18,735	51,009
Public works	477,145	68,126	386,755
Culture and recreation	440,063	82,692	75,742
General government	312,698	6,364	18,542
Debt service	264,138	-	-
Capital project	61,483	-	-
Total governmental activities	2,065,544	175,917	532,048
Business type activities:			
Water	1,893,305	629,416	-
Water capital project	5,898,588	-	-
Sewer	348,982	237,276	-
Total business type activities	8,140,875	866,692	-
Total	\$ 10,206,419	1,042,609	532,048

General Receipts:

Property tax levied for:
 General purposes
 Employee benefits
 Tax increment financing
 Debt service
Local option sales tax
Grants and contributions not restricted to
specific purpose
Unrestricted interest on investments
Bond proceeds
Miscellaneous
Transfers
 Total general receipts

Change in cash basis net assets

Cash basis net assets beginning of year

Cash basis net assets end of year

Cash Basis Net Assets

Restricted:
 Streets
 Employee benefits
 Local option sales tax
 Debt service
 Other purpose
 Meter deposits
 Permanent fund
Unrestricted

Total cash basis net assets

See notes to financial statements

Receipts	Net (Disbursement) Receipts and Changes In Cash Basis Net Assets		
	Governmental Activities	Business Type Activities	Total
Capital Grants Contributions and Restricted Interest			
-	(440,273)	-	(440,273)
-	(22,264)	-	(22,264)
-	(281,629)	-	(281,629)
-	(287,792)	-	(287,792)
-	(264,138)	-	(264,138)
-	(61,483)	-	(61,483)
-	<u>(1,357,579)</u>	-	<u>(1,357,579)</u>
-	-	(1,263,889)	(1,263,889)
435,595	-	(5,462,993)	(5,462,993)
-	-	<u>(111,706)</u>	<u>(111,706)</u>
<u>435,595</u>	<u>-</u>	<u>(6,838,588)</u>	<u>(6,838,588)</u>
<u>435,595</u>	<u>(1,357,579)</u>	<u>(6,838,588)</u>	<u>(8,196,167)</u>
	\$ 720,392	-	720,392
	266,043	-	266,043
	76,174	-	76,174
	147,813	-	147,813
	155,293	-	155,293
	25,879	-	25,879
	101,187	14,323	115,510
	-	4,625,644	4,625,644
	17,370	23,368	40,738
	2,933	<u>(2,933)</u>	-
	<u>1,513,084</u>	<u>4,660,402</u>	<u>6,173,486</u>
	155,505	(2,178,186)	(2,022,681)
	<u>2,834,689</u>	<u>3,254,463</u>	<u>6,089,152</u>
	<u>\$ 2,990,194</u>	<u>1,076,277</u>	<u>4,066,471</u>
	\$ 346,347	-	346,347
	83,461	-	83,461
	935,115	-	935,115
	1,152,928	322,385	1,475,313
	60,455	-	60,455
	-	91,553	91,553
	85,752	-	85,752
	<u>326,136</u>	<u>662,339</u>	<u>988,475</u>
	<u>\$ 2,990,194</u>	<u>1,076,277</u>	<u>4,066,471</u>

City of Missouri Valley
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances - Governmental Funds
As of and for the year ended June 30, 2008

	Special		
	General	Road Use	Employee Benefits
Receipts			
Property tax	\$ 589,023	-	260,240
Tax increment financing collections	-	-	-
Other city tax	131,369	-	5,803
Licenses and permits	6,612	-	-
Use of money and property	140,943	-	-
Intergovernmental	151,103	276,064	-
Charges for service	146,554	-	-
Special assessments	7,006	-	-
Miscellaneous	112,269	-	7,565
Total receipts	1,284,879	276,064	273,608
Disbursements			
Operating:			
Public safety	403,819	-	106,198
Public works	160,956	243,487	72,702
Culture and recreation	395,934	-	44,129
General government	271,956	-	40,742
Debt service	-	-	-
Capital project	-	-	-
Total disbursements	1,232,665	243,487	263,771
Excess (deficiency) of receipts over (under) disbursements	52,214	32,577	9,837
Other financing sources (uses):			
Operating transfers in	60,000	-	-
Operating transfers out	-	(43,242)	(60,000)
Total other financing sources (uses)	60,000	(43,242)	(60,000)
Net change in cash balances	112,214	(10,665)	(50,163)
Cash balances beginning of year	213,922	357,012	133,624
Cash balances end of year	\$ 326,136	346,347	83,461
Cash Basis Fund Balances			
Reserved:			
Debt service	\$ -	-	-
Unreserved:			
General fund	326,136	-	-
Special revenue funds	-	346,347	83,461
Permanent fund	-	-	-
Total cash basis fund balances	\$ 326,136	346,347	83,461

See notes to financial statements

Exhibit B

Revenue		Other Nonmajor Governmental Funds	Total
Local Option Sales Tax	Debt Service		
-	144,696	-	993,959
-	-	76,174	76,174
155,293	3,117	-	295,582
-	-	-	6,612
-	-	2,210	143,153
-	-	-	427,167
-	-	-	146,554
-	-	-	7,006
-	-	2,075	121,909
155,293	147,813	80,459	2,218,116
-	-	-	510,017
-	-	-	477,145
-	-	-	440,063
-	-	-	312,698
-	264,138	-	264,138
-	61,483	-	61,483
-	325,621	-	2,065,544
155,293	(177,808)	80,459	152,572
-	122,349	-	182,349
-	-	(76,174)	(179,416)
-	122,349	(76,174)	2,933
155,293	(55,459)	4,285	155,505
779,822	1,208,387	141,922	2,834,689
935,115	1,152,928	146,207	2,990,194
-	1,152,928	-	1,152,928
-	-	-	326,136
935,115	-	60,455	1,425,378
-	-	85,752	85,752
935,115	1,152,928	146,207	2,990,194

City of Missouri Valley
 Statement of Cash Receipts, Disbursements and Changes in Cash Balances
 Proprietary Funds
 As of and for the year ended June 30, 2008

	Water	Water Capital Project	Sewer	Total
Operating receipts:				
Charges for service	\$ 629,416	-	237,276	866,692
Operating disbursements:				
Business type activities	423,739	-	236,404	660,143
Excess of operating receipts over operating disbursements	205,677	-	872	206,549
Non-operating receipts (disbursements):				
Intergovernmental	-	320,559	-	320,559
Interest on investments	9,675	25,803	4,648	40,126
Rent	-	-	11,848	11,848
Bond proceeds net of discount	1,694,564	2,931,080	-	4,625,644
Miscellaneous	11,520	89,233	-	100,753
Anticipatory warrants redeemed	(1,415,000)	(2,920,000)	-	(4,335,000)
Capital projects	(54,566)	(2,978,588)	-	(3,033,154)
Debt service	-	-	(112,578)	(112,578)
Total non-operating receipts (disbursements)	246,193	(2,531,913)	(96,082)	(2,381,802)
Excess (deficiency) of receipts over (under) disbursements	451,870	(2,531,913)	(95,210)	(2,175,253)
Operating transfers in (out)	-	(2,933)	-	(2,933)
Net change in cash balances	451,870	(2,534,846)	(95,210)	(2,178,186)
Cash balances beginning of year	1,230,140	1,805,941	218,382	3,254,463
Cash balances end of year	\$ 1,682,010	(728,905)	123,172	1,076,277
 Cash Basis Fund Balances				
Reserved:				
Debt service	\$ 276,885	-	45,500	322,385
Meter deposits	91,553	-	-	91,553
Unreserved	1,313,572	(728,905)	77,672	662,339
Total cash basis fund balances	\$ 1,682,010	(728,905)	123,172	1,076,277

See notes to financial statements

City of Missouri Valley
Notes to Financial Statements
June 30, 2008

NOTE (1) Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Jointly Governed Organizations

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

B. Basis of Presentation

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

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

City of Missouri Valley
Notes to Financial Statements
June 30, 2008

NOTE (1) Summary of Significant Accounting Policies - Continued

B. Basis of Presentation - Continued

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

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

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

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

The City reports the following major governmental funds:

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

Special Revenue:

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

The Employee Benefit Fund is used to account for property taxes levied to pay employee benefits.

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

City of Missouri Valley
Notes to Financial Statements
June 30, 2008

NOTE (1) Summary of Significant Accounting Policies - Continued

B. Basis of Presentation - Continued

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, disbursements did not exceed the budgeted amounts.

City of Missouri Valley
Notes to Financial Statements
June 30, 2008

NOTE (1) Summary of Significant Accounting Policies - Continued

E. Property Tax Calendar

The City's property tax rates were extended against the assessed valuation of the City as of January 1, 2006, to compute the amounts which became liens on property on July 1, 2007. These taxes were due and payable in two installments on September 30, 2007 and March 31, 2008, at the Harrison County Treasurer's Office. These taxes are recognized as income to the City when they are received from the county.

NOTE (2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The carrying amount of cash at June 30, 2008 is \$3,734,779. This amount consists of checking accounts, money market and savings accounts, and certificates of deposit. Of this amount, \$3,684,276 is covered by federal depository insurance and \$50,318 is covered by collateral held by the city's agent in the City's name, except for \$185 which is petty cash.

At June 30, 2008, the City had the following investments:

<u>Type</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Federal Home Loan Bond	223,133	221,888
Public Service Co. Oklahoma Note	51,480	49,020
Insured Municipal Funds	42,215	37,950
U.S. Government Securities	<u>14,864</u>	<u>14,625</u>
	<u>\$ 331,692</u>	<u>\$ 323,483</u>

Credit risk

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

City of Missouri Valley
Notes to Financial Statements
June 30, 2008

NOTE (2) Cash and Pooled Investments - Continued

Interest rate risk

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

The City's total cash and investment was \$4,066,471 at June 30, 2008.

NOTE (3) Bonds and Notes Payable

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

Year Ended June 30,	General Obligation Bonds Principal	Urban Renewal Tax Increment Financing (TIF) Revenue Bonds Principal	Revenue Bonds Principal	Total Principal
2009	\$ 159,630	\$ 145,000	\$ 146,000	\$ 450,630
2010	251,504	85,000	162,000	498,504
2011	227,321	90,000	173,000	490,321
2012	219,254	90,000	180,000	489,254
2013	154,231	95,000	70,000	319,231
2014-2018	725,000	200,000	405,000	1,330,000
2019-2023	885,000	-	500,000	1,385,000
2024-2027	850,000	-	490,000	1,340,000
Total	<u>\$ 3,471,940</u>	<u>\$ 705,000</u>	<u>\$ 2,126,000</u>	<u>\$ 6,302,940</u>
Year Ended June 30,	Interest	Interest	Interest	Interest
2009	\$ 155,775	\$ 28,318	\$ 97,058	\$ 281,151
2010	133,668	21,615	81,871	237,154
2011	124,099	18,555	74,945	217,599
2012	115,451	15,225	67,366	198,042
2013	107,176	11,805	62,343	181,324
2014-2018	459,775	12,200	270,575	742,550
2019-2023	303,388	-	180,150	483,538
2024-2027	96,382	-	57,525	153,907
Total	<u>\$ 1,495,714</u>	<u>\$ 107,718</u>	<u>\$ 891,833</u>	<u>\$ 2,495,265</u>

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

City of Missouri Valley
Notes to Financial Statements
June 30, 2008

NOTE (3) Bonds and Notes Payable - Continued

Urban Renewal Tax Increment Financing Revenue Bonds

The City issued \$290,000 and \$980,000 of urban renewal tax increment financing revenue bonds in September 1996 and in November 2005, respectively, for the purpose of defraying a portion of the costs of carrying out an urban renewal project of the City. The bonds are payable solely from the TIF receipts generated by increased property values in the City's TIF district and credited to the Special Revenue, Urban Renewal Tax Increment Fund in accordance with Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100 percent of the debt service requirements over the life of the bonds. The proceeds of the urban renewal tax increment financing revenue bonds shall be expended only for purposes which are consistent with the plans of the City's urban renewal area. The bonds are not a general obligation of the City. However, the debt is subject to the constitutional debt limitation of the City. Total principal and interest remaining on the bonds is \$812,718, payable through June 2011. For the current year, total principal and interest paid and total TIF receipts were \$133,363 and \$76,174, respectively.

Revenue Notes

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$1,725,000 in water revenue notes issued in April 2008. Proceeds from the notes provided financing for the construction of water main extensions. The notes are payable solely from water customer net receipts and are payable through 2027. Annual principal and interest payments on the notes are expected to require less than 100 percent of net receipts. The total principal and interest remaining to be paid on the notes is \$2,574,356. For the current year, no principal and interest was paid and total customer net receipts were \$205,677.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$337,000 and \$885,000 in sewer revenue notes issued in March 1992 and November 2006, respectively. Proceeds from the notes provided financing for the construction of improvements to the sewer treatment plant. The notes are payable solely from sewer customer net receipts and are payable through 2012. Annual principal and interest payments on the notes are expected to require less than 100 percent of net receipts. The total principal and interest remaining to be paid on the notes is \$443,477. For the current year, principal and interest paid and total current customer net receipts were \$112,578 and \$872, respectively.

City of Missouri Valley
Notes to Financial Statements
June 30, 2008

NOTE (3) Bonds and Notes Payable - Continued

Revenue Notes - Continued

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

- a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- b) Sufficient monthly transfers shall be made to separate water and sewer revenue note sinking accounts within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- c) Establish water reserve account of \$137,430 for the purpose of paying principal and interest payments when deposits in the sinking fund are insufficient to make such payments.

The City has complied with the revenue note provisions.

The City has a legal debt limit of approximately \$5,400,000 which was not exceeded during the year ended June 30, 2008.

NOTE (4) Anticipatory Warrants

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

The City had issued a \$1,415,000 in water revenue and \$2,920,000 in general obligation water improvement anticipatory warrants, at 4.00% and 3.80% interest per annum, respectively, for water construction. As of June 30, 2008, all of the principal had been paid on these warrants leaving no unpaid balance.

NOTE (5) Pension and Retirement Benefits

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

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

NOTE (5) Pension and Retirement Benefits - Continued

Most regular plan members are required to contribute 3.90% of their annual salary and the City is required to contribute 6.05% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2008, 2007, and 2006, were \$51,274, \$49,466, and \$47,423, respectively, equal to the required contributions for each year.

NOTE (6) Leases

In December 2006, the City entered into a lease agreement for a piece of equipment for \$145 per month for 48 months. Rent expense for the operating lease for the year ended June 30, 2008, was \$1,740. Future minimum lease payments are as follows:

For the year ended:		
06-30-09	\$	1,740
06-30-10		1,740
06-30-11		<u>725</u>
	\$	<u>4,205</u>

NOTE (7) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for vacation payable to employees at June 30, 2008, primarily relating to the General Fund is \$22457.

Sick leave may be converted to vacation pay for hours exceeding 960 and is payable upon termination at the rate of one hour of vacation per three hours of sick leave. The approximate liability for sick leave conversion payable upon termination of these employees is \$395 at June 30, 2008.

These liabilities are computed based on rates of pay effective as of June 30, 2008.

NOTE (8) Industrial Development Revenue Bonds

The City has issued a total of \$1,750,000 of Industrial Development Revenue Bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$5,000 is outstanding at June 30, 2008. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the City.

City of Missouri Valley
Notes to Financial Statements
June 30, 2008

NOTE (9) Risk Management

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 563 members include various governmental entities throughout the State of Iowa. The Pool was formed in August, 1986, for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital, and, if insufficient, by the subsequent year's member contributions.

The city's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2008 were \$72,203.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool, up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

City of Missouri Valley
Notes to Financial Statements
June 30, 2008

NOTE (9) Risk Management - Continued

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claim shall be the obligation of the respective individual member. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions, however, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

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

NOTE (10) Commitments

Water Tank Maintenance Contract

In January, 2003, the City entered into an agreement with Utility Service Co., Inc. for total care and maintenance of the 750,000 gallon elevated water storage tower. The full renovation cost and maintenance fees are spread over the initial three years of the contract. In year four, the cost will be the established base fee of \$19,075. The contract can be renewed every three years. The City made the required payment of \$19,075 in January 2008.

NOTE (11) Missouri Valley Development Corporation Agreement

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

City of Missouri Valley
Notes to Financial Statements
June 30, 2008

NOTE (11) Missouri Valley Development Corporation Agreement - Continued

In November, 2004, the Corporation sold the building. The City agreed to extend the \$25,000 loan to the Corporation for future projects. Interest will continue to accrue at 5.5%. The City received an interest payment during the year ended June 30, 2008 of \$1,375. The balance of the loan is \$25,000 at June 30, 2008.

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

In December, 2007, the City remitted the required tax rebate payment to the occupant in the amount of \$3,585.

NOTE (12) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Employee Benefits	\$ 60,000
Debt Service	Special Revenue: Road Use Tax	43,242
	Tax Increment financing collection	76,174
	Enterprise: Water Capital Project	2,933
		<u>122,349</u>
		<u>\$ 182,349</u>

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

NOTE (13) Deficit Balance

The Enterprise Fund, Water Capital Project Account had a deficit balance of \$728,905 at June 30, 2008. The deficit will be eliminated with the transfer of funds from the Enterprise Fund, Water Account.

NOTE (14) Pending Litigation

The City is subject to pending litigation regarding the payment of materials and labor totaling \$16,889. The City's position is that it owes nothing. Per the attorney, the likely outcome is indeterminable.

City of Missouri Valley
Notes to Financial Statements
June 30, 2008

NOTE (15) Subsequent Events

In October and November 2008, the City signed contracts totaling approximately \$440,000 for the Watson Steam Train Restoration and Museum Project. The City was awarded an Iowa Department of Transportation grant of \$175,000 and an Iowa Community Attraction and Tourism grant of \$225,000 to fund the project.

Required Supplementary Information

City of Missouri Valley
 Budgetary Comparison Schedule
 of Receipts, Disbursements, and Changes in Balances -
 Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds
 Required Supplementary Information
 Year ended June 30, 2008

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	<u>Net</u>
Receipts			
Property tax	\$ 993,959	-	993,959
Tax increment financing collections	76,174	-	76,174
Other city tax	295,582	-	295,582
Licenses and permits	6,612	-	6,612
Use of money and property	143,153	51,974	195,127
Intergovernmental	427,167	320,559	747,726
Charges for service	146,554	866,692	1,013,246
Special assessments	7,006	-	7,006
Miscellaneous	121,909	100,753	222,662
Total receipts	<u>2,218,116</u>	<u>1,339,978</u>	<u>3,558,094</u>
Disbursements			
Public safety	510,017	-	510,017
Public works	477,145	-	477,145
Culture and recreation	440,063	-	440,063
General government	312,698	-	312,698
Debt service	264,138	-	264,138
Capital projects	61,483	3,033,154	3,094,637
Business type activities	-	772,721	772,721
Total disbursements	<u>2,065,544</u>	<u>3,805,875</u>	<u>5,871,419</u>
Excess (deficiency) of receipts over (under) disbursements	152,572	(2,465,897)	(2,313,325)
Other financing sources, net	<u>2,933</u>	<u>287,711</u>	<u>290,644</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	155,505	(2,178,186)	(2,022,681)
Balances beginning of year	<u>2,834,689</u>	<u>3,254,463</u>	<u>6,089,152</u>
Balances end of year	<u>\$ 2,990,194</u>	<u>1,076,277</u>	<u>4,066,471</u>

See accompanying independent auditors' report

Budgeted Amounts		Final to Net Variance
Original	Final	
991,979	991,979	1,980
73,212	73,212	2,962
262,340	262,340	33,242
33,300	33,300	(26,688)
94,990	133,765	61,362
859,025	1,089,942	(342,216)
1,091,425	884,950	128,296
-	-	7,006
177,436	177,436	45,226
<u>3,583,707</u>	<u>3,646,924</u>	<u>(88,830)</u>
486,532	598,477	88,460
450,771	514,806	37,661
691,224	710,218	270,155
344,016	356,144	43,446
3,252,256	276,576	12,438
4,000,000	7,275,100	4,180,463
2,494,026	2,327,006	1,554,285
<u>11,718,825</u>	<u>12,058,327</u>	<u>6,186,908</u>
(8,135,118)	(8,411,403)	6,098,078
-	4,626,577	4,335,933
(8,135,118)	(3,784,826)	1,762,145
8,080,426	6,089,283	(131)
<u>(54,692)</u>	<u>2,304,457</u>	<u>1,762,014</u>

City of Missouri Valley
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2008

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund or fund type. These functions are: public safety, public works, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, the Permanent Fund, and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted revenue by \$63,217 and disbursements by \$339,502. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2008 disbursements did not exceed the amended budgeted amounts.

Other Supplementary Information

City of Missouri Valley
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds
As of and for the year ended June 30, 2008

	Special Revenue		Permanent	Total
	Urban Renewal Tax Increment	CDBG Housing Rehab	Cemetery Perpetual Care	
Receipts:				
Tax increment financing collections	\$ 76,174	-	-	76,174
Use of money and property	-	2,210	-	2,210
Miscellaneous	-	1,375	700	2,075
Total receipts	76,174	3,585	700	80,459
Disbursements				
None	-	-	-	-
Excess of receipts over disbursements	76,174	3,585	700	80,459
Other financing uses:				
Operating transfers out	(76,174)	-	-	(76,174)
Net change in cash balances	-	3,585	700	4,285
Cash balances beginning of year	-	56,870	85,052	141,922
Cash balances end of year	\$ -	60,455	85,752	146,207
 Cash Basis Fund Balances				
Unreserved:				
Special revenue funds	\$ -	60,455	-	60,455
Permanent fund	-	-	85,752	85,752
Total cash basis fund balances	\$ -	60,455	85,752	146,207

See accompanying independent auditors' report

City of Missouri Valley
 Schedule of Indebtedness
 Year ended June 30, 2008

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Bridge improvement	Jul 1, 1999	4.75 - 4.85 %	\$ 240,000
General purpose notes	Nov 1, 2001	4.60 - 5.00 %	455,000
International Truck	Jul 1, 2004	4.60 %	44,321
Skid loader	Jul 12, 2005	11.27 %	44,000
Ambulance	May 16, 2006	5.63 %	77,850
Dump truck	Feb 23, 2008	5.00 %	72,429
Water improvement	Apr 24, 2008	2.60 - 4.50 %	2,980,000
Street sweeper	May 12, 2008	4.09 %	112,000
Total			
Urban renewal tax increment financing (TIF) revenue bonds:			
General obligation and refunding bonds	Nov 22, 2005	3.50 - 4.10 %	\$ 980,000
Economic development	Sep 1, 1996	8.15 %	290,000
Total			
Revenue notes:			
Sewer	Mar 16, 1992	3.00 %	\$ 337,000
Sewer	Nov 1, 1996	5.60 - 5.75 %	885,000
Water	Apr 15, 2008	2.75 - 4.65 %	1,725,000
Total			
Anticipatory Notes:			
Water construction	Nov 28, 2006	4.00 %	\$ 1,415,000
Water construction	Oct 28, 2006	3.80 %	2,920,000
Total			

See accompanying independent auditors' report

	<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>
\$	85,000	-	25,000	60,000	4,055	-
	250,000	-	45,000	205,000	11,878	-
	18,930	-	9,253	9,677	869	-
	14,616	-	14,616	-	1,705	-
	61,473	-	15,570	45,903	3,503	-
	-	72,429	13,069	59,360	3,730	-
	-	2,980,000	-	2,980,000	-	-
	-	112,000	-	112,000	-	-
\$	<u>430,019</u>	<u>3,164,429</u>	<u>122,508</u>	<u>3,471,940</u>	<u>25,740</u>	<u>-</u>
\$	735,000	-	65,000	670,000	27,675	-
	70,000	-	35,000	35,000	5,688	-
\$	<u>805,000</u>	<u>-</u>	<u>100,000</u>	<u>705,000</u>	<u>33,363</u>	<u>-</u>
\$	111,000	-	20,000	91,000	3,030	-
	380,000	-	70,000	310,000	19,548	-
	-	1,725,000	-	1,725,000	-	-
\$	<u>491,000</u>	<u>1,725,000</u>	<u>90,000</u>	<u>2,126,000</u>	<u>22,578</u>	<u>-</u>
\$	1,415,000	-	1,415,000	-	50,783	-
	2,920,000	-	2,920,000	-	99,556	-
\$	<u>4,335,000</u>	<u>-</u>	<u>4,335,000</u>	<u>-</u>	<u>150,339</u>	<u>-</u>

City of Missouri Valley
Bond and Note Maturities
June 30, 2008

Year Ending June 30,	General Obligation					
	Bridge Improvement Issued Jul 1, 1999		GO Corp Purpose Notes Issued Nov 1, 2001		International Truck Issued Jul 1, 2004	
	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
2009	4.75 %	\$ 30,000	4.60 %	\$ 50,000	4.60 %	\$ 9,677
2010	4.85 %	30,000	4.80 %	50,000	-	-
2011	-	-	4.90 %	50,000	-	-
2012	-	-	5.00 %	55,000	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
Total		\$ 60,000		\$ 205,000		\$ 9,677

Year Ending June 30,	Urban Renewal Tax Increment Financing (TIF) Revenue Bonds				
	GO Corp and Refunding Notes Issued Nov 22, 2005		Economic Development Issued Sep 1, 1996		Total
	Interest Rate	Amount	Interest Rate	Amount	
2009	3.50 %	\$ 110,000	8.15 %	\$ 35,000	\$ 145,000
2010	3.60 %	85,000	-	-	85,000
2011	3.70 %	90,000	-	-	90,000
2012	3.80 %	90,000	-	-	90,000
2013	3.90 %	95,000	-	-	95,000
2014	4.00 %	100,000	-	-	100,000
2015	4.10 %	100,000	-	-	100,000
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	-	-	-	-	-
2024	-	-	-	-	-
2025	-	-	-	-	-
2026	-	-	-	-	-
2027	-	-	-	-	-
Total		\$ 670,000		\$ 35,000	\$ 705,000

See accompanying independent auditors' report

Bonds

Ambulance Issued May 16, 2006		Dump Truck Issued Feb 23, 2008		Water Improvements Issued Apr 24, 2008		Street Sweeper Issued May 12, 2008		Total
Interest		Interest		Interest		Interest		
Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	
5.625 %	\$ 15,570	5.00 %	\$ 13,742	2.60 %	\$ 20,000	4.09 %	\$ 20,641	\$ 159,630
5.625 %	15,570	5.00 %	14,449	2.70 %	120,000	4.09 %	21,485	251,504
5.625 %	14,763	5.00 %	15,194	2.90 %	125,000	4.09 %	22,364	227,321
-	-	5.00 %	15,975	3.00 %	125,000	4.09 %	23,279	219,254
-	-	-	-	3.20 %	130,000	4.09 %	24,231	154,231
-	-	-	-	3.40 %	135,000	-	-	135,000
-	-	-	-	3.60 %	140,000	-	-	140,000
-	-	-	-	3.80 %	145,000	-	-	145,000
-	-	-	-	3.90 %	150,000	-	-	150,000
-	-	-	-	4.00 %	155,000	-	-	155,000
-	-	-	-	4.10 %	165,000	-	-	165,000
-	-	-	-	4.15 %	170,000	-	-	170,000
-	-	-	-	4.20 %	175,000	-	-	175,000
-	-	-	-	4.25 %	185,000	-	-	185,000
-	-	-	-	4.30 %	190,000	-	-	190,000
-	-	-	-	4.35 %	200,000	-	-	200,000
-	-	-	-	4.40 %	210,000	-	-	210,000
-	-	-	-	4.45 %	215,000	-	-	215,000
-	-	-	-	4.50 %	225,000	-	-	225,000
	<u>\$ 45,903</u>		<u>\$ 59,360</u>		<u>2,980,000</u>		<u>112,000</u>	<u>\$ 3,471,940</u>

Revenue Notes

Sewer Issued Oct. 15, 1999		Sewer Issued Feb. 28, 2003		Water Issued Apr 15, 2008		Total
Interest		Interest		Interest		
Rate	Amount	Rate	Amount	Rate	Amount	
3.00 %	\$ 21,000	5.60 %	\$ 70,000	2.75 %	\$ 55,000	\$ 146,000
3.00 %	22,000	5.65 %	75,000	2.85 %	65,000	162,000
3.00 %	23,000	5.70 %	80,000	3.05 %	70,000	173,000
3.00 %	25,000	5.75 %	85,000	3.15 %	70,000	180,000
-	-	-	-	3.35 %	70,000	70,000
-	-	-	-	3.55 %	75,000	75,000
-	-	-	-	3.75 %	80,000	80,000
-	-	-	-	3.95 %	80,000	80,000
-	-	-	-	4.05 %	85,000	85,000
-	-	-	-	4.15 %	85,000	85,000
-	-	-	-	4.25 %	90,000	90,000
-	-	-	-	4.30 %	95,000	95,000
-	-	-	-	4.35 %	100,000	100,000
-	-	-	-	4.40 %	105,000	105,000
-	-	-	-	4.45 %	110,000	110,000
-	-	-	-	4.50 %	115,000	115,000
-	-	-	-	4.55 %	120,000	120,000
-	-	-	-	4.60 %	125,000	125,000
-	-	-	-	4.65 %	130,000	130,000
	<u>\$ 91,000</u>		<u>\$ 310,000</u>		<u>\$ 1,725,000</u>	<u>\$ 2,126,000</u>

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Receipts				
Property tax	\$ 993,959	906,871	954,490	947,298
Tax increment financing collections	76,174	172,242	264,215	274,845
Other city tax	295,582	270,813	260,569	266,249
Licenses and permits	6,612	6,631	10,690	8,278
Use of money and property	143,153	186,868	71,127	28,913
Intergovernmental	427,167	602,242	293,004	319,538
Charges for service	146,554	162,842	170,013	163,518
Special assessments	7,006	-	-	-
Miscellaneous	121,909	128,942	53,296	190,965
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ <u>2,218,116</u>	<u>2,437,451</u>	<u>2,077,404</u>	<u>2,199,604</u>
Disbursements				
Operating:				
Public safety	\$ 510,017	469,765	428,948	377,636
Public works	477,145	404,610	483,418	377,457
Culture and recreation	440,063	430,750	376,793	428,532
Community and economic development	-	302,070	598,168	-
General government	312,698	269,048	280,952	242,345
Debt service	264,138	363,538	684,935	322,746
Capital projects	61,483	-	75,971	199,138
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ <u>2,065,544</u>	<u>2,239,781</u>	<u>2,929,185</u>	<u>1,947,854</u>

See accompanying independent auditors' report

City of Missouri Valley

January 7, 2009

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

To the Honorable Mayor and
Members of the City Council:

We have audited the financial statements of the governmental activities, the business type activities, each major fund of the City of Missouri Valley, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated January 7, 2009. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of 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 significant deficiencies, that adversely affects the City of Missouri Valley's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the

Continued...

City of Missouri Valley
Independent Auditors' Report on
Internal Control and Compliance

City of Missouri Valley's financial statements that is more than inconsequential will not be prevented or detected by the City of Missouri Valley's internal control. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings to be 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 that a material misstatement of the financial statements will not be prevented or detected by the City of Missouri Valley's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is also a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Missouri Valley's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance that are described in Part 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, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

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

City of Missouri Valley
Schedule of Findings
Year Ended June 30, 2008

Part I: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

I-A-08 Construction Contract Payments

Comment – We noted an overpayment of \$27,773 made on a construction contract that was not detected by the City’s internal control system.

Recommendation – The City needs to review its system of monitoring payment of claims to avoid duplicate payment of claims or overpayments on construction contracts.

Response – We will do this.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

City of Missouri Valley
Schedule of Findings
Year Ended June 30, 2008

Part II: Other Findings Related to Statutory Reporting:

II-A-08 Certified Budget

Disbursements during the year ended June 30, 2008 did not exceed the amended budgeted amounts.

II-B-08 Entertainment Expense

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

II-C-08 Travel Expense

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

II-D-08 Business Transactions

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

II-E-08 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-08 Council Minutes

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

II-G-08 Revenue Notes

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

Continued...

City of Missouri Valley
Schedule of Findings
Year Ended June 30, 2008

Part II: Other Findings Related to Statutory Reporting Continued:

II-H-08 Excess Balances

Comment – The balances in the Special Revenue Fund, Road Use Account, Local Option Sales Tax Account and CDBG Account, the Debt Service Fund and the Enterprise Fund-Water Account at June 30, 2008, were in excess of the accounts' disbursements for the year.

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

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

Conclusion – Response accepted.

II-I-08 Deposits and Investments

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

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

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

Conclusion – Response acknowledged.

Continued...

NEWS RELEASE

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

The City's receipts totaled \$8,183,738 for the year ended June 30, 2008, a 3.4 percent increase from 2007. The receipts included \$1,134,248 in property and other tax, \$76,174 from tax increment financing collections, \$1,042,609 from charges for service, \$532,048 from operating grants, contributions and restricted interest, \$435,595 from capital grants, contributions and restricted interest, \$155,293 from local option sales tax, \$115,510 from unrestricted investment earnings, \$4,625,644 from note proceeds, and \$66,617 from other general receipts.

Disbursements for the year totaled \$10,206,419, a 93 percent increase from the prior year, and included \$510,017 for public safety, \$440,063 for culture and recreation, and \$477,145 for public works. Also, disbursements for business type activities totaled \$8,140,875.

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

January 7, 2009

To the Honorable Mayor and
Members of the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Missouri Valley, Iowa, as of and for the year ended June 30, 2008, and have issued our report thereon dated January 7, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated April 23, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the cash basis of accounting. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the City of Missouri Valley. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of City of Missouri Valley's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on August 25, 2008.

Continued...

City of Missouri Valley
Communication with Those Charged with Governance

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Missouri Valley are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

There were no significant accounting estimates since the financial statements were prepared on the cash basis of accounting.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or to the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 7, 2009.

Continued...

City of Missouri Valley
Communication with Those Charged with Governance

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultation has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to the retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the City Council and management of the City of Missouri Valley, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

SCHROER & ASSOCIATES, P.C.

January 8, 2009

City of Missouri Valley
Missouri Valley, IA

Dear Rita:

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

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

Thanks for your help. Please call me with questions.

Sincerely,

SCHROER & ASSOCIATES, P.C.

Diane McGrain
Shareholder

DM/sh
Enc.

City of Missouri Valley

Hours Worked: 144.75

January 8, 2009

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

Dear Rita:

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

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

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

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

Sincerely,

SCHROER & ASSOCIATES, P.C.

Diane McGrain
Shareholder

DM/sh

January 8, 2009

David Vaudt
Office of State Auditor
State Capitol Building, Room 111
1007 East Grand Avenue
Des Moines, IA 50319

Dear Sir:

We have enclosed for your records the following information regarding the audit of the City of Missouri Valley for the year ended June 30, 2008.

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

Sincerely,

SCHROER & ASSOCIATES, P.C.

Diane McGrain
Shareholder

DM/sh
Enc.

