

CITY OF MISSOURI VALLEY

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

JUNE 30, 2009

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City of Missouri Valley

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Clint Sargent	Mayor	January 2010
Gene Dinsmore	Council Member	January 2010
Victoria Lee	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



Marilyn Schroer, CPA
Diane McGrain, CPA
Jim Menard, CPA

March 11, 2010

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, 2009, 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, 2009, 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...

omni business centre
300 west broadway, suite 41
council bluffs, iowa 51503
712•322•8734 / fax 712•322•4699
www.schroer-cpa.com / e-mail mschroer@schroer-cpa.com

Independent Auditors' Report
City of Missouri Valley

In accordance with *Government Auditing Standards*, we have also issued our reports dated March 11, 2010 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 four years ended June 30, 2008 (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.

Schroeder & Associates, P.C.

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, 2009. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities increased 15%, or approximately \$333,000 from fiscal year 2008 to fiscal year 2009. Property tax increased approximately \$147,000.
- Disbursements of the City's governmental activities increased 21%, or approximately \$439,000 in fiscal year 2009 from fiscal year 2008. Public works, culture and recreation and debt service increased approximately \$42,000, \$374,000 and \$156,000, respectively.
- The City's total cash basis net assets increased 6.6%, or approximately \$273,000 from June 30, 2008 to June 30, 2009. Of this amount, the assets of the governmental activities increased approximately \$46,000, and the assets of the business type activities increased approximately \$227,000.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of 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, 4) the Debt Service Fund, and 5) the Permanent Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

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

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 approximately \$46,000 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 2009 is at \$17.7767 per \$1,000 valuation, which is an increase from the property tax rate for fiscal 2008 of \$16.12206.

The cost of all governmental activities this year was approximately \$2,505,000. As shown in the Statement of Activities and Net Assets, the amount taxpayers ultimately financed for these activities was \$1,617,525. The city paid for this with property taxes and other receipts.

Changes in Cash Basis Net Assets of Governmental Activities (Expressed in Thousands)		
	Year Ended June 30,	
	2009	2008
Receipts:		
Program receipts:		
Charges for service	\$ 183	\$ 176
Operating grants, contributions and restricted interest	394	532
Capital grants, contributions and restricted interest	312	-
General receipts:		
Property tax	1,281	1,134
Tax increment financing	132	76
Local option sales tax	170	155
Grants and contributions not restricted to specific purposes	23	26
Miscellaneous	13	17
Unrestricted interest on investments	43	102
Total receipts	<u>2,551</u>	<u>2,218</u>
Disbursements:		
Operating:		
Public safety	505	510
Public works	519	477
Culture and recreation	814	440
General government	247	313
Debt service	420	264
Capital projects	-	62
Total disbursements	<u>2,505</u>	<u>2,066</u>
Change in cash basis net assets before transfers	46	152
Other financing sources (uses), net	<u>-</u>	<u>3</u>
Change in cash basis net assets	46	155
Cash basis net assets, beginning of year	<u>2,990</u>	<u>2,835</u>
Cash basis net assets, end of year	<u>\$ 3,036</u>	<u>\$ 2,990</u>

Changes in Cash Basis Net Assets of Business Type Activities (Expressed in Thousands)			
	Year Ended June 30,		
	2009	2008	
Receipts:			
Program receipts:			
Charges for service:			
Water	\$ 616	\$ 629	
Sewer	375	237	
Capital grants, contributions and restrict interest	35	436	
General receipts:			
Miscellaneous	18	24	
Unrestricted interest on investments	17	14	
Total receipts	<u>1,061</u>	<u>1,340</u>	
Disbursements:			
Water	594	423	
Water capital project	8	3,033	
Sewer	232	350	
Total disbursements	<u>834</u>	<u>3,806</u>	
Change in cash basis net assets before transfers	227	(2,466)	
Other financing sources (uses), net	-	288	
Change in cash basis net assets	227	(2,178)	
Cash basis net assets, beginning of year	<u>1,076</u>	<u>3,254</u>	
Cash basis net assets, end of year	\$ <u>1,303</u>	\$ <u>1,076</u>	

The business type activities receipts for the fiscal year were approximately \$1,061,000, compared to \$1,628,000 last year. The significant decrease was due primarily to the receipt of bond proceeds the prior year used to redeem anticipatory debt netting to \$294,000 increase. The cash balance increased approximately \$227,000 from the prior year due to the increase in sewer rates. Total disbursements decreased approximately \$2,972,000 from the prior year due to costs of a water capital project.

INDIVIDUAL GOVERNMENTAL FUND ANALYSIS

As City of Missouri Valley completed the year, its governmental funds reported a combined fund balance of \$3,036,115, an increase of \$45,921 from the prior year. The following reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund decreased \$21,214 from the prior year to \$304,922.
- The Road Use Tax Fund increased \$2,020 from the prior year to \$348,367.
- The Employee Benefit Fund increased \$19,352 from the prior year to \$102,813.
- The Local Option Sales Tax Fund increased \$170,455 from the prior year to \$1,105,570 due to collections and no expenditures.

- The Debt Service Fund decreased \$23,995 from the prior year to \$1,128,933.
- The Capital Projects Fund decreased \$103,955 from the prior year to \$(103,955) due to cost paid for a steam train project not yet reimbursed with grant proceeds.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund decreased \$653,707 from the prior year to \$1,028,303 due to the transfer of funds to the Water Capital Project Fund.
- The Water Capital Project Fund increased \$728,905 from the prior year to \$0 due to the transfer of funds from the Water Fund.
- The Sewer Fund increased \$151,140 from the prior year to \$274,312. The increase was largely due to the increase in sewer fees.

BUDGETARY HIGHLIGHTS

The City amended its budget one time to increase budget receipts by \$233,362 and decrease budget disbursements by \$167,163. Total City disbursements were \$519,831 less than the budgeted amount.

DEBT ADMINISTRATION

At June 30, 2009, the City had approximately \$5,852,310 in bonds and other long term debt, compared to approximately \$6,302,940 last year.

	Outstanding Debt at Year End	
	June 30,	
	2009	2008
General Obligation notes	\$ 3,312,310	3,471,940
TIF Revenue bonds	560,000	705,000
Revenue notes	1,980,000	2,126,000
Total	\$ 5,852,310	6,302,940

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 \$3,872,310 is below its constitutional debt limit of approximately \$5,800,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Missouri Valley will be setting the 2010 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 10 budget.

With the projected completion of the Third Street paving project and the Watson Steam Train in fiscal year 2010, the City will have an increase in construction expenses that were covered by revenue from previous years. Although the paving project was financed primarily through Local Option Sales Tax revenue, there will still be an impact on the debt service levy. The continued economic downturn will have a negative impact on the City's fiscal year 2010 budget in the form of higher costs for products and supplies, continued rise in fuel prices and major medical health insurance costs, as well as lowering investment income.

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, 2009

	Disbursements	Charges for Service	Program Operating Grants Contributions and Restricted Interest
Functions/Programs:			
Governmental activities:			
Public safety	\$ 504,789	21,783	34,924
Public works	519,356	62,697	312,457
Culture and recreation	814,237	91,761	32,585
General government	247,460	6,348	13,661
Debt service	420,384	-	-
Total governmental activities	2,506,226	182,589	393,627
Business type activities:			
Water	593,668	615,694	-
Water capital project	8,015	-	-
Sewer	231,879	375,355	-
Total business type activities	833,562	991,049	-
Total	\$ 3,339,788	1,173,638	393,627

General Receipts:

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

Change in cash basis net assets

Cash basis net assets beginning of year

Cash basis net assets end of year

Cash Basis Net Assets

Restricted:

Streets
Employee benefits
Local option sales tax
Debt service
Other purpose
Meter deposits

Unrestricted

Total cash basis net assets

See notes to financial statements

<u>Receipts</u>	<u>Net (Disbursement) Receipts and Changes</u> <u>In Cash Basis Net Assets</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Total</u>
Capital Grants			
Contributions			
and Restricted			
Interest			
-	(448,082)	-	(448,082)
-	(144,202)	-	(144,202)
312,485	(377,406)	-	(377,406)
-	(227,451)	-	(227,451)
-	(420,384)	-	(420,384)
<u>312,485</u>	<u>(1,617,525)</u>	<u>-</u>	<u>(1,617,525)</u>
-	-	22,026	22,026
34,439	-	26,424	26,424
-	-	143,476	143,476
<u>34,439</u>	<u>-</u>	<u>191,926</u>	<u>191,926</u>
<u>346,924</u>	<u>(1,617,525)</u>	<u>191,926</u>	<u>(1,425,599)</u>
	\$ 726,221	-	726,221
	290,633	-	290,633
	263,971	-	263,971
	132,418	-	132,418
	170,455	-	170,455
	22,837	-	22,837
	43,502	16,342	59,844
	13,409	18,070	31,479
	<u>1,663,446</u>	<u>34,412</u>	<u>1,697,858</u>
	45,921	226,338	272,259
	<u>2,990,194</u>	<u>1,076,277</u>	<u>4,066,471</u>
	\$ <u>3,036,115</u>	<u>1,302,615</u>	<u>4,338,730</u>
	\$ 348,367	-	348,367
	102,813	-	102,813
	1,105,570	-	1,105,570
	1,128,933	190,987	1,319,920
	45,510	-	45,510
	-	101,672	101,672
	<u>304,922</u>	<u>1,009,956</u>	<u>1,314,878</u>
	\$ <u>3,036,115</u>	<u>1,302,615</u>	<u>4,338,730</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, 2009

	Special		
	General	Road Use	Employee Benefits
Receipts			
Property tax	\$ 596,295	-	284,261
Tax increment financing collections	-	-	-
Other city tax	129,926	-	6,372
Licenses and permits	8,082	-	-
Use of money and property	79,512	-	-
Intergovernmental	76,396	266,694	-
Charges for service	140,819	-	-
Special assessments	2,811	-	-
Miscellaneous	69,599	390	8,403
Total receipts	1,103,440	267,084	299,036
Disbursements			
Operating:			
Public safety	385,346	-	119,443
Public works	127,391	212,922	70,050
Culture and recreation	385,634	-	52,747
General government	210,016	-	37,444
Debt service	-	-	-
Total disbursements	1,108,387	212,922	279,684
Excess (deficiency) of receipts over (under) disbursements	(4,947)	54,162	19,352
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	(16,267)	(52,142)	-
Total other financing sources (uses)	(16,267)	(52,142)	-
Net change in cash balances	(21,214)	2,020	19,352
Cash balances beginning of year	326,136	346,347	83,461
Cash balances end of year	\$ 304,922	348,367	102,813
Cash Basis Fund Balances			
Reserved:			
Debt service	\$ -	-	-
Unreserved:			
General fund	304,922	-	-
Special revenue funds	-	348,367	102,813
Capital projects fund	-	-	-
Permanent fund	-	-	-
Total cash basis fund balances	\$ 304,922	348,367	102,813

See notes to financial statements

Revenue			Other Nonmajor Governmental Funds	Total
Local Option Sales Tax	Debt Service	Capital Projects		
-	258,451	-	-	1,139,007
-	-	-	132,418	132,418
170,455	5,520	-	-	312,273
-	-	-	-	8,082
-	-	-	1,384	80,896
-	-	297,116	-	640,206
-	-	-	-	140,819
-	-	-	-	2,811
-	-	15,369	1,874	95,635
170,455	263,971	312,485	135,676	2,552,147
-	-	-	-	504,789
-	52,142	56,851	-	519,356
-	-	375,856	-	814,237
-	-	-	-	247,460
-	420,384	-	-	420,384
-	472,526	432,707	-	2,506,226
170,455	(208,555)	(120,222)	135,676	45,921
-	184,560	16,267	-	200,827
-	-	-	(132,418)	(200,827)
-	184,560	16,267	(132,418)	-
170,455	(23,995)	(103,955)	3,258	45,921
935,115	1,152,928	-	146,207	2,990,194
1,105,570	1,128,933	(103,955)	149,465	3,036,115
-	1,128,933	-	-	1,128,933
-	-	-	-	304,922
1,105,570	-	-	63,213	1,619,963
-	-	(103,955)	-	(103,955)
-	-	-	86,252	86,252
1,105,570	1,128,933	(103,955)	149,465	3,036,115

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, 2009

	Water	Water Capital Project	Sewer	Total
Operating receipts:				
Charges for service	\$ 615,694	-	375,355	991,049
Operating disbursements:				
Business type activities	459,670	-	122,819	582,489
Excess of operating receipts over operating disbursements	156,024	-	252,536	408,560
Non-operating receipts (disbursements):				
Intergovernmental	-	14,439	-	14,439
Interest on investments	13,968	-	2,374	16,342
Rent	-	-	3,322	3,322
Miscellaneous	12,780	20,000	1,968	34,748
Capital projects	-	(8,015)	-	(8,015)
Debt service	(133,998)	-	(109,060)	(243,058)
Total non-operating receipts (disbursements)	(107,250)	26,424	(101,396)	(182,222)
Excess of receipts over disbursements	48,774	26,424	151,140	226,338
Operating transfers in (out)	(702,481)	702,481	-	-
Net change in cash balances	(653,707)	728,905	151,140	226,338
Cash balances beginning of year	1,682,010	(728,905)	123,172	1,076,277
Cash balances end of year	\$ 1,028,303	-	274,312	1,302,615
Cash Basis Fund Balances				
Reserved:				
Debt service	\$ 142,487	-	48,500	190,987
Meter deposits	101,672	-	-	101,672
Unreserved	784,144	-	225,812	1,009,956
Total cash basis fund balances	\$ 1,028,303	-	274,312	1,302,615

See notes to financial statements

City of Missouri Valley
Notes to Financial Statements
June 30, 2009

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, 2009

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, 2009

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 Capital Projects Fund is used to account for all resources used in the construction of capital facilities with the exception of those that are financed through enterprise funds.

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.

City of Missouri Valley
Notes to Financial Statements
June 30, 2009

NOTE (1) Summary of Significant Accounting Policies - Continued

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements did not exceed the budgeted amounts.

E. Property Tax Calendar

The City's property tax rates were extended against the assessed valuation of the City as of January 1, 2007, to compute the amounts which became liens on property on July 1, 2008. These taxes were due and payable in two installments on September 30, 2008 and March 31, 2009, 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, 2009 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, 2009 is \$4,025,625. This amount consists of checking accounts, money market and savings accounts, and certificates of deposit. Of this amount, \$3,954,693 is covered by federal depository insurance and \$70,747 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, 2009, the City had the following investments:

<u>Type</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Public Service Co. Oklahoma Note	51,480	49,000
Insured Municipal Funds	47,091	37,422
U.S. Government Securities	<u>214,534</u>	<u>210,253</u>
	<u>\$ 313,105</u>	<u>\$ 296,675</u>

City of Missouri Valley
Notes to Financial Statements
June 30, 2009

NOTE (2) Cash and Pooled Investments - Continued

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.

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 \$4,338,730 at June 30, 2009.

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		Urban Renewal Tax Increment Financing (TIF) Revenue Bonds		Revenue Bonds		Total	
	Principal		Principal		Principal		Principal	
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		135,000		100,000		75,000		310,000
2015-2019		755,000		100,000		420,000		1,275,000
2020-2024		920,000		-		525,000		1,445,000
2025-2027		650,000		-		375,000		1,025,000
Total	\$	<u>3,312,310</u>	\$	<u>560,000</u>	\$	<u>1,980,000</u>	\$	<u>5,852,310</u>
Year Ended June 30,	Interest		Interest		Interest		Interest	
2010	\$	130,268	\$	21,615	\$	81,871	\$	233,754
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		102,025		8,100		59,998		170,123
2015-2019		432,585		4,100		254,782		691,467
2020-2024		266,185		-		158,375		424,560
2025-2027		58,750		-		35,095		93,845
Total	\$	<u>1,336,539</u>	\$	<u>79,400</u>	\$	<u>794,775</u>	\$	<u>2,210,714</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, 2009

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 \$639,400, payable through June 2011. For the current year, total principal and interest paid and total TIF receipts were \$173,318 and \$132,418, 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 2009. 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 required less than 90 percent of net receipts. The total principal and interest remaining to be paid on the notes is \$2,440,358. For the current year, total principal and interest paid and total customer net receipts were \$133,998 and \$156,024, respectively.

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 required less than 45 percent of net receipts. The total principal and interest remaining to be paid on the notes is \$334,417. For the current year, principal and interest paid and total current customer net receipts were \$109,060 and \$252,536, respectively.

City of Missouri Valley
Notes to Financial Statements
June 30, 2009

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 \$5,800,000 which was not exceeded during the year ended June 30, 2009.

NOTE (4) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 4.10% of their annual salary and the City is required to contribute 6.35% 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, 2009, 2008, and 2007, were \$48,425, \$51,274, and \$49,466, respectively, equal to the required contributions for each year.

City of Missouri Valley
Notes to Financial Statements
June 30, 2009

NOTE (5) 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, 2009, was \$1,740. Future minimum lease payments are as follows:

For the year ended:	
06-30-10	1,740
06-30-11	<u>725</u>
	<u>\$ 2,465</u>

NOTE (6) 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, 2009, primarily relating to the General Fund is \$33,298.

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 \$608 at June 30, 2009.

These liabilities are computed based on rates of pay effective as of June 30, 2009.

NOTE (7) 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 577 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.

City of Missouri Valley
Notes to Financial Statements
June 30, 2009

NOTE (9) Risk Management - Continued

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, 2009 were \$90,450.

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.

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, 2009, 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.

City of Missouri Valley
Notes to Financial Statements
June 30, 2009

NOTE (9) Risk Management - Continued

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 (8) 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. The contract can be renewed every three years. The City made the required payment of \$21,936 in January 2009.

NOTE (9) 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.

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, 2009 of \$1,375. The balance of the loan is \$25,000 at June 30, 2009.

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, 2009, the City remitted the required tax rebate payment to the occupant in the amount of \$2,067.

City of Missouri Valley
Notes to Financial Statements
June 30, 2009

NOTE (10) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

Transfer to	Transfer from	Amount
General	Capital Projects	\$ 16,267
Debt Service	Special Revenue:	
	Road Use Tax	52,142
	Urban Renewal Tax Increment	132,418
		<u>184,560</u>
		<u>\$ 200,827</u>

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

NOTE (11) Deficit Balance

The Capital Projects Fund had a deficit balance of \$103,955 at June 30, 2009. The deficit was the result of project costs incurred prior to availability of funds. The deficit will be eliminated upon receipt of state grants.

NOTE (12) Construction Contracts

The City was awarded \$400,000 in state grants for the Watson Steam Train Project. The total of various contract commitments on the project to date are as follows:

	Contract Amounts	Costs Paid	Remaining Commitment
Construction contracts	\$ 274,400	\$ 232,549	\$ 41,851

There were no retainages due at June 30, 2009.

NOTE (13) Subsequent Events

In July 2009, the City approved contracts for street construction for \$626,228 and \$112,586.

In January 2010, the City purchased equipment for \$279,574 financed with a \$235,000 note payable over 5 years.

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, 2009

	Governmental Funds Actual	Proprietary Funds Actual	Net
Receipts			
Property tax	\$ 1,139,007	-	1,139,007
Tax increment financing collections	132,418	-	132,418
Other city tax	312,273	-	312,273
Licenses and permits	8,082	-	8,082
Use of money and property	80,896	19,664	100,560
Intergovernmental	640,206	14,439	654,645
Charges for service	140,819	991,049	1,131,868
Special assessments	2,811	-	2,811
Miscellaneous	95,635	34,748	130,383
Total receipts	<u>2,552,147</u>	<u>1,059,900</u>	<u>3,612,047</u>
Disbursements			
Public safety	504,789	-	504,789
Public works	519,356	-	519,356
Culture and recreation	814,237	-	814,237
General government	247,460	-	247,460
Debt service	420,384	-	420,384
Capital projects	-	-	-
Business type activities	-	833,562	833,562
Total disbursements	<u>2,506,226</u>	<u>833,562</u>	<u>3,339,788</u>
Excess (deficiency) of receipts over (under) disbursements	45,921	226,338	272,259
Other financing sources, net	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	45,921	226,338	272,259
Balances beginning of year	<u>2,990,194</u>	<u>1,076,277</u>	<u>4,066,471</u>
Balances end of year	<u>\$ 3,036,115</u>	<u>1,302,615</u>	<u>4,338,730</u>

See accompanying independent auditors' report

Budgeted Amounts		Final to Net Variance
Original	Final	
1,149,809	1,149,809	(10,802)
154,121	154,121	(21,703)
265,212	265,212	47,061
31,675	31,675	(23,593)
120,700	120,700	(20,140)
681,918	716,357	(61,712)
1,149,375	1,348,298	(216,430)
-	-	2,811
152,505	152,505	(22,122)
<u>3,705,315</u>	<u>3,938,677</u>	<u>(326,630)</u>
519,293	542,958	38,169
553,401	553,401	34,045
958,061	958,033	143,796
316,887	316,887	69,427
423,473	423,473	3,089
-	25,000	25,000
1,255,667	1,039,867	206,305
<u>4,026,782</u>	<u>3,859,619</u>	<u>519,831</u>
(321,467)	79,058	193,201
-	-	-
(321,467)	79,058	193,201
<u>6,426,078</u>	<u>6,426,078</u>	<u>(2,359,607)</u>
<u>6,104,611</u>	<u>6,505,136</u>	<u>(2,166,406)</u>

City of Missouri Valley
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2009

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 receipts by \$233,362 and decreased budgeted disbursements by \$167,163. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2009 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, 2009

	Special Revenue		Permanent	Total
	Urban Renewal Tax Increment	CDBG Housing Rehab	Cemetery Perpetual Care	
Receipts:				
Tax increment financing collections	\$ 132,418	-	-	132,418
Use of money and property	-	1,384	-	1,384
Miscellaneous	-	1,374	500	1,874
Total receipts	132,418	2,758	500	135,676
Disbursements				
None	-	-	-	-
Excess of receipts over disbursements	132,418	2,758	500	135,676
Other financing uses:				
Operating transfers out	(132,418)	-	-	(132,418)
Net change in cash balances	-	2,758	500	3,258
Cash balances beginning of year	-	60,455	85,752	146,207
Cash balances end of year	\$ -	63,213	86,252	149,465
 Cash Basis Fund Balances				
Unreserved:				
Special revenue funds	\$ -	63,213	-	63,213
Permanent fund	-	-	86,252	86,252
Total cash basis fund balances	\$ -	63,213	86,252	149,465

See accompanying independent auditors' report

City of Missouri Valley
Schedule of Indebtedness
Year ended June 30, 2009

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
Ambulance	May 16, 2006	5.63 %	77,850
Dump truck	Feb 23, 2009	5.00 %	72,429
Water improvement	Apr 24, 2009	2.60 - 4.50 %	2,980,000
Street sweeper	May 12, 2009	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, 2009	2.75 - 4.65 %	1,725,000
Total			

See accompanying independent auditors' report

Schedule 2

Balance Beginning Of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
\$ 60,000	-	30,000	30,000	2,880	-
205,000	-	50,000	155,000	9,875	-
9,677	-	9,677	-	444	-
45,903	-	15,570	30,333	2,627	-
59,360	-	13,742	45,618	3,057	-
2,980,000	-	20,000	2,960,000	132,311	-
112,000	-	20,641	91,359	4,581	-
<u>\$ 3,471,940</u>	<u>-</u>	<u>159,630</u>	<u>3,312,310</u>	<u>155,775</u>	<u>-</u>
\$ 670,000	-	110,000	560,000	25,465	-
35,000	-	35,000	-	2,853	-
<u>\$ 705,000</u>	<u>-</u>	<u>145,000</u>	<u>560,000</u>	<u>28,318</u>	<u>-</u>
\$ 91,000	-	21,000	70,000	2,415	-
310,000	-	70,000	240,000	15,645	-
1,725,000	-	55,000	1,670,000	78,998	-
<u>\$ 2,126,000</u>	<u>-</u>	<u>146,000</u>	<u>1,980,000</u>	<u>97,058</u>	<u>-</u>

City of Missouri Valley
Bond and Note Maturities
June 30, 2009

Year Ending June 30,	Bridge Improvement Issued Jul 1, 1999		GO Corp Purpose Notes Issued Nov 1, 2001		General Obligation Ambulance Issued May 16, 2006	
	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
	2010	4.85 %	\$ 30,000	4.80 %	\$ 50,000	5.625 %
2011	-	-	4.90 %	50,000	5.625 %	14,763
2012	-	-	5.00 %	55,000	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
Total		\$ 30,000		\$ 155,000		\$ 30,333

Year Ending June 30,	Urban Renewal Tax Increment Financing (TIF) Revenue Bonds GO Corp and Refunding Notes Issued Nov 22, 2005	
	Interest Rate	Amount
	2010	3.60 %
2011	3.70 %	90,000
2012	3.80 %	90,000
2013	3.90 %	95,000
2014	4.00 %	100,000
2015	4.10 %	100,000
2016	-	-
2017	-	-
2018	-	-
2019	-	-
2020	-	-
2021	-	-
2022	-	-
2023	-	-
2024	-	-
2025	-	-
2026	-	-
2027	-	-
Total		\$ 560,000

See accompanying independent auditors' report

Bonds

Dump Truck Issued Feb 23, 2009		Water Improvements Issued Apr 24, 2009		Street Sweeper Issued May 12, 2009		Total
Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount	
5.00 %	\$ 14,449	2.70 %	\$ 120,000	4.09 %	\$ 21,485	\$ 251,504
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>\$ 45,618</u>		<u>\$ 2,960,000</u>		<u>\$ 91,359</u>	<u>\$ 3,312,310</u>

Revenue Notes

Sewer Issued Oct. 15, 1999		Sewer Issued Feb. 28, 2003		Water Issued Apr 15, 2009		Total
Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount	
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>\$ 70,000</u>		<u>\$ 240,000</u>		<u>\$ 1,670,000</u>	<u>\$ 1,980,000</u>

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

	2009	2008	2007	2006	2005
Receipts					
Property tax	\$ 1,139,007	993,959	906,871	954,490	947,298
Tax increment financing collections	132,418	76,174	172,242	264,215	274,845
Other city tax	312,273	295,582	270,813	260,569	266,249
Licenses and permits	8,082	6,612	6,631	10,690	8,278
Use of money and property	80,896	143,153	186,868	71,127	28,913
Intergovernmental	640,206	427,167	602,242	293,004	319,538
Charges for service	140,819	146,554	162,842	170,013	163,518
Special assessments	2,811	7,006	-	-	-
Miscellaneous	95,635	121,909	128,942	53,296	190,965
Total	\$ 2,552,147	2,218,116	2,437,451	2,077,404	2,199,604
Disbursements					
Operating:					
Public safety	\$ 504,789	510,017	469,765	428,948	377,636
Public works	519,356	477,145	404,610	483,418	377,457
Culture and recreation	814,237	440,063	430,750	376,793	428,532
Community and economic development	-	-	302,070	598,168	-
General government	247,460	312,698	269,048	280,952	242,345
Debt service	420,384	264,138	363,538	684,935	322,746
Capital projects	-	61,483	-	75,971	199,138
Total	\$ 2,506,226	2,065,544	2,239,781	2,929,185	1,947,854

See accompanying independent auditors' report

City of Missouri Valley



Marilyn Schroer, CPA
Diane McGrain, CPA
Jim Menard, CPA

March 11, 2010

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, 2009, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated March 11, 2010. 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 a control deficiency in internal control over financial reporting that we consider to be a significant deficiency, including a deficiency we consider to be a material weakness.

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 U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Missouri Valley's financial statements that is more than inconsequential will not be prevented or detected by the City of Missouri Valley's internal control.

omni business centre
300 west broadway, suite 41
council bluffs, iowa 51503
712•322•8734 / fax 712•322•4699
www.schroer-cpa.com / e-mail mschroer@schroer-cpa.com

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

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 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 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, 2009 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.

Schroer & Associates, P.C.

City of Missouri Valley
Schedule of Findings
Year Ended June 30, 2009

Part I: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

I-A-09 Water Loss

Comment – The percentage of unaccounted gallons during 2009 was 34%.

Recommendation – Management is responsible for safeguarding assets. This includes developing procedures for monitoring water loss and determining and correcting large increases in water loss.

Response – The loss is due to water usage in the construction of the new water plant and in the flushing of hydrants that was not billed. We are trying to monitor the problem.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

City of Missouri Valley
Schedule of Findings
Year Ended June 30, 2009

Part II: Other Findings Related to Statutory Reporting:

II-A-09 Certified Budget

Disbursements during the year ended June 30, 2009 did not exceed the amended budgeted amounts.

II-B-09 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-09 Travel Expense

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

II-D-09 Business Transactions

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

II-E-09 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-09 Council Minutes

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

II-G-09 Revenue Notes

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

II-H-09 Excess Balances

Comment – The balances in the Special Revenue Fund, Road Use Account, Local Option Sales Tax Account and CDBG Account, and the Debt Service Fund at June 30, 2009, 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 the Third Street paving project.

Conclusion – Response accepted.

