

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

JUNE 30, 2009

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City of Stanton

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Gary Stephens	Mayor	January 2012
Duane Dinville	Council Member	January 2010
Mansor Kia	Council Member	January 2010
Tysen Sederburg	Council Member	January 2010
Michael Lawson	Council Member	January 2012
Robert Schenck	Council Member	January 2012
Marilyn Rubel	City Clerk	Indefinite
Thomas Stamets	Attorney	Indefinite

City of Stanton



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

November 3, 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 Stanton, 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 Stanton'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. Also, as permitted by the Code of Iowa, the accounting records of the City have not been audited for all prior years. Accordingly, we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2008.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2008, 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 Stanton 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.

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November 3, 2009
City of Stanton
Independent Auditors' Report

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2009 on our consideration of the City of Stanton'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 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 considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 11 and 30 through 32 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. 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 Stanton's basic financial statements. The 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, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2008, as discussed in the fourth preceding paragraph, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Schroer & Associates, P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Stanton 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.

Because the City is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the City's financial position and results of operations.

2009 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities were approximately \$517,000. Property taxes were approximately \$127,000 and intergovernmental receipts were \$204,000.
- Disbursements were approximately \$469,000. Public works, culture and recreation, and community and economic development were \$203,000, \$100,000 and \$88,000, respectively.
- The City's total cash basis net assets increased 17.3%, or approximately \$147,000, from June 30, 2008 to June 30, 2009. Of this amount, the assets of the governmental activities increased approximately \$48,000, and the assets of the business type activities increased by approximately \$99,000.

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, electric system 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 Sales Tax, and 3) the Capital Projects Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial 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 six Enterprise Funds to provide separate information for the electric, water, sewer, enterprise debt service, landfill and deposit funds.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from \$204,493 to \$252,454. The analysis that follows focuses on the changes in cash balances for governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities (Expressed in Thousands)		Year Ended June 30, 2009
Receipts and transfers:		
Program receipts:		
Charges for service	\$	4
Operating grants, contributions and restricted interest		277
General receipts:		
Property tax		127
Tax increment financing		92
Local option sales tax		55
Grants and contributions not restricted to specific purpose		1
Unrestricted investment earnings		1
Sale of assets		15
Transfers, net		(55)
Total receipts and transfers		<u>517</u>
Disbursements:		
Public safety		38
Public works		203
Culture and recreation		100
Community and economic development		88
General government		31
Capital projects		9
Total disbursements		<u>469</u>
Increase in cash basis net assets		48
Cash basis net assets beginning of year		<u>204</u>
Cash basis net assets end of year	\$	<u>252</u>

The City's total receipts for governmental activities increased by 45.7%, or \$175,099. The total cost of all programs and services increased by \$144,322, or 44.4%, with no new programs added this year. The significant increase in receipts was primarily due to grants for housing.

The cost of all governmental activities this year was \$469,299 compared to \$324,977 last year. However, as shown in the Statement of Activities and Net Assets the amount taxpayers ultimately financed for these activities was only \$187,113 because some of the cost was paid by those directly benefited from the programs (\$4,669), or by other governments and organizations that subsidized certain programs with grants, contributions and restricted interest (\$277,517). The City paid the remaining "public benefit" portion of governmental activities with approximately \$127,000 in tax (some of which could only be used for certain programs) and with other receipts, such as interest and general entitlements.

Changes in Cash Basis Net Assets of Business Type Activities (Expressed in Thousands)		Year Ended June 30, 2009
Receipts and transfers:		
Program receipts:		
Charges for service:		
Electric	\$	586
Water		108
Sewer		82
Landfill		5
Capital grants		31
General receipts:		
Unrestricted interest on investments		10
Other general receipts		20
Transfers in		55
Total receipts		<u>897</u>
Disbursements and transfers:		
Electric		548
Water		77
Sewer		115
Enterprise debt service		50
Landfill		5
Deposits		3
Total disbursements and transfers		<u>798</u>
Increase in cash basis net assets		99
Cash basis net assets beginning of year		<u>645</u>
Cash basis net assets end of year		<u>744</u>

Total business type activities receipts for the fiscal year were \$897,000 compared to \$807,000 last year. This significant increase was due primarily to the receipt of \$75,000 in other receipts and transfers. The cash balance increased by approximately \$99,000 from the prior year. Total disbursements for the fiscal year were \$798,000.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As City of Stanton completed the year, its governmental funds reported a combined fund balance of \$252,454, an increase of \$47,961 above last year's total of \$204,493. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$36,438 from the prior year to \$101,147. This increase was due to money yet to be expended. Items purchased after July 1, 2009 included computers for the library, additional park improvements, a new emergency siren and additional flood repairs.
- The Road Use Tax Fund cash balance increased by \$1,095 to \$68,982 during the fiscal year.
- The Urban Renewal Tax Increment Fund increased \$17,905 to \$34,890.
- The Housing Fund decreased \$4,180 to (4,180).
- The Local Option Sales Tax Fund increased by \$2,927 to \$61,179 during the fiscal year.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Electric Fund cash balance increased by \$105,241 to \$549,207, due to pay back of TIF dollars.
- The Water Fund cash balance increased by \$2,703 to \$69,007.
- The Sewer Fund cash balance decreased by \$10,570 to \$98,223
- The Enterprise Debt Service Fund increased \$1,713 to \$17,378.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget two times. The amendments resulted in an increase of \$509,000 for operating disbursements due to increased fuel costs, repairs for summer flooding, park improvements, increased power costs, professional fees for a water improvement project scheduled for next fiscal year and costs related to the CDBG Housing Grant the city received to rehabilitate ten homes in the city.

DEBT ADMINISTRATION

At June 30, 2009, the City had \$326,000 in revenue notes compared to \$363,000 last year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

City of Stanton's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 budget, tax rates, and fees that will be charged for various City activities. Some of the major items addressed in the budget included street work, purchase of a new mower and repairs to an area of the city sewer line along with the rehabilitation of six more homes for the CDBG grant received. When looking at the budget, the City tries to hold down any increases in taxes as much as possible. Because of growth in the community, the City has been able to do this.

Amounts available for appropriation in the operating budget are \$1,483,184, a decrease of 5.62% over the final 2009 budget. This would be mainly because of the FEMA money, which was for damage caused by flooding, that was received in fiscal year 2009. Budgeted disbursements are expected to increase by approximately \$90,000. The increase will mainly be related to the expenses paid in regard to the CDBG Housing Grant and sewer repairs. The City has added no major new programs or initiatives to the 2010 budget. If these estimates are realized, the City's budgeted cash balance is expected to be \$979,960.

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 Marilyn Rubel, City Clerk, P.O. Box 189, Stanton, Iowa.

Basic Financial Statements

City of Stanton
Statement of Activities and Net Assets – Cash Basis
As of and for the year ended June 30, 2009

	Disbursements	Program Charges for Service
Functions/Programs:		
Governmental activities:		
Public safety	\$ 38,023	1,698
Public works	203,201	479
Culture and recreation	99,667	1,950
Community and economic development	87,502	-
General government	31,030	542
Capital projects	9,876	-
Total governmental activities	469,299	4,669
Business type activities:		
Electric	547,708	586,153
Water	76,707	107,723
Sewer	115,306	81,631
Enterprise debt service	49,587	-
Landfill	5,400	5,154
Deposits	2,785	-
Total business type activities	797,493	780,661
Total	\$ 1,266,792	785,330

General Receipts:

Property tax levied for general purposes
Tax increment financing
Local option sales tax
Grants and contributions not restricted to specific purpose
Unrestricted interest on investments
Miscellaneous
Transfers
Sale of assets
 Total general receipts and transfers

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
 Community betterment
 Urban renewal purposes
 Debt service
 Other purposes

Unrestricted

 Total cash basis net assets

See notes to financial statements

Receipts		Net (Disbursement) Receipts and Changes in Cash Basis Net Assets		
Operating Grants Contributions and Restricted Interest	Capital Grants Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
4,266	-	(32,059)	-	(32,059)
150,487	-	(52,235)	-	(52,235)
45,032	-	(52,685)	-	(52,685)
73,553	-	(13,949)	-	(13,949)
4,179	-	(26,309)	-	(26,309)
-	-	(9,876)	-	(9,876)
<u>277,517</u>	<u>-</u>	<u>(187,113)</u>	<u>-</u>	<u>(187,113)</u>
-	-	-	38,445	38,445
-	-	-	31,016	31,016
-	30,705	-	(2,970)	(2,970)
-	-	-	(49,587)	(49,587)
-	-	-	(246)	(246)
-	-	-	(2,785)	(2,785)
<u>-</u>	<u>30,705</u>	<u>-</u>	<u>13,873</u>	<u>13,873</u>
<u>277,517</u>	<u>30,705</u>	<u>(187,113)</u>	<u>13,873</u>	<u>(173,240)</u>
		\$ 127,213	-	127,213
		92,421	-	92,421
		54,684	-	54,684
		390	-	390
		652	10,085	10,737
		-	20,031	20,031
		(55,337)	55,337	-
		15,051	-	15,051
		<u>235,074</u>	<u>85,453</u>	<u>320,527</u>
		47,961	99,326	147,287
		<u>204,493</u>	<u>644,851</u>	<u>849,344</u>
		\$ <u>252,454</u>	<u>744,177</u>	<u>996,631</u>
		\$ 68,982	-	68,982
		61,179	-	61,179
		34,890	-	34,890
		-	49,378	49,378
		7,449	-	7,449
		<u>79,954</u>	<u>694,799</u>	<u>774,753</u>
		\$ <u>252,454</u>	<u>744,177</u>	<u>996,631</u>

City of Stanton
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds
As of and for the year ended June 30, 2009

	General	Road Use Tax	Special Urban Renewal Tax Increment
Receipts:			
Property tax	\$ 94,974	-	-
Tax increment financing	-	-	92,421
Other city tax	3,732	-	-
Licenses and permits	80	-	-
Use of money and property	652	-	-
Intergovernmental	71,240	59,240	-
Charges for service	3,643	-	-
Miscellaneous	74,820	-	-
Total receipts	<u>249,141</u>	<u>59,240</u>	<u>92,421</u>
Disbursements:			
Operating:			
Public safety	36,142	-	-
Public works	76,629	58,145	-
Culture and recreation	97,733	-	-
Community and economic development	1,700	-	-
General government	29,272	-	-
Capital projects	-	-	-
Total disbursements	<u>241,476</u>	<u>58,145</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	7,665	1,095	92,421
Other financing sources:			
Sale of general fixed assets	15,051	-	-
Operating transfers in	13,722	-	-
Operating transfers out	-	-	(74,516)
	<u>28,773</u>	<u>-</u>	<u>(74,516)</u>
Net change in cash balances	36,438	1,095	17,905
Cash balances, beginning of year	<u>64,709</u>	<u>67,887</u>	<u>16,985</u>
Cash balances, end of year	<u>\$ 101,147</u>	<u>68,982</u>	<u>34,890</u>
Cash Basis Fund Balances			
Unreserved:			
General fund	\$ 101,147	-	-
Special revenue funds	-	68,982	34,890
Capital projects fund	-	-	-
Total cash basis fund balances	<u>\$ 101,147</u>	<u>68,982</u>	<u>34,890</u>

See notes to financial statements

Revenue			
Housing	Local Option Sales Tax	Other Nonmajor Governmental Funds	Total
-	-	28,496	123,470
-	-	-	92,421
-	54,684	11	58,427
-	-	-	80
-	-	-	652
73,553	-	-	204,033
-	-	-	3,643
-	-	-	74,820
<u>73,553</u>	<u>54,684</u>	<u>28,507</u>	<u>557,546</u>
-	-	1,881	38,023
-	51,757	16,670	203,201
-	-	1,934	99,667
85,802	-	-	87,502
-	-	1,758	31,030
-	-	9,876	9,876
<u>85,802</u>	<u>51,757</u>	<u>32,119</u>	<u>469,299</u>
(12,249)	2,927	(3,612)	88,247
-	-	-	15,051
8,069	-	-	21,791
-	-	(2,612)	(77,128)
<u>8,069</u>	<u>-</u>	<u>(2,612)</u>	<u>(40,286)</u>
(4,180)	2,927	(6,224)	47,961
-	58,252	(3,340)	204,493
<u>(4,180)</u>	<u>61,179</u>	<u>(9,564)</u>	<u>252,454</u>
-	-	-	101,147
(4,180)	61,179	7,449	168,320
-	-	(17,013)	(17,013)
<u>(4,180)</u>	<u>61,179</u>	<u>(9,564)</u>	<u>252,454</u>

City of Stanton
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Proprietary Funds
As of and for the year ended June 30, 2009

	Enterprise	
	Electric	Water
Operating receipts:		
Charges for service	\$ 586,153	107,723
Operating disbursements:		
Business type activities	547,708	76,707
Excess (deficiency) of operating receipts over (under) operating disbursements	38,445	31,016
Non-operating receipts (disbursements):		
Interest on investments	8,277	763
Intergovernmental	-	-
Miscellaneous	2,381	50
Debt service	-	-
Capital project	-	-
Total non-operating receipts (disbursements)	10,658	813
Excess (deficiency) of receipts over (under) disbursements	49,103	31,829
Other financing sources (uses)		
Operating transfers in	67,942	694
Operating transfers out	(11,804)	(29,820)
Total other financing sources (uses)	56,138	(29,126)
Net change in cash balances	105,241	2,703
Cash balances beginning of year	443,966	66,304
Cash balances end of year	\$ 549,207	69,007
 Cash Basis Fund Balances		
Reserved for debt service	\$ -	-
Unreserved	549,207	69,007
Total cash basis fund balances	\$ 549,207	69,007

See notes to financial statements

Fund			
Sewer	Enterprise Debt Service	Other Nonmajor Enterprise Funds	Total
81,631	-	5,154	780,661
<u>80,556</u>	<u>-</u>	<u>8,185</u>	<u>713,156</u>
1,075	-	(3,031)	67,505
1,045	-	-	10,085
30,705	-	-	30,705
14,330	-	3,270	20,031
-	(49,587)	-	(49,587)
(34,750)	-	-	(34,750)
<u>11,330</u>	<u>(49,587)</u>	<u>3,270</u>	<u>(23,516)</u>
12,405	(49,587)	239	43,989
-	51,300	-	119,936
(22,975)	-	-	(64,599)
<u>(22,975)</u>	<u>51,300</u>	<u>-</u>	<u>55,337</u>
(10,570)	1,713	239	99,326
<u>108,793</u>	<u>15,665</u>	<u>10,123</u>	<u>644,851</u>
<u>98,223</u>	<u>17,378</u>	<u>10,362</u>	<u>744,177</u>
32,000	17,378	-	49,378
<u>66,223</u>	<u>-</u>	<u>10,362</u>	<u>694,799</u>
<u>98,223</u>	<u>17,378</u>	<u>10,362</u>	<u>744,177</u>

City of Stanton

City of Stanton
Notes to Financial Statements
June 30, 2009

NOTE (1) Summary of Significant Accounting Policies

The City of Stanton is a political subdivision of the State of Iowa located in Montgomery County. It was first incorporated in 1870 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development, and general government services. The City also provides electric, water, sewer and landfill utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Stanton 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: Montgomery County Assessor's Conference Board, Montgomery County Landfill Association, and Montgomery County Emergency Management Commission.

City of Stanton
Notes to Financial Statements
June 30, 2009

NOTE (1) Summary of Significant Accounting Policies - Continued

B. Basis of Presentation

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

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

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

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

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

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

City of Stanton
Notes to Financial Statements
June 30, 2009

NOTE (1) Summary of Significant Accounting Policies - Continued

B. Basis of Presentation - Continued

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 Urban Renewal Fund is used to account for urban renewal projects financed by tax increment financing.

The Local Option Sales Tax Fund is used to account for receipts from tax authorized by referendum and used for community betterment projects.

The Housing Fund is used to account for grants received for housing projects.

The City reports the following major proprietary funds:

The Electric Fund accounts for the operation and maintenance of the City's electric utility.

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

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

The Enterprise Debt Service Fund accounts for transfers made from enterprise funds for the payment of enterprise debt.

City of Stanton
Notes to Financial Statements
June 30, 2009

NOTE (1) Summary of Significant Accounting Policies - Continued

C. Measurement Focus and Basis of Accounting

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

Proprietary funds distinguish operating receipts and disbursements from 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, 2009, disbursements did not exceed the amounts budgeted.

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 Montgomery 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.

City of Stanton
Notes to Financial Statements
June 30, 2009

NOTE (2) Cash and Pooled Investments - Continued

The City's cash, which consists of cash in bank and certificates of deposit, totaled \$996,631.

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

Interest rate risk

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

NOTE (3) Bonds and Notes Payable

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

Year Ending June 30,	Revenue Notes	
	Principal	Interest
2010	\$ 39,000	11,165
2011	41,000	9,919
2012	42,000	8,578
2013	22,000	7,201
2014	23,000	6,425
2015-2019	130,000	19,239
2020	29,000	1,024
Total	\$ 326,000	63,551

The City has a legal debt limit of approximately \$1,165,000, which was not exceeded during the year ended June 30, 2009.

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.

City of Stanton
Notes to Financial Statements
June 30, 2009

NOTE (3) Bonds and Notes Payable - Continued

- (c) Additional monthly transfers shall be made to a sewer revenue reserve account until the account reaches a required minimum balance of principal and interest due on the sewer revenue note in the next fiscal year. This account is restricted for the purpose of paying principal and interest which the above noted accounts may be unable to make.
- (d) Additional monthly transfers of \$750 shall be deposited in the sewer improvement account until the fund reaches a minimal balance of \$10,000. This account is restricted for the purpose of paying for any improvements to the system.

The City has complied with the above provisions.

NOTE (4) Pension and Retirement Benefits

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

Plan members are required to contribute 4.10% of their annual covered salary and the City is required to contribute 6.35% of annual covered payroll. Contribution requirements are established by state statute. The City's contribution to IPERS for the year ended June 30, 2009 was \$7,693, equal to the required contribution for the year.

NOTE (5) Other Postemployment Benefits (OPEB)

The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions* during the year ended June 30, 2009.

The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 2 active and 1 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark. The same premium is paid for retirees under age 65 for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

City of Stanton
Notes to Financial Statements
June 30, 2009

NOTE (5) Other Postemployment Benefits (OPEB) - Continued

The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premium for the City and plan members is \$459 for single coverage and \$1,071 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2009, the City made an explicit contribution for retired plan member premiums of \$12,261 and the retired plan member eligible for benefits contributed \$0 to the plan. The City also made an implicit contribution of approximately \$6,130 for the reduced premium rate for the retired plan member.

NOTE (6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation benefits payable to employees at June 30, 2009, primarily relating to the General Fund was \$3,006. This liability has been computed based on rates of pay in effect at June 30, 2009.

NOTE (7) Interfund Transfers

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

Transfer to	Transfer from	Amount
General	Special Revenue: Emergency	\$ 2,612
	Proprietary: Electric	11,110
		<u>13,722</u>
Special Revenue: Housing	Special Revenue: Urban Renewal Tax Increment	8,069
Proprietary: Electric	Special Revenue: Urban Renewal Tax Increment	66,447
	Proprietary: Sewer	1,495
		<u>67,942</u>
Proprietary: Water	Proprietary: Electric	694
Proprietary: Enterprise Debt Service	Proprietary: Water	29,820
	Sewer	21,480
		<u>51,300</u>
Total		<u>\$ 141,727</u>

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

City of Stanton
Notes to Financial Statements
June 30, 2009

NOTE (8) Risk Management

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

NOTE (9) Construction Contracts and Commitments

The City was awarded a CDBG housing grant for \$315,000.

The City has the following commitments on housing contracts that were not complete as of June 30, 2009:

	Estimated Total Contract Price	Paid to 06/30/09	Remaining Commitment	Retainages Payable
Housing Contracts	\$ 82,843	50,928	31,915	4,242

In June 2009, the City was awarded a CDBG grant for \$300,000 for a water improvement project and signed an engineer agreement for \$96,100 for the design of the project.

NOTE (10) Commitments

Law Enforcement Contract

The City renewed its contract with Montgomery County, Iowa, whereby the county provides law enforcement services within the City of Stanton through the office of the Sheriff of Montgomery County, Iowa. The annual contract amount is \$17,500 for fiscal year 2010.

Operation and Maintenance Agreement

The City has entered into an agreement for the operation and maintenance of the City's electric utility system. Under the agreement, the City pays a retainer fee of \$1,000 a month. The City is billed for the difference in actual costs incurred. The agreement continues until terminated by either party.

City of Stanton
Notes to Financial Statements
June 30, 2009

NOTE (11) Deficit Fund Balances

The Capital Projects Fund had a deficit of \$17,013 at June 30, 2009. The deficit will be eliminated with a fund transfer.

The Special Revenue Fund, Housing Account had a deficit of \$4,180 at June 30, 2009. The deficit will be eliminated upon the receipt of grant reimbursement.

NOTE (12) Subsequent Events

In August 2009, the City approved purchase of a street sweeper for \$15,000.

Required Supplementary Information

City of Stanton
 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
Receipts:		
Property tax	\$ 123,470	-
Tax increment financing	92,421	-
Other city tax	58,427	-
Licenses and permits	80	-
Use of money and property	652	10,085
Intergovernmental	204,033	30,705
Charges for service	3,643	780,661
Miscellaneous	74,820	20,031
Total receipts	557,546	841,482
Disbursements:		
Public safety	38,023	-
Public works	203,201	-
Culture and recreation	99,667	-
Community and economic development	87,502	-
General government	31,030	-
Capital projects	9,876	-
Business type activities	-	797,493
Total disbursements	469,299	797,493
Excess (deficiency) of receipts over (under) disbursements	88,247	43,989
Other financing sources, net	(40,286)	55,337
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	47,961	99,326
Balances, beginning of year	204,493	644,851
Balances, end of year	\$ 252,454	744,177

See accompanying notes to financial statement

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
123,470	121,671	121,671	1,799
92,421	41,294	41,294	51,127
58,427	43,247	43,247	15,180
80	640	640	(560)
10,737	10,000	10,000	737
234,738	146,707	591,707	(356,969)
784,304	720,900	775,900	8,404
94,851	4,300	4,300	90,551
<u>1,399,028</u>	<u>1,088,759</u>	<u>1,588,759</u>	<u>(189,731)</u>
38,023	42,918	42,918	4,895
203,201	179,050	206,050	2,849
99,667	55,708	99,708	41
87,502	2,000	317,000	229,498
31,030	35,600	35,600	4,570
9,876	40,000	40,000	30,124
797,493	756,163	879,163	81,670
<u>1,266,792</u>	<u>1,111,439</u>	<u>1,620,439</u>	<u>353,647</u>
132,236	(22,680)	(31,680)	163,916
<u>15,051</u>	<u>-</u>	<u>-</u>	<u>15,051</u>
147,287	(22,680)	(31,680)	178,967
<u>849,344</u>	<u>764,871</u>	<u>764,871</u>	<u>84,473</u>
<u>996,631</u>	<u>742,191</u>	<u>733,191</u>	<u>263,440</u>

City of Stanton
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 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, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted disbursements by \$509,000. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2009, disbursements did not exceed the amended amounts budgeted.

Other Supplementary Information

City of Stanton
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		Capital Projects	Total
	Employee Benefits	Emergency	Park	
Receipts:				
Property tax	\$ 25,885	2,611	-	28,496
Other city tax	10	1	-	11
Total receipts	<u>25,895</u>	<u>2,612</u>	<u>-</u>	<u>28,507</u>
Disbursements:				
Operating:				
Public safety	1,881	-	-	1,881
Public works	16,670	-	-	16,670
Culture and recreation	1,934	-	-	1,934
General government	1,758	-	-	1,758
Capital projects	-	-	9,876	9,876
Total disbursements	<u>22,243</u>	<u>-</u>	<u>9,876</u>	<u>32,119</u>
Excess (deficiency) of receipts over (under) disbursements	3,652	2,612	(9,876)	(3,612)
Other financing uses:				
Operating transfers out	-	(2,612)	-	(2,612)
Net change in cash balances	3,652	-	(9,876)	(6,224)
Cash balances, beginning of year	<u>3,797</u>	<u>-</u>	<u>(7,137)</u>	<u>(3,340)</u>
Cash balances, end of year	<u>\$ 7,449</u>	<u>-</u>	<u>(17,013)</u>	<u>(9,564)</u>
 Cash Basis Fund Balances				
Unreserved:				
Special revenue funds	\$ 7,449	-	-	7,449
Capital projects	-	-	(17,013)	(17,013)
	<u>\$ 7,449</u>	<u>-</u>	<u>(17,013)</u>	<u>(9,564)</u>

See accompanying independent auditors' report

City of Stanton
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Enterprise Funds
Year ended June 30, 2009

	<u>Landfill</u>	<u>Deposits</u>	<u>Total</u>
Operating receipts:			
Charges for service	\$ 5,154	-	5,154
Operating disbursements:			
Business type activities	<u>5,400</u>	<u>2,785</u>	<u>8,185</u>
Deficiency of operating receipts under disbursements	(246)	(2,785)	(3,031)
Non-operating receipts:			
Miscellaneous	<u>-</u>	<u>3,270</u>	<u>3,270</u>
Net change in cash balances	(246)	485	239
Cash balances, beginning of year	<u>403</u>	<u>9,720</u>	<u>10,123</u>
Cash balances, end of year	<u>\$ 157</u>	<u>10,205</u>	<u>10,362</u>
 Cash Basis Fund Balances			
Unreserved	<u>\$ 157</u>	<u>10,205</u>	<u>10,362</u>

See accompanying independent auditors' report

City of Stanton
Schedule of Indebtedness
June 30, 2009

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
Revenue notes:			
Water	June 1, 1992	3.00 %	\$ 275,000
Sewer	Apr 1, 2000	3.53 %	420,000
Total			

See accompanying independent auditors' report

Schedule 3

<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>
\$ 77,000	-	18,000	59,000	2,310	-
<u>286,000</u>	<u>-</u>	<u>19,000</u>	<u>267,000</u>	<u>10,096</u>	<u>-</u>
<u>\$ 363,000</u>	<u>-</u>	<u>37,000</u>	<u>326,000</u>	<u>12,406</u>	<u>-</u>

City of Stanton
Bond and Note Maturities
June 30, 2009

Year Ending June 30,	Revenue Notes				
	Water		Sewer		Total
	Issued Jun 1, 1992		Issued Apr 1, 2000		
Interest Rates	Amount	Interest Rates	Amount		
2010	3.00 %	19,000	3.53 %	20,000	39,000
2011	3.00 %	20,000	3.53 %	21,000	41,000
2012	3.00 %	20,000	3.53 %	22,000	42,000
2013	-	-	3.53 %	22,000	22,000
2014	-	-	3.53 %	23,000	23,000
2015	-	-	3.53 %	24,000	24,000
2016	-	-	3.53 %	25,000	25,000
2017	-	-	3.53 %	26,000	26,000
2018	-	-	3.53 %	27,000	27,000
2019	-	-	3.53 %	28,000	28,000
2020	-	-	3.53 %	29,000	29,000
		<u>\$ 59,000</u>		<u>\$ 267,000</u>	<u>\$ 326,000</u>

See accompanying independent auditors' report

City of Stanton



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

November 3, 2009

Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters

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 Stanton, 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 November 3, 2009. Our report expressed a qualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting as we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2008. Except as noted in the Independent Auditors' Report, 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 Stanton'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 City of Stanton's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Stanton'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.

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City of Stanton
Independent Auditors' Report on
Internal Control and Compliance and Other Matters

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects City of Stanton's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of City of Stanton's financial statements that is more than inconsequential will not be prevented or detected by City of Stanton's internal control. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we 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 Stanton'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 or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 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 Stanton's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit City of Stanton's responses and, accordingly, we express no opinion on them.

City of Stanton
Independent Auditors' Report on
Internal Control and Compliance and Other Matters

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Stanton 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.

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

I-A-09 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that one person has control over each of the following areas for the City:

- (1) Receipts - billing, posting and reconciling
- (2) Disbursements - warrant writing, posting and reconciling
- (3) Payroll - preparing and distributing

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

Response - We will investigate alternative procedures.

Conclusion - Response accepted.

City of Stanton
Schedule of Findings
June 30, 2009

Part II: Other Findings Related to Statutory Reporting:

II-A-09 Certified Budget

City disbursements during the year ended June 30, 2009, did not exceed the amended budget 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

No business transactions were noted 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 Deposits and Investments

We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

II-H-09 Revenue Notes

The City is in compliance with the provisions of the revenue debt resolutions.

City of Stanton
Schedule of Findings
June 30, 2009

Part II: Other Findings Related to Statutory Reporting - Continued:

II-I-09 Financial Condition

Comment – The Capital Projects Fund had a deficit balance of \$17,013, and the Special Revenue Fund, Housing Account, had a deficit balance of \$4,180 at June 30, 2009.

Recommendation – The City should monitor activity in these funds in order to eliminate the deficit balances.

Response – We will make the necessary transfer to close the Capital Projects Fund upon completion of the project. The deficit in the Special Revenue Fund, Housing Account will be eliminated upon the receipt of grant reimbursement.

Conclusion – Response accepted.

II-J-09 Excess Balances

Comment – The cash balances in the Special Revenue Fund, Road Use Account, and the Local Option Sales Tax Account at June 30, 2009 were in excess of the disbursements made from each of the accounts during the year.

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

Response – We will review this further.

Conclusion – Response accepted.