

CITY OF IONE
FINANCIAL STATEMENTS
JUNE 30, 2007

CITY OF IONE
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*The Accounting Office of:
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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Ione
Ione, California

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 Ione, California, as of and for the year ended June 30, 2007 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Management has not recorded certain infrastructure assets in governmental activities or business-type activities and, accordingly has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general infrastructure assets and business-type fixed assets be capitalized and depreciated, which would increase the assets, net assets and expense of the governmental activities and business-type activities. The amount by which this departure would affect the assets, net assets and expenses of the governmental activities and business-type activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities and business-type activities of the City of Ione, California, as of June 30, 2007, or the changes in financial position and where applicable, cash flows thereof for the year then ended

Because the City did not maintain a summary schedule of the amounts recorded in the accounts receivable asset accounts and the deposits from others liability accounts, we were unable to satisfy ourselves as to the amount recorded in these accounts. Those financial activities are recorded in the governmental funds of the City. The amount of assets represented by this scope limitation was \$439,594, which represents 6.17 % of governmental fund assets. The amount of liabilities represented by this scope limitation was \$383,384, which represents 20.09% of the governmental fund liabilities. The effect on revenues, expenses and fund equity is unknown, because we were unable to audit the beginning balances due to this scope limitation.

In addition, in our opinion, except for the effects of such adjustments, if any, as might have been necessary had we been able to audit the accounts receivables and deposits liability accounts, or had we been able to satisfy ourselves as to those financial activities by other auditing procedures, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the City of Ione as of June 30, 2007, and the respective changes in financial position, of those activities and funds for the fiscal year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated November 29, 2007 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 of 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.

The Management Discussion and Analysis (MD&A) and the required supplementary information other than MD&A, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Larry Bain, CRA
November 29, 2007

City of Ione
Required Supplementary Information
Management's Discussion and Analysis
June 30, 2007

(Unaudited)

This section of the City of Ione's annual financial report presents an analysis of the City's financial performance during the fiscal year ended June 30, 2007. This information is presented in conjunction with the audited basic financial statements, which follows this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2006-07

- The City's net assets are \$6,946,451. Net assets decreased \$887,468 or 11%. Business-type activities (sewer) accounted for \$1,020,300 of the decrease largely due to capital expenses and governmental activities accounted for an increase to net assets of \$132,832. Of the total net assets, \$5,981,271 is unrestricted and may be used to meet ongoing obligations to citizens and creditors.
- Total cash and investments decreased \$1,508,138 or 17% to \$7,306,095. Of this amount \$4,372,190 is restricted to specific funds. This represents 490 day's cash on hand or 134% of expenses.
- As of June 30, 2007, the City's governmental funds reported combined fund balance of \$5,221,282. All of which is available to meet the City's current and future needs (unreserved fund balance).
- The General Fund fund balance increased \$184,518 or 11% to \$1,736,435 as of June 30, 2007. All of the fund balance is unrestricted and may be used to meet ongoing obligations to citizens and creditors.
- The General Fund cash balance increased \$197,475 or 11% to \$1,990,594. This represents 376 days cash on hand or 103% of expenses.
- The City's proprietary funds (sewer) net assets decreased \$1,020,300 or 37%. The sewer capital fund accounted for the majority of the decrease. For the past two years the City has been making improvements as well as planning improvements to its sewer plant.
- The City's long-term debt decreased by \$41,305. The net decrease resulted from payments of governmental debt and a net increase in compensated absences.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components, government – wide financial statements, fund financial statements and notes to the basic financial statements. This report also includes additional required supplementary information in addition to the basic financial statements.

REQUIRED FINANCIAL STATEMENTS

Government – Wide Financial Statements are designed to provide readers with a broad overview of City finances, in a manner similar to a private-sector business.

The *Statements of Net Assets* include information on the City's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to City creditors (liabilities). Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

City of Ione
Required Supplementary Information
Management's Discussion and Analysis (Continued)
June 30, 2007

The *Statements of Activities* presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other function that are intended to recover all or a portion of their costs through user fees and charges (business type activities). The governmental activities of the City include general government, public safety, community development, public works, streets and roads, parks and recreation. The business-type activities are sewer.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and to demonstrate finance-related legal compliance. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds – are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as of balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changed in fund balances provide a reconciliation to facilitate comparison between governmental funds and governmental activities.

Proprietary funds – The City charges customers for the services it provides. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business type activities that are reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

The City of Ione maintains three individual enterprise funds. The City uses enterprise funds to account for its sewer enterprises. The funds provide the same type of information as the government-wide financial statements, only more in detail. The proprietary fund financial statements provide separate information for the sewer, which is considered a major fund of the City.

Fiduciary funds – are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

City of Ione
Required Supplementary Information
Management's Discussion and Analysis (Continued)
June 30, 2007

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's budgetary comparative information for its major governmental funds. Also the funding progress of the City's pension is presented as required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

A summary statement of the City's Statement of Net Assets is presented at the end of this report.

The City's near-term financing situation, as measured by the current ratio (current assets divided by current liabilities), increased. The ratio increased over the two year period from 1.70 to 2.25 or 32%. Values greater than 1.00 are considered good. The same is true for the City's governmental and business-type activities.

The City's overall financial position, as measured by net assets, decreased \$887,469 or 11%. Business-type activities (sewer) accounted for all of the decrease. The major component of net assets is unrestricted. Unrestricted net assets represent the amount available for future operations. Unrestricted net assets decreased and business-type activities (sewer) accounted for all of the decrease.

For more information please see page 3 of the audit report.

Activities

A summary statement of the City's Statement of Activities is presented at the end of this report.

The statement of activities, identify the various revenue and expense items which affect the change in net assets. Total revenues decreased \$1,275,824 or 22% while total expenses increased \$1,350,017 or 33%. The decrease in revenues was primarily due to charges for services, capital grants and contributions and sales and use tax. The increase in expenses was primarily due to public safety, public works and sewer. As discussed previously, the City's net assets decreased during the fiscal year. The reason for the decrease is expenses exceeded revenues by \$896,404. Business-type activities (sewer) accounted for all of the decrease. Included in the \$2,127,770 sewer expenses are \$750,608 in capital expense. For the two year period, total sewer capital expense is \$980,916. For the past two years, the City has been making improvements as well as planning improvements to its sewer plant to meet projected growth as well as comply with SWRCB requirements.

For more information please see page 4 of the audit report.

City of Ione
Required Supplementary Information
Management's Discussion and Analysis (Continued)
June 30, 2007

FUNDS FINANCIAL ANALYSIS

As noted earlier, the City uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The general government functions are contained in the general, special revenue and capital project funds. The focus of the City's governmental funds is to provide information on near-term inflow, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the City's governmental funds reported total ending fund balances of \$5,221,282. All of which is unreserved and available for future operations. In comparison to FY 2005-06, fund balance increased \$58,440 or 1%.

For more information please see pages 5 and 7 of the audit report.

General fund fund balance increased \$179,554 or 12% to \$1,736,435 as of June 30, 2007. All of the fund balance is unreserved and available for future operations.

For more information please see pages 5 and 7 of the audit report.

Proprietary funds. The proprietary funds (sewer) provide the same type of information found in the government-wide financial statements, but in more detail.

The combined funds near-term financing situation, as measured by the current ratio (current assets divided by current liabilities), increased. The ratio increased over the two year period from 8.89 to 17.87 or 101%. Values greater than 1.00 are considered good. The fund's overall financial position, as measured by net assets, decreased \$1,020,300 or 37%. All three funds within the fund group contributed to the decrease. However, the capital fund accounted for the majority of the decrease. The major component of net assets is unrestricted. Unrestricted net assets represent the amount available for future operations. Unrestricted net assets decreased \$272,950.

The combined funds posted a net loss of \$1,021,545. Included in the loss is \$750,608 in capital expenses. For the past two years, the City has been making improvements as well as planning improvements to its sewer plant to meet projected growth as well as comply with SWRCB requirements.

For more information please see pages 9 through 11 of the audit report.

Budgetary Highlights

General fund revenues for the 2006-07 fiscal year were budgeted at \$2,210,559. The actual revenues were \$2,099,177 leaving an unfavorable variance of \$111,382, or 5%. The decrease was primarily due to lower building permits and plan check fees compared to budget. Conversely, total taxes, total fines and interest income were higher than budget.

General fund expenditures including transfers out were budgeted at \$2,210,559. The actual amount expended was \$1,919,623 or 13% less than originally budgeted. The lesser amount of budgeted expenditures was due to the city

City of Ione
Required Supplementary Information
Management's Discussion and Analysis (Continued)
June 30, 2007

clerk, planning, building inspection, maintenance, special projects, and police departments. Conversely, finance and fire departments are over budget.

For more information please see pages 27 and 28 of the audit report.

CAPITAL ASSETS

The City has not maintained a listing of historical cost for general and enterprise fund infrastructure and fixed assets, or a depreciation schedule for infrastructure and fixed assets in accordance with governmental accounting standards board statement (GASB) 34. As a result, information on the components, additions and deletions is not available at the present time. If the assets had been capitalized and depreciated, the assets, net assets and expenses would increase. The amount by which this departure from GASB 34 would affect the assets, net assets and expenses is not reasonably determinable. Management is taking the necessary steps to rectify the problem.

LONG -TERM DEBT

As of June 30, 2007, the City had \$77,612 in outstanding debt as reported in the statement of net assets. During the fiscal year there were no borrowings and the City made \$70,729 in principal payments. Included in the principal payments was the \$13,000 pay off of the capital lease. The outstanding debt represents the \$40,693 note payable for the purchase of Howard Park and the remainder is compensated absences.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City Council adopted the City's 2006-07 Final Budget on September 19, 2006. During the past two fiscal years, the City has been making improvements as well as planning improvements to its sewer plant to meet projected growth as well as comply with SWRCB requirements. For the two years ending June 30, 2007, the City has spent \$980,916 in capital expenditures for the sewer plant. Planning for the sewer plant expansion continues still.

During this same time period, the nation, state and local community has experienced a housing slowdown and the economy shows signs of a recession since the beginning of calendar year 2008.

On February 16, 2008, Governor Arnold Schwarzenegger signed a six bill budget package designed to trim expenses in the state's current fiscal year (FY 2007-08). The package contains a variety of program cuts, payment deferrals and other mechanisms designed to address cash flow issues in the current fiscal year and some budget savings in FY 2008-09. Of particular note to cities are the elimination of estimated mandate claims, delay in highway user tax, temporary use of Prop 1B for cash management and authorization to accrue gas tax revenues. As of February 20, 2008, the state budget deficit through FY 2008-09 is estimated to be \$16 billion.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the City's customers, investors and other interested parties with an overview of the City's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Finance Director at the City of Ione, #1 Main Street, Ione, California 95640.

City of Ione
Required Supplementary Information
Management's Discussion and Analysis (Continued)
Condensed Statement of Net Assets

	June 30, 2007			June 30, 2006		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Assets:						
Cash and investments	\$ 2,134,870	\$ 799,035	\$ 2,933,905	\$ 1,986,257	\$ 1,069,567	\$ 3,055,824
Accounts receivables	554,496	128,622	683,118	682,478	82,116	764,594
Total Current Assets	2,689,366	927,657	3,617,023	\$ 2,668,735	\$ 1,151,683	\$ 3,820,418
Restricted cash and investments	3,719,817	652,373	4,372,190	4,077,693	1,680,716	5,758,409
Long term receivables	624,430	244,800	869,230	571,433	244,800	816,233
Total Assets	\$ 7,033,613	\$ 1,824,830	\$ 8,858,443	\$ 7,317,861	\$ 3,077,199	\$ 10,395,060
Liabilities:						
Accounts payable	\$ 373,372	\$ 88,433	\$ 461,805	\$ 154,117	\$ 293,018	\$ 447,135
Other payables	1,127,156	20,966	1,148,122	1,750,532	47,937	1,798,469
Total Current Liabilities	1,500,528	109,399	1,609,926	\$ 1,904,649	\$ 340,955	\$ 2,245,604
Other long term	244,800	-	244,800	244,800		244,800
Long term debt, net	51,191	6,074	57,265	64,150	6,586	70,736
Total Liabilities	\$ 1,796,519	\$ 115,473	\$ 1,911,991	\$ 2,213,599	\$ 347,541	\$ 2,561,140
Net Assets:						
Restricted for capital replacement		\$ 965,180	\$ 965,180		\$ 1,712,530	\$ 1,712,530
Unrestricted	5,237,094	744,177	5,981,271	5,104,262	1,017,128	6,121,390
Total Net Assets	\$ 5,237,094	\$ 1,709,357	\$ 6,946,451	\$ 5,104,262	\$ 2,729,658	\$ 7,833,920
Current Ratio						
Actual	1.79	8.48	2.25	1.40	3.38	1.70
Benchmark	>1.00	>1.00	>1.00	>1.00	>1.00	>1.00
Net Assets						
Actual	\$ 5,237,094	\$ 1,709,357	\$ 6,946,451	\$ 5,104,262	\$ 2,729,658	\$ 7,833,920
Changes in Net Assets	\$ 132,832	\$ (1,020,301)	\$ (887,469)			
Benchmark	Net assets should increase over time.					

City of Ione
Required Supplementary Information
Management's Discussion and Analysis (Continued)
Condensed Statement of Activities

	June 30, 2007			June 30, 2006		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Program Revenues:						
Charges for services	\$ 525,011	\$ 900,382	\$ 1,425,393	\$ 755,039	\$ 884,340	\$ 1,639,379
Capital grants & contributions	426,548	113,843	540,391	1,199,409	671,440	1,870,849
Operating grants	578,453		578,453	510,831		510,831
General Revenue:						
Property taxes	600,120		600,120	506,083		506,083
Sales and use tax	158,726		158,726	418,517		418,517
Other taxes	817,460		817,460	600,618		600,618
Interest income	329,541	92,000	421,541	188,265	83,365	271,630
Total Revenue	3,435,859	1,106,225	4,542,084	4,178,762	1,639,145	5,817,907
Expenses:						
Governmental activities:						
General government	612,479		612,479	691,359		691,359
Public safety	1,685,025		1,685,025	1,046,679		1,046,679
Community development	129,135		129,135	162,544		162,544
Public works	247,592		247,592	177,379		177,379
Streets and roads	257,147		257,147	272,607		272,607
Parks and recreation	379,339		379,339	560,981		560,981
Business-type activities:						
Sewer		2,127,770	2,127,770		1,176,921	1,176,921
Total Expense	\$ 3,310,717	\$ 2,127,770	\$ 5,438,487	\$ 2,911,549	\$ 1,176,921	\$ 4,088,470
Change in net assets	\$ 125,142	\$ (1,021,545)	\$ (896,403)	\$ 1,267,213	\$ 462,224	\$ 1,729,437
Net Assets:						
Beginning	5,104,262	2,729,657	7,833,919	4,010,403	2,978,985	6,989,388
Prior period adjustment	7,690	1,245	8,935	(173,354)	(711,553)	(884,907)
Ending	\$ 5,237,094	\$ 1,709,357	\$ 6,946,451	\$ 5,104,262	\$ 2,729,656	\$ 7,833,918

CITY OF IONE

**Statement of Net Assets
June 30, 2007
(With comparative totals as of June 30, 2006)**

	Governmental Activities	Business-type Activities	Totals	
			2007	2006
Assets				
Cash and investments	\$ 2,134,870	\$ 799,035	\$ 2,933,905	\$ 3,055,824
Restricted cash and investments	3,719,817	652,373	4,372,190	5,758,409
Accounts receivables	439,594	110,814	550,408	651,926
Taxes receivable	35,261		35,261	24,724
Interest receivable	79,641	17,808	97,449	87,944
Loans receivable	624,430		624,430	571,433
Advances to other funds		244,800	244,800	244,800
Total Assets	\$ 7,033,613	\$ 1,824,830	\$ 8,858,443	\$ 10,395,060
Liabilities				
Current liabilities:				
Accounts payable	\$ 373,372	\$ 88,433	\$ 461,805	\$ 447,135
Deposits from others	383,884	20,966	404,850	238,143
Deferred revenue	722,925		722,925	1,512,145
Advances from other fund	244,800		244,800	244,800
Noncurrent liabilities:				
Due within one year	20,347		20,347	48,181
Due in more than one year	51,191	6,074	57,265	70,736
Total Liabilities	1,796,519	115,473	1,911,992	2,561,140
Net Assets				
Restricted for capital replacement		965,180	965,180	1,712,530
Unrestricted	5,237,094	744,177	5,981,271	6,121,390
Total Net Assets	\$ 5,237,094	\$ 1,709,357	\$ 6,946,451	\$ 7,833,920

The accompanying notes are an integral part of these financial statements

CITY OF IONE

Statement of Activities
For the Fiscal Year Ended June 30, 2007
(With comparative totals for the fiscal year ended June 30, 2006)

Functions/programs	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Assets		Totals	
		Charges for Services	Capital Grants and Contributions	Operating Grants		Business-type Activities	2007	2006	
Governmental Activities:									
General government	\$ 612,479	\$ 249,753	\$ 15,166	\$ 29,137	\$ (318,423)	\$ -	\$ (318,423)	\$ (509,123)	
Public safety	1,685,025	135,270	367,949	102,892	(1,078,914)		(1,078,914)	(187,044)	
Community development	129,135			171,669	42,534		42,534	23,723	
Public works	247,592	133,694			(113,898)		(113,898)	285,189	
Streets and roads	257,147		10,593	274,755	28,201		28,201	66,490	
Parks and recreation	379,339	6,294	32,840		(340,205)		(340,205)	(125,505)	
Interest on long-term debt									
Total Governmental Activities	3,310,717	525,011	426,548	578,453	(1,780,705)		(1,780,705)	(446,270)	
Business-type Activities:									
Wastewater	2,127,770	900,382	113,843			(1,113,545)	(1,113,545)	378,859	
Total Business-type Activities	2,127,770	900,382	113,843			(1,113,545)	(1,113,545)	378,859	
Total Government	\$ 5,438,487	\$ 1,425,393	\$ 540,391	\$ 578,453	(1,780,705)	(1,113,545)	(2,894,250)	(67,411)	
General Revenues:									
Taxes:									
Property taxes					600,120		600,120	506,083	
Sales and use tax					158,726		158,726	418,517	
Transient occupancy tax					516		516	1,561	
Franchise tax					80,375		80,375	80,262	
Motor vehicle in lieu tax					717,291		717,291	490,164	
Other taxes					19,278		19,278	28,631	
Investment income					329,541	92,000	421,541	271,630	
Total general revenues					1,905,847	92,000	1,997,847	1,796,848	
Change in net assets					125,142	(1,021,545)	(896,403)	1,729,437	
Net assets - beginning					5,104,262	2,729,657	7,833,919	6,989,388	
Prior Period Adjustment					7,690	1,245	8,935	(884,907)	
Net assets - ending					\$ 5,237,094	\$ 1,709,357	\$ 6,946,451	\$ 7,833,918	

The accompanying notes are an integral part of these financial statements

CITY OF IONE

Balance Sheet
Governmental Funds
June 30, 2007

(With comparative totals as of June 30, 2006)

	General	Gas Tax	TDA	Police Bldg Fund	Fire Bldg Fund	Other Nonmajor Funds	Total Governmental	
							2007	2006
<u>Assets</u>								
Cash and investments	\$ 1,990,594	\$ -	\$ -	\$ -	\$ -	\$ 144,277	\$ 2,134,870	\$ 1,986,257
Restricted cash and investments		798,107	560,189	872,187	258,783	1,230,550	3,719,817	4,077,693
Receivables								
Accounts	181,459	41,265				216,870	439,594	594,006
Taxes	35,261						35,261	24,724
Interest	32,435	9,356	6,818	14,858	3,150	13,024	79,641	63,748
Due from other funds	96,225						96,225	76,510
Loans receivable						624,430	624,430	571,433
Total Assets	\$ 2,335,974	\$ 848,728	\$ 567,007	\$ 887,045	\$ 261,933	\$ 2,229,151	\$ 7,129,838	\$ 7,394,371
<u>Liabilities and Fund Balances</u>								
Liabilities								
Accounts payable	\$ 256,047	\$ 17,215	\$ -	\$ 439	\$ 3,744	\$ 95,927	\$ 373,372	\$ 154,118
Due to other funds						96,225	96,225	76,510
Deposits from others	24,532				359,352		383,884	215,968
Compensated absences								14,835
Deferred revenue	74,160					736,115	810,275	1,525,298
Total Current Liabilities	354,739	17,215		439	363,096	928,267	1,663,756	1,986,729
Long-term Liabilities								
Advances from other funds	244,800						244,800	244,800
Total Liabilities	599,539	17,215		439	363,096	928,267	1,908,556	2,231,529
Fund Balances								
Reserved for loans receivable						624,430	624,430	1,248,860
Unreserved, reported in								
General fund	1,736,435						1,736,435	1,551,917
Special revenue funds		831,513	567,007	886,606	(101,163)	223,949	1,622,469	2,049,324
Capital projects funds						452,505	1,237,948	1,561,601
Total Fund Balances	1,736,435	831,513	567,007	886,606	(101,163)	1,300,884	5,221,282	6,411,702
Total Liabilities and Fund Balances	\$ 2,335,974	\$ 848,728	\$ 567,007	\$ 887,045	\$ 261,933	\$ 2,229,151	\$ 7,129,838	\$ 8,643,231

The accompanying notes are an integral part of these financial statements

CITY OF IONE
Reconciliation of the Statement of Net Assets
of Governmental Funds to the Balance Sheet
As of June 30, 2007
(With comparative totals as of June 30, 2006)

	2007	2006
Fund Balances of Governmental Funds	\$ 5,221,282	\$ 6,411,702
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Some liabilities, including long-term debt, compensated absences and accrued interest are not due and payable in the current period and therefore are not reported in the funds.</p>	15,812	(58,580)
Net assets of governmental activities	\$ 5,237,094	\$ 6,353,122

The accompanying notes are an integral part of these financial statements.

CITY OF IONE

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2007
 (With comparative totals for the fiscal year ended June 30, 2006)

	General	Gas Tax	TDA	Police Bldg Fund	Fire Bldg Funds	Other Nonmajor Funds	Total Governmental	
							2007	2006
Revenues								
Taxes	\$ 771,736	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 771,736	\$ 939,227
Special assessment/impact fees				359,418	8,531	127,835	495,784	965,257
Licenses and permits	182,666						182,666	339,784
Use of money and property	177,863	34,873	22,684	31,648	19,183	101,558	387,808	329,850
Intergovernmental	753,725	192,822	81,933			245,552	1,274,032	1,216,888
Fines, forfeitures and penalties	27,967					35,584	63,551	35,068
Charges for current services	29,636						29,636	191,581
Other	155,584					26,626	182,210	122,193
Total Revenues	2,099,177	227,695	104,617	391,066	27,714	537,156	3,387,424	4,139,848
Expenditures								
Current:								
General government	565,697					88,626	654,323	379,647
Public ways and facilities/ transportation	234,884	168,296				12,708	415,889	702,088
Public safety	766,400			1,093	7,817	266,177	1,041,487	966,087
Community development	266,298					129,135	395,432	383,854
Capital Outlay				17,240	618,909	159,269	795,418	500,776
Debt service								
Principal	13,000					20,347	33,347	33,347
Interest	780						780	1,560
Total Expenditures	1,847,059	168,296		18,333	626,726	676,261	3,336,675	2,967,359
Excess (Deficit) of Revenues over Expenditures	252,118	59,399	104,617	372,733	(599,012)	(139,105)	50,748	1,172,489
Other financing sources								
Operating transfers in	12,621					195,978	208,599	445,155
Operating transfers out	(85,185)					(123,414)	(208,599)	(445,155)
Total Other Financing Sources (Uses)	(72,564)					72,564	-	-
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	179,554	59,399	104,617	372,733	(599,012)	(66,541)	50,748	1,172,489
Fund Balances, July 1, 2006	1,551,917	771,746	462,390	513,873	497,849	1,365,069	5,162,844	4,428,854
Prior period adjustments	4,964	368				2,358	7,690	(438,501)
Fund Balances, June 30, 2007	\$ 1,736,435	\$ 831,513	\$ 567,007	\$ 886,606	\$ (101,163)	\$ 1,300,886	\$ 5,221,282	\$ 5,162,842

The accompanying notes are an integral part of these financial statements.

CITY OF IONE

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Fiscal Year Ended June 30, 2007
(With comparative totals for the fiscal year ended June 30, 2006)**

	2007	2006
Net Change in Fund Balances - Total Governmental Funds	\$ 50,748	\$ 1,172,489
Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because:		
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	48,435	38,916
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	33,347	33,347
Changes in compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds.	(7,388)	22,461
Change in net assets of governmental activities	\$ 125,142	\$ 1,267,213

The accompanying notes are an integral part of these financial statements.

CITY OF IONE

**Statement of Net Assets
Proprietary Funds
June 30, 2007**

(With comparative totals as of June 30, 2006)

	Sewer O & M	Sewer Capital	Sewer Tertiary Plant	Totals	
				2007	2006
Current assets:					
Cash and investments	\$ 815,946	\$ -	\$ (16,911)	\$ 799,035	\$ 1,069,567
Restricted cash and investments		652,373		652,373	1,680,716
Receivables					
Accounts	36,329	61,120	13,365	110,814	57,920
Interest	9,077	8,731		17,808	24,196
Total current assets	<u>861,352</u>	<u>722,224</u>	<u>(3,546)</u>	<u>1,580,030</u>	<u>2,832,399</u>
Advances to other funds		244,800		244,800	244,800
Total Assets	<u>\$ 861,352</u>	<u>\$ 967,024</u>	<u>\$ (3,546)</u>	<u>\$ 1,824,830</u>	<u>\$ 3,077,199</u>
Liabilities					
Current liabilities:					
Accounts payable	\$ 71,954	\$ 1,844	\$ 14,635	\$ 88,433	\$ 293,019
Deferred revenue				-	25,762
Total current liabilities	<u>71,954</u>	<u>1,844</u>	<u>14,635</u>	<u>88,433</u>	<u>318,781</u>
Noncurrent liabilities:					
Customer deposits	20,966			20,966	22,175
Compensated absences	6,074			6,074	6,586
Total noncurrent liabilities	<u>27,040</u>			<u>27,040</u>	<u>28,761</u>
Total Liabilities	<u>98,994</u>	<u>1,844</u>	<u>14,635</u>	<u>115,473</u>	<u>347,542</u>
Net assets:					
Restricted for capital replacement		965,180		965,180	1,712,530
Unreserved	762,358		(18,181)	744,177	1,017,127
Total Net Assets	<u>\$ 762,358</u>	<u>\$ 965,180</u>	<u>\$ (18,181)</u>	<u>\$ 1,709,357</u>	<u>\$ 2,729,657</u>

The accompanying notes are an integral part of these financial statements.

CITY OF IONE

**Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2007
(With comparative totals for the fiscal year ended June 30, 2006)**

	Sewer O & M	Sewer Capital	Nonmajor Sewer Tertiary Plant	Totals	
				2007	2006
Operating Revenues					
Charges for services	\$ 793,853	\$ -	\$ 96,746	\$ 890,599	\$ 874,513
Connection fees		113,843		113,843	671,440
Other	9,783			9,783	9,828
Total Operating Revenues	803,636	113,843	96,746	1,014,225	1,555,781
Operating Expenses					
Salaries and benefits	189,491			189,491	215,910
Services and supplies	814,909	158,311	214,451	1,187,671	730,703
Capital expense		750,608		750,608	230,308
Total Operating Expenses	1,004,400	908,919	214,451	2,127,770	1,176,921
Operating Income	(200,764)	(795,076)	(117,705)	(1,113,545)	378,860
Non-Operating Revenues (Expenses)					
Interest income	42,813	47,726	1,461	92,000	83,365
Total Non-Operating Revenues (Expenses)	42,813	47,726	1,461	92,000	83,365
Net Income (Loss)	(157,951)	(747,350)	(116,244)	(1,021,545)	462,225
Net Assets, July 1, 2006	929,329	1,712,530	87,798	2,729,657	2,978,985
Prior Period Adjustments	(9,020)		10,265	1,245	(711,553)
Net Assets, June 30, 2007	\$ 762,358	\$ 965,180	\$ (18,181)	\$ 1,709,357	\$ 2,729,657

The accompanying notes are an integral part of these financial statements.

CITY OF IONE

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2007

(With comparative totals for the fiscal year ended June 30, 2006)

	Sewer O & M	Sewer Capital	Nonmajor Sewer Tertiary Plant	Totals	
				2007	2006
Cash Flows from Operating Activities					
Cash received from customers	\$ 798,255	\$ 52,723	\$ 83,381	\$ 934,359	\$ 1,550,277
Cash payments to suppliers	(796,438)	(1,134,558)	(211,868)	(2,142,864)	(826,038)
Cash payments to employees	(199,023)		10,265	(188,758)	(213,330)
Net Cash Provided By (Used For) Operating Activities	(197,206)	(1,081,835)	(118,222)	(1,397,263)	510,909
Cash Flows from Investing Activities:					
Interest income	42,285	53,492	2,611	98,388	73,959
Net Cash Provided By Investing Activities	42,285	53,492	2,611	98,388	73,959
Net Increase (Decrease) in Cash and Cash Equivalents	(154,921)	(1,028,343)	(115,611)	(1,298,875)	584,868
Cash and Cash Equivalents, July 1, 2006	970,867	1,680,716	98,700	2,750,283	2,165,415
Cash and Cash Equivalents, June 30, 2007	\$ 815,946	\$ 652,373	\$ (16,911)	\$ 1,451,408	\$ 2,750,283
Reconciliation of Cash and Cash Equivalents:					
Cash and investments	\$ 815,946	\$ -	\$ (16,911)	\$ 799,035	\$ 1,069,567
Restricted cash and investments		652,373		652,373	1,680,716
Total Cash and Cash Equivalents	\$ 815,946	\$ 652,373	\$ (16,911)	\$ 1,451,408	\$ 2,750,283
Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities	\$ (200,764)	\$ (795,076)	\$ (117,705)	\$ (1,113,545)	\$ 378,860
Adjustments to operating income:					
(Increase) decrease in accounts receivable	(4,171)	(61,120)	12,397	(52,894)	(47,240)
Increase (decrease) in accounts payable	18,471	(225,639)	2,583	(204,585)	134,973
Increase (decrease) in customer deposits	(1,210)			(1,210)	15,975
Increase in deferred revenue			(25,762)	(25,762)	25,762
Prior period adjustment	(9,020)		10,265	1,245	
Increase (decrease) in compensated absences	(512)			(512)	2,580
Net Cash Provided By (Used For) Operating Activities	\$ (197,206)	\$ (1,081,835)	\$ (118,222)	\$ (1,397,263)	\$ 510,909

The accompanying notes are an integral part of these financial statements.

CITY OF IONE

Statement of Fiduciary Assets and Liabilities - Agency Funds

June 30, 2007

(With comparative totals as of June 30, 2006)

	<u>Agency Funds</u>			<u>Totals</u>	
	<u>Community Facilities Districts</u>	<u>Regional Traffic Mitigation</u>	<u>Fire Dept Agency Fund</u>	<u>2007</u>	<u>2006</u>
<u>Assets</u>					
Cash and investments	\$ 2,483,733	\$ (11,651)	\$ 4,790	\$ 2,476,872	\$ 561,996
Receivables				-	405
Total Assets	<u>\$ 2,483,733</u>	<u>\$ (11,651)</u>	<u>\$ 4,790</u>	<u>\$ 2,476,872</u>	<u>\$ 562,401</u>
<u>Liabilities</u>					
Deposits held for others	\$ 2,483,733	\$ (11,651)	\$ 4,790	\$ 2,476,872	\$ 562,401
Total Liabilities	<u>\$ 2,483,733</u>	<u>\$ (11,651)</u>	<u>\$ 4,790</u>	<u>\$ 2,476,872</u>	<u>\$ 562,401</u>

The accompanying notes are an integral part of these financial statements.

City of Ione
Notes to Financial Statements
June 30, 2007

Note 1: Summary of Significant Accounting Policies

The City of Ione, California (the City) was incorporated in 1953, as a municipal corporation operating under the general laws of the State of California. The City operates under a Council-City Administrator form of government and provides the following services: general government, public works, public safety, parks and recreation, low income housing support and general administrative support.

The accounting policies of the City of Ione, California conform to accounting principles generally accepted in the United States of America, as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The City has defined its reporting entity in accordance with U.S. generally accepted accounting principles, which provides guidance for determining which governmental activities, organizations and functions should be included in the reporting entity. In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criterion for including a potential component unit within the reporting entity is the governing body's financial accountability. A primary governmental entity is financially accountable if it appoints a voting majority of a component unit's governing body and it is able to impose its will on the component unit, or if there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if a component unit is fiscally dependent on the primary governmental entity regardless of whether the component unit has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. All such component units have been "blended" with the City's other fund types and account groups. All of the blended component units have June 30 year-ends.

Based upon the aforementioned oversight criteria, the following are the component units:

The Local Transportation Commission is a blended component unit and its activities are shown as a major special revenue fund (TDA) in the City's basic financial statements.

The Wildflower Community Facilities District is a blended component unit and its activities are shown as a non major special revenue fund.

B. Implementation of Governmental Accounting Standards Board Statements

In June 1999 and in June 2001 the Governmental Accounting Standards Board (GASB) unanimously approved GASB No. 34, Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments and Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments – Omnibus, respectively. These statements provide for the most significant change in financial reporting in over twenty years and are scheduled for a phased implementation (based on the size of the government) starting with fiscal year ending 2002. Certain of the significant changes in the Statement include the following:

Beginning in the fiscal year ended June 30, 2004, the financial statements include:

- Basic financial statements which include the Government-wide financial statements, statement of net assets and statement of activities.
- Required Supplementary Information, as listed in the table of contents, for the funding progress of the City's retirement plan and budgetary comparison schedules.

City of Ione
Notes to Financial Statements
June 30, 2007

Note 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

The government-wide, proprietary and agency fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue from sales tax is recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or as a reservation of fund balance. The City considers property taxes available if they are collected within sixty-days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as compensated absences and claims and judgments are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

When applicable, the City reports deferred revenue on its combined balance sheet. Deferred revenue arises when a potential revenue source does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has legal claim to them, as when grant monies are received prior to the occurrences of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has legal claim to the resources, deferred revenue is removed from the combined balance sheet and revenue is recognized.

D. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the City) and its blended component units. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function. Program revenues include 1) charges paid by the recipient of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

When both restricted and unrestricted net assets are available, restricted resources are used only after the unrestricted resources are depleted.

City of Ione
Notes to Financial Statements
June 30, 2007

Note 1: Summary of Significant Accounting Policies (Continued)

D. Basis of Presentation (Continued)

Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in separate columns. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund - This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists primarily of general government type activities.

Gas Tax Fund – This fund accounts for revenues and expenditures of street related projects funded by the highway users tax apportionment from the State of California.

TDA Fund – This fund accounts for Local Transportation Commission funds collected and spent by the City on transportation related projects.

Police Building Fund – This fund accounts for building impact fees collected from developer building permits to finance a new police building.

Fire Building Fund – This fund accounts for building impact fees collected from developer building permits to finance a new fire building and fire apparatus.

The City reports the following major enterprise funds.

Sewer Fund O & M and Capital Funds - account for the operation of the City's sewer utilities. Activities of these funds include administration, operation and maintenance of the water and sewer systems and billing and collection activities. These Funds also accumulate resources for future expansion. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the Funds.

The City also reports the following Fiduciary Fund type:

Agency Fund – is used to account for assets held by the City in an agency capacity for other governments, developers or landowners.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

City of Ione
Notes to Financial Statements
June 30, 2007

Note 1: Summary of Significant Accounting Policies (Continued)

F. Cash Equivalents

For the purpose of the statement of cash flows, the City considers cash and cash equivalents as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Restricted cash and unrestricted pooled cash and investments held by the City are considered cash equivalents for purposes of the combined statement of cash flow's because the City's cash management pool and funds invested by the City possess the characteristics of demand deposit accounts.

G. Fixed Assets

The City has not maintained a complete record of historical costs of capital assets for governmental or business-type activities. Due to the lack of records we have omitted the fixed assets from the financial statements and have given no opinion for capital assets, accumulated depreciation or depreciation expense related to the government-wide financial statements and proprietary fund financial statements.

H. Balance Sheet Classifications

Certain resources are classified as restricted assets as their use is restricted for specific purposes by bond agreements, lease agreements, trust agreements, grant agreements, City Charter provisions, or other requirements. Governmental fund types' restricted assets are for grant and bond agreements. Proprietary fund types' restricted assets are for renewal and replacement of equipment.

I. Property Tax

Amador County is responsible for assessing, collecting and distributing property taxes in accordance with enabling legislation. Revenue received is based on an allocation factor calculated by the County under the provisions of Proposition 13 plus a percentage of the increase in market value in specific areas. The City's property tax is levied each July 1 on the assessed values as of the prior January 1 for all real and personal property located in the City. Property sold after the assessment date (January 1) is reassessed and the amount of property tax levied is prorated.

Secured property taxes are due in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Unsecured property tax is levied on July 1 and due on July 31 and becomes delinquent on August 31.

Based on a policy by the County called the Teeter Plan, 100% of the allocated secured taxes are transmitted by the County to the City, eliminating the need for an allowance for uncollectible taxes. The County, in return, receives all penalties and interest on the related delinquent taxes.

J. Proprietary Fund Accounting

The City has elected, under Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, not to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989.

City of Ione
Notes to Financial Statements
June 30, 2007

Note 1: Summary of Significant Accounting Policies (Continued)

K. Fund Equity

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Unreserved retained earnings for proprietary funds represent the net assets available for future operations.

Reservations of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

Restricted net assets for proprietary funds represent the net assets that have been legally identified for specific purposes.

L. Compensated Absences

City employees are granted vacation in varying amounts based on classification and length of service. Upon termination or retirement, the City is to pay 100% of the vacation time accrued and none of the accrued sick leave.

Governmental Funds – Governmental Funds record expenditures for compensated absences as they are taken by employees. A year-end accrual for compensated absences has not been made in the Governmental Funds as of June 30, 2007, because the City does not believe any of the available year-end resources will be required to fund the year-end compensated absences liability.

Proprietary Funds – Proprietary funds accrue a liability for unused compensated absences earned through year-end. An expense is recognized for the increase in liability from the prior year.

M. Intergovernmental Revenues

Federal and state governments reimburse the City for costs incurred on certain fixed asset construction projects under capital grant agreements. Amounts claimed under such grants are credited to intergovernmental revenues if the project is being administered by a Capital Projects Fund or to contributed capital if administered by a Proprietary Fund. Additionally, the City receives reimbursement from federal and state governments for other programs, such as housing and rehabilitation. These reimbursements are recorded in the fund administering the program as intergovernmental revenues with the related program costs included in expenditures.

The respective grant agreements generally require the City to maintain accounting records and substantiating evidence to determine if all costs incurred and claimed are proper and that the City is in compliance with other terms of the grant agreements. These records are subject to audit by the appropriate government agency. Any amounts disallowed will reduce future claims or be directly recovered from the City.

City of Ione
Notes to Financial Statements
June 30, 2007

Note 2: Cash and Investments

Cash and investments are classified in the financial statements as follows:

Cash and investments	\$2,933,905
Restricted cash and investments	<u>4,372,190</u>
Cash and investments, Statement of net assets	7,306,095
Cash and investments, Statement of fiduciary net assets	<u>2,476,872</u>
Total cash and investments	<u>\$9,782,967</u>

Cash and investments at June 30, 2007, consisted of the following:

General checking	\$ 343,979
General savings	59,324
Cash on hand	400
Investments	<u>9,379,264</u>
Total cash and investments	<u>\$9,782,967</u>

A. Investments Authorized by the California Government Code and the Entity's Investment Policy

The table below identifies the **investment types** that are authorized for the City of Ione (City) by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address **interest rate risk, credit risk and concentration of credit risk**. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City investment policy.

Authorized Investment Type	Maximum Maturity	Percentage of Portfolio	Investment in One Issuer
Investment pools authorized under CA			
Statutes governed by Government Code	N/A	None	\$40 million
U.S. Treasury Obligations	5 years	None	None
Bank Savings Accounts	N/A	25%	None
Federal Agencies	5 years	75%	None
Commercial Paper	180 days	20%	None
Negotiable Certificates of Deposit	180 days	20%	None
Re-Purchase Agreements	180 days	20%	None
Corporate Debt	5 years	25%	None

B. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of and investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investment by maturity:

City of Ione
Notes to Financial Statements
June 30, 2007

Note 2: Cash and Investments (Continued)

B. Disclosures Relating to Interest Rate Risk (Continued)

Investment type	Totals	Remaining Maturity (in Months)			
		12 Months or Less	13-24 Months	25-36 Months	37-48 Months
State Investment Pool*	\$ 7,284,207	\$ 7,284,207	\$ -	\$ -	\$ -
Held by Trustee:					
Money Market Funds*	2,483,733	2,483,733			
Totals	<u>\$ 9,767,940</u>	<u>\$ 9,767,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Not subject to categorization

C. Concentrations of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. There are no investments to one issuer exceeding those limits.

D. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment of collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits; The California Government Code requires that a financial institution secured deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the City's deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2007, the City's deposits balance was \$493,787 and the carrying amount was \$403,303. The difference between the bank balance and the carrying amount was due to normal outstanding checks and deposits in transit. Of the bank balance, \$100,000 was covered by the Federal Depository Insurance and \$393,787 was covered by collateral held in the pledging bank's trust department in the City's name.

E. Investment in State Investment Pool

LAIF is included in the State's Pooled Money Investment Account. The total amount invested by all public agencies in the State's Pooled Money Investment Account approximates \$65.7 billion. Of the \$65.7 billion managed by the State Treasurer, 100.00% is invested in non-derivative financial products and 3.466% is invested in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by state statute.

Investments are accounted for in accordance with the provisions of GASB Statement No. 31, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in fair value of investments in the year in which the change occurred. The City reports its investments at fair value based on quoted market information obtained from fiscal agents or other sources if the change is material to the financial statements.

City of Ione
Notes to Financial Statements
June 30, 2007

Note 3: Long-term Debt

A summary of the changes in the City's governmental activities long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2007:

	Balance 7/1/2006	Additions	Adjustments/ Reductions	Balance 6/30/2007	Due w/in One Year
Capital Leases Payable	\$ 13,000	\$ -	\$ (13,000)	\$ -	\$ -
Note Payable	61,040		(20,347)	40,693	20,347
Compensated Absences	38,291	29,425	(36,871)	30,845	-
Total	<u>\$ 112,331</u>	<u>\$ 29,425</u>	<u>\$ (70,218)</u>	<u>\$ 71,538</u>	<u>\$ 20,347</u>

Governmental Activities:

Capital Leases Payable

On January 21, 2003 the City obtained financing from the Lois Vimini Trust to lease/purchase a land at 15 Sacramento Street, Ione, CA for use as a parking lot. The lease calls for annual payments of \$13,000, including interest, beginning February 15, 2003 and maturing February 15, 2007. The City shall have the option to purchase the land by paying to the lessor all rent payments then due (including accrued interest, if any) as stipulated in the lease agreement. Interest rates on the capital lease are imputed at 6%.

The capital lease was paid off in the 2006-2007 fiscal year.

Note Payable

On August 15, 1994 the City entered into an agreement to purchase 88.69 acres of land known as Howard Park. The loan is payable in 15 annual installments of \$20,347 and one balloon payment of \$244,800 due at the date which is fifteen years from the close of escrow. The terms of the agreement stipulate that the interest of 7.5% per year will be deferred and waived if all annual installments are paid on time. Furthermore paragraph 1d. of the agreement states that the seller sewer fee annexation charges of \$244,800 recorded November 9, 1990 in the official record of Amador County shall become a credit on the single balloon payment and in return the seller annexation charge payment will be waived.

The following is a schedule of note payments as of June 30, 2007:

Fiscal Year Ending June 30	Amount
2008	\$ 20,347
2009	20,346
Total	* <u>\$ 40,693</u>

* Assumes accrued interest waived and \$244,800 sewer annexation credit against final balloon payment.

City of Ione
Notes to Financial Statements
June 30, 2007

Note 3: Long-term Debt (Continued)

A summary of changes in the City's business-type activities long-term liabilities for the year ended June 30, 2007:

	Balance 7/1/2006	Additions	Adjustments/ Reductions	Balance 6/30/2007	Due w/in One Year
Compensated Absences	\$ 6,585	\$ 6,749	\$ (7,260)	\$ 6,074	\$ -
Total	<u>\$ 6,585</u>	<u>\$ 6,749</u>	<u>\$ (7,260)</u>	<u>\$ 6,074</u>	<u>\$ -</u>

Note 4: Defined Benefit Pension Plan

CalPERS

A. Plan Description

The City's defined benefit pension plan, the California Public Employees' Retirement System, provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The California Public Employees' Retirement System is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814.

B. Funding Policy

Active plan members in the City's defined pension plan are required to contribute 7% of miscellaneous employee and 9% of safety employee annual covered salaries. The City makes the required employee contribution as an employee benefit. The city is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS' Board of Administration. The required employer contribution rate for fiscal 2006/07 was 12.489% for miscellaneous members and 34.409% for safety members. The contribution requirements of the plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS.

C. Annual Pension Cost

For fiscal year 2006/07, the City's annual pension cost was \$156,188 and the City actually contributed \$156,188. The City contributes both the employee and employer portion. The required contribution for fiscal year 2006/07 was determined as part of the June 30, 2004, actuarial valuation using entry age actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% for miscellaneous members (from 3.25% to 14.45% for safety members), and (c) .25% salary adjustment. Both (a) and (b) include an inflation component of 3.0%. The actuarial value of the plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a three year period (smoothed market value). The plan's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2007 was 14 years for miscellaneous members and 14 years for safety members as of the valuation date.

City of Ione
Notes to Financial Statements
June 30, 2007

Note 4: Defined Benefit Pension Plan (Continued)

Three – Year Trend Information for the City

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/05	\$ 90,812	100%	\$ -
06/30/06	\$ 152,126	100%	\$ -
06/30/07	\$ 156,188	100%	\$ -

Note 5: Post Retirement Healthcare Benefits

The City provides health insurance benefits for all of its employees. Retirees, as qualified under the Public Employees' Retirement System (PERS), will be eligible for health insurance as set forth by the PERS health program. This allows for payment of premiums to the same contribution limit as the City pays for in service employees. Also included is eligibility for retiree's eligible spouse and family as determined by PERS guidelines.

Retirement eligibility for City employees to be eligible for these benefits is 5 years vested full – time service and separating from the City into a retirement status within the PERS Retirement System.

The City's contribution for each employee or annuitant shall be the amount necessary to pay the full cost of the individual's enrollment in the least expensive plan, up to and including family plan, offered by PERS.

Benefit costs are recorded on a pay-as-you-go basis. For the most recent fiscal year, the City expended \$2,228, including administrative fees, for post-employment health insurance benefits. One retiree was covered.

Note 6: Special Assessment Districts

During the 1989-90 fiscal year, the City of Ione created two Community Facilities Districts. The City Council and management are responsible for the administration of the Community Facilities Districts formed under the provisions of Mello-Roos. The City is not obligated to repay the special assessment debt to the debt holders.

On August 16, 2006 the 1989-1 and 1989-2 Community Facilities District special assessment debt, with no governmental commitment was redeemed resulting in a repayment and defeasance. The total amount repaid and defeased was \$13,365,000 principal along with \$3,703,335 of interest that was in default and on August 16, 2006 was cured. Furthermore \$18,475,000 Community Facilities District special assessment debt with no governmental commitment was issued and additional Community Facility Districts were established to pay for the limited liability debt. Reserve funds totalling \$671,250 were established and \$1,786,710 was paid out for cost of issuance, underwriter's discount, release of set aside funds and private placement fees.

The amount of the special assessment debt with no governmental commitment at June 30, 2007, is:

Community Facilities District 2005-1	\$ 2,770,000
Community Facilities District 2005-2IA1	3,845,000
Community Facilities District 2005-2IA2	1,550,000
Community Facilities District 2005-2IA3	9,855,000
Total	<u>\$ 18,020,000</u>

City of Ione
Notes to Financial Statements
June 30, 2007

Note 7: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City joined together with other cities in the State to form Small Cities Organized Risk Effort (SCORE), a public entity risk pool currently operating as a common risk management and insurance program for member cities. The City pays an annual premium to SCORE for its insurance coverage. The Agreement for Formation of the SCORE provides that SCORE will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of self insured levels. A Board of Directors governs the SCORE, consisting of one member appointed by each member City. A management group employed by the SCORE handles the day-to-day business. At the termination of the joint power agreement and after all claims been settled, any excess or deficit will be divided among the cities in accordance with its governing documents. Financial statements of SCORE are available at the City.

Note 8: Lease Income

On July 30th, 1990 the City entered into an agreement with Portlock International to lease the City owned property for the operation of a public golf course. The term of the lease is fifty five years commencing in June 1994. The rent is due as follows: years 6 to 10 is 1%, years 11 to 15 is 2% , years 16 to 20 is 3% and years 21 to 55 is 4% of gross revenue from the operation of the golf course, clubhouse, pro shop, driving range and other golf course facilities. The rent is due before the 20th day following each December 31st. The agreement also states that lessee will pay the City the greater of \$50,000 or 1% of the sales price, if the lessee assigns its leasehold interest to a third party.

Note 9: Interfund Transactions

Operating transfers are transactions to allocate resources from one fund to another fund not contingent on the incurrance of specific expenditures in the receiving fund. Interfund transfers are generally recorded as operating transfers in and operating transfers out in the same accounting period.

Receivables and Payables:

Balances representing lending/borrowing transactions between funds outstanding at the fiscal year end are reported as either "due from/due to other funds" (amounts due within one year), "advances to/from other funds" (non-current portions of interfund lending/borrowing transactions), or "loans to/from other funds" (long-term lending/borrowing transactions evidenced by loan agreements). Advances and loans to other funds are offset by a fund balance reserve in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

Interfund transactions for the fiscal year ended June 30, 2007 are summarized as follows:

Fund Type	Advances To Other Funds	Advances From Other Funds	Due To Other Funds	Due From Other Funds	Operating Transfers In	Operating Transfers Out
General	\$ -	\$ 244,800	\$ -	\$ 96,225	\$ 12,621	\$ 85,185
Special Revenue	-	-	16,332	-	146,378	123,414
Capital Projects	-	-	79,893	-	49,600	-
Enterprise	244,800	-	-	-	-	-
Total	\$ 244,800	\$ 244,800	\$ 96,225	\$ 96,225	\$ 208,599	\$ 208,599

City of Ione
Notes to Financial Statements
June 30, 2007

Note 10: Stewardship, Compliance and Accountability

A. Excess of Expenditures Over Appropriations

<u>Major Fund</u>	<u>Excess Expenditures</u>
General Fund	
Finance	\$ 39,568
City Council	\$ 860
Fire Department	\$ 21,596
Debt Service	\$ 13,780
Capital Project-Fire	
Public Safety	\$ 7,816
Capital Project-Police	
Public Safety	\$ 1,093

B. Deficit Fund Balances

Non-major capital project funds have four funds with deficit fund balances and non-major special revenue funds have one fund with a deficit fund balance. The deficit balances are expected to be eliminated upon receipt of funding from granting authorities or through matching funds/subsidies from the General fund of the City.

Note 11: Deferred Compensation Plan

City employees may defer a portion of their compensation under a City sponsored deferred compensation plan created in accordance with the Internal Revenue Service Code Section 457. Under this plan participants are not taxed on the deferred portion of their compensation until distributed; distributions are defined under the plan. The contribution is made by the participant and the City does not match any portion of the contribution. The plan trustee is the California Public Retirement System.

The laws governing deferred compensation plans, requires plan assets to be held in trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under this plan are not the City's property and are not subject to claims by general creditors of the City, they have been excluded from these financial statements.

Note 12: Prior Period Adjustments

Adjustments were made to the fund financial statements for activity related to prior years

General Fund

- Increase fund equity \$4,964 for a prior year overpayment to the CalPERS pension plan.

Gas Tax

- Increase fund equity \$368 for a prior year overpayment to the CalPERS pension plan.

Cops Grant SLESF AB3229

- Increase fund equity \$1,078 for a prior year overpayment to the CalPERS pension plan.

Arena Fund

- Increase fund equity \$62 for a prior year overpayment to the CalPERS pension plan.

Wildflower Assessment District

- Increase fund equity \$1,218 for a prior year overpayment to the CalPERS pension plan.

Sewer O&M Fund

- Increase fund equity \$1,245 for a prior year overpayment to the CalPERS pension plan.
- Decrease fund equity \$10,265 to transfer prior year salaries that were coded to the tertiary plant.

Sewer Tertiary

- Increase fund equity \$10,265 to transfer prior year salaries to the Sewer O&M Fund.

City of Ione
Notes to Financial Statements
June 30, 2007

Note 13: Revenue Limitations Imposed by California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the City's ability to impose, increase, and extend taxes and assessments. Any new increase or extended taxes and assessments subject to the provisions of Proposition 218, requires voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes and assessments are subject to voter initiative and may be rescinded in the future years by the voters.

Note 14: Gann Limit

Proceeds subject to the limit for 2006-2007	\$ 1,850,375
Amount of limit for 2006-2007	<u>2,216,481</u>
Amount (under)/over limit	<u>\$ (366,106)</u>
Per Capita Percentage Change	3.96%
Population Change (1-1-05=3,426, 1-1-06=3,451)*	0.64%

* Net of exclusions for correctional institution.

Note 15: Commitments and Contingencies

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Lawsuits

Various claims have been filed against the City. In the opinion of the City's management and legal counsel, the claims will not have a material impact on the basic financial statements.

Long-term debt

Under the provisions of the note payable for the purchase of Howard Park, the City will be contingently liable for the accrued interest on the note payable, should the City miss any of the scheduled annual payments. The amount of the contingent liability at June 30, 2007 was approximately \$632,857 at a 7.5% nominal annual rate. The City has not accrued a liability in the basic financial statements because they anticipate making all the annual payments on time.

The City is also contingently liable for the final \$244,800 balloon payment on the Howard Park note payable. The City anticipates using a credit against prior year Sewer Annexation fees, owed by the Howard Park trustees to the City, to offset the final balloon payment as stipulated in the long-term debt agreement.

City of Ione
Required Supplementary Information
Schedule of Funding Progress
June 30, 2007

The City contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employee defined benefit plan. Since the City has less than 100 active members in the plan, it is required by CalPERS to participate in a risk pool. The following valuation reports the activity of the risk pool as a whole, and not the specific activity of individual members, such as the City.

Valuation Date	Accrued Liability	Value of Assets	(Overfunded) Liability	Funded Ratio	Covered Payroll	UUAL as a % of Payroll
6/30/2004	\$ 434,267,445	\$ 379,807,592	\$ 54,459,853	87.5%	\$ 97,227,479	56.0%
6/30/2005	\$ 579,276,103	\$ 500,388,523	\$ 78,887,580	86.4%	\$ 129,379,492	61.0%
6/30/2006	\$ 912,988,585	\$ 787,758,909	\$ 125,229,676	86.3%	\$ 200,320,145	62.5%

Safety Members

Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
6/30/2004	\$ 996,203,370	\$ 885,549,650	\$ 110,653,720	88.9%	\$ 149,407,703	74.1%
6/30/2005	\$ 742,247,338	\$ 646,358,708	\$ 95,888,630	87.1%	\$ 115,062,820	83.3%
6/30/2006	\$ 534,135,011	\$ 460,948,462	\$ 73,186,549	86.3%	\$ 84,179,637	86.9%

CITY OF IONE

**Required Supplementary Information
Budgetary Comparison Schedule
General Fund**

For the Fiscal Year Ended June 30, 2007

	Original Budget	Final Proposed Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes				
Property tax	\$ 560,263	\$ 560,263	\$ 595,716	\$ 35,453
Sales	158,871	158,871	153,701	(5,170)
Transient occupancy	1,639	1,639	516	(1,123)
Sales tax - public safety	2,644	2,644	5,025	2,381
Real property transfer	22,000	22,000	16,778	(5,222)
Total Taxes	<u>745,417</u>	<u>745,417</u>	<u>771,736</u>	<u>26,320</u>
Licenses and Permits				
Franchise tax	76,478	76,478	80,375	3,897
Business license	8,016	8,016	2,500	(5,516)
Building permits	210,000	210,000	84,914	(125,086)
Burn permits	400	400	310	(90)
Solid waste permit	1,000	1,000		(1,000)
Grading permits			9,117	9,117
Encroachment permit	900	900	5,450	4,550
Total Licenses and Permits	<u>296,794</u>	<u>296,794</u>	<u>182,666</u>	<u>(112,509)</u>
Intergovernmental				
Motor vehicle in lieu (state)	728,998	728,998	717,291	(11,707)
HOPTR	8,980	8,980	4,405	(4,575)
Peace officers training	5,120	5,120	392	(4,728)
Mandated cost reimbursement	2,000	2,000	29,137	27,137
Grants			2,500	2,500
Total Intergovernmental	<u>745,098</u>	<u>745,098</u>	<u>753,725</u>	<u>8,626</u>
Fines, Forfeitures and Penalties				
Parking citations and other fines	6,550	6,550	27,967	21,417
Total Fines, Forfeitures and Penalties	<u>6,550</u>	<u>6,550</u>	<u>27,967</u>	<u>21,417</u>
Charges for Current Services				
Plan checking	135,000	135,000	29,636	(105,364)
Total Charges for Current Services	<u>135,000</u>	<u>135,000</u>	<u>29,636</u>	<u>(105,364)</u>
Use of Money and Property				
Interest and investment income	75,000	75,000	157,372	82,372
Sale of real property	1,500	1,500		(1,500)
Rent	28,040	28,040	20,491	(7,549)
Total Use of Money and Property	<u>104,540</u>	<u>104,540</u>	<u>177,863</u>	<u>73,323</u>
Other				
Insurance refunds and dividends	1,000	1,000	12	(988)
Reimbursement bond issuance costs	150,000	150,000	153,499	3,499
Miscellaneous - all others	26,160	26,160	2,073	(24,087)
Total Other	<u>177,160</u>	<u>177,160</u>	<u>155,584</u>	<u>(21,576)</u>
Total Revenues	<u>\$ 2,210,559</u>	<u>\$ 2,210,559</u>	<u>\$ 2,099,177</u>	<u>\$ (111,382)</u>

CITY OF IONE

Required Supplementary Information
Budgetary Comparison Schedule (Continued)
General Fund
For the Fiscal Year Ended June 30, 2007

	Original Budget	Final Proposed Budget	Actual	Variance Favorable (Unfavorable)
Total Revenues (Continued)	\$ 2,210,559	\$ 2,210,559	\$ 2,099,177	\$ (111,382)
Expenditures				
General Government				
City council	51,000	51,000	51,860	(860)
Administration	196,085	196,085	193,039	3,046
City Clerk	40,619	40,619	19,850	20,769
Finance	222,811	222,811	262,379	(39,568)
City treasurer	3,070	3,070	2,989	81
City Attorney	36,450	36,450	35,580	870
Total General Government	550,035	550,035	565,697	(15,662)
Public Ways and Facilities/Transportation				
Planning	95,138	95,138	41,413	53,725
Building inspection	113,159	113,159	87,427	25,732
Engineering	30,000	30,000	27,667	2,333
Building maintenance	44,473	44,473	34,005	10,468
Special projects	154,118	154,118	44,372	109,746
Total Public Ways and Facilities/Transportation	436,888	436,888	234,884	202,004
Public Safety				
Police	699,201	699,201	631,574	67,627
Fire	113,230	113,230	134,826	(21,596)
Total Public Safety	812,431	812,431	766,400	46,031
Community Development				
Parks and recreation	276,248	276,248	266,298	9,950
Total Community Development	276,248	276,248	266,298	9,950
Debt Service				
Principal			13,000	(13,000)
Interest			780	(780)
Total Debt Service			13,780	(13,780)
Total Expenditures	2,075,602	2,075,602	1,847,059	241,542
Excess (Deficit) of Revenues Over Expenditures	134,957	134,957	252,118	117,161
Other Financing Sources (Uses)				
Operating transfers in			12,621	12,621
Operating transfers out	(134,957)	(134,957)	(85,185)	49,772
Total Other Financing Sources (Uses)	(134,957)	(134,957)	(72,564)	62,393
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ -	\$ -	179,554	\$ 179,554
Fund Balance, July 1, 2006			1,551,917	
Prior period adjustment			4,964	
Fund Balance, June 30, 2007			\$ 1,736,435	