

86.



City of West Allis Matter Summary

7525 W. Greenfield Ave.
West Allis, WI 53214

File Number	Title	Status
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2006-0654 Communication In Committee

Time Warner Cable communication reporting on 2006 activities as well as rate and channel changes to take effect December 2006.

Introduced: 11/8/2006

Controlling Body: License & Health Committee

PLACE ON FILE

COMMITTEE RECOMMENDATION

ACTION DATE:	MOVER	SECONDER		AYE	NO	PRESENT	EXCUSED
NOV 08 2006	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Barczak				
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Czaplewski	<input checked="" type="checkbox"/>			
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Dobrowski	<input checked="" type="checkbox"/>			
	<input type="checkbox"/>	<input type="checkbox"/>	Kopplin	<input checked="" type="checkbox"/>			
	<input type="checkbox"/>	<input type="checkbox"/>	Lajsic				
	<input type="checkbox"/>	<input type="checkbox"/>	Narlock	<input checked="" type="checkbox"/>			
	<input type="checkbox"/>	<input type="checkbox"/>	Reinke				
	<input type="checkbox"/>	<input type="checkbox"/>	Sengstock				<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	Vitale				
<input type="checkbox"/>	<input type="checkbox"/>	Weigel					
			TOTAL	4	1		1

SIGNATURE OF COMMITTEE MEMBER

Kurt Kopplin Chair Vice-Chair Member

COMMON COUNCIL ACTION

PLACE ON FILE

ACTION DATE:	MOVER	SECONDER		AYE	NO	PRESENT	EXCUSED
NOV 08 2006	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Barczak				<input checked="" type="checkbox"/>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Czaplewski	<input checked="" type="checkbox"/>			
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Dobrowski	<input checked="" type="checkbox"/>			
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Kopplin	<input checked="" type="checkbox"/>			
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Lajsic	<input checked="" type="checkbox"/>			
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Narlock	<input checked="" type="checkbox"/>			
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Reinke	<input checked="" type="checkbox"/>			
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sengstock	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Vitale	<input checked="" type="checkbox"/>			
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Weigel	<input checked="" type="checkbox"/>				
			TOTAL	8	1		1

UNANIMOUS

**STANDING COMMITTEES OF THE
CITY OF WEST ALLIS COMMON COUNCIL
2004**

ADMINISTRATION & FINANCE

Chair: Michael J. Czaplewski
Vice-Chair: Martin J. Weigel
Gary T. Barczak
Thomas G. Lajsic
Rosalie L. Reinke

PUBLIC WORKS

Chair: Richard F. Narlock
Vice-Chair: Linda A. Dobrowski
Kurt E. Kopplin
Vincent Vitale
James W. Sengstock

SAFETY & DEVELOPMENT

Chair: Thomas G. Lajsic
Vice-Chair: Vincent Vitale
Gary T. Barczak
Martin J. Weigel
Rosalie L. Reinke

LICENSE & HEALTH

Chair: Kurt E. Kopplin
Vice-Chair: James W. Sengstock
Linda A. Dobrowski
Richard F. Narlock
Michael J. Czaplewski

ADVISORY

Chair: Rosalie L. Reinke
Vice-Chair: Gary T. Barczak
Linda A. Dobrowski
Vincent Vitale
Martin J. Weigel



OFFICE OF THE MAYOR
RECEIVED
OCT 20 2006
WEST ALLIS, WI

October 26, 2006

Mayor Jeannette Bell
City of West Allis
7525 West Greenfield Avenue
West Allis, WI 53214

Dear Mayor Bell:

Time Warner Cable is a technology leader who continues to introduce advanced interactive services to meet the needs of our customers. In this growing competitive environment, our state of the art products and services give customers more convenience, choice, and control over their in home entertainment. Time Warner Cable's sophisticated cable platform allows us to deliver a bundled package that includes digital cable television, high-speed data, and digital phone service.

Our ability to bundle all three services is the direct result of investing over \$300 million to upgrade our entire Wisconsin cable system. Our upgraded system has also allowed us to remain ahead of our competitors in providing superior services our customer expect from their information and entertainment provider. Time Warner Cable will continue to launch new products and services that will improve the quality of life of all our customers.

In 2006, Time Warner Cable added and enhanced the following products:

- Time Warner Cable's "Navigator", a new and innovative on screen guide that provides customers with more interactive control through the "Access Menu" and "Find Shows" options. This new technology will allow us to offer services like interactive gaming, Fantasy Football on TV, and on screen caller ID in the very near future.
- "Wisconsin on Demand", the country's first robust local on demand channel (digital channel 1111), launched WTMJ News and continues to out perform all Free On Demand channels. Watch WloD for exclusive local programming all about our great state of Wisconsin, including local news, restaurant reviews, travel destinations, and high school sports.
- Time Warner Cable received the JD Powers Award for Customer Satisfaction as our Digital Phone product exceeded its 100,000th customer in Eastern Wisconsin.



- Digital Cable service added 12 new channels such as: Today's TMJ Weather Plus Channel, TV One, TBS On Demand, TNT On Demand, Expo TV On Demand, Home Preview Channel, and Movie Trailers On Demand.
- Time Warner Cable celebrated the 10th anniversary of Road Runner High Speed Online and introduced Road Runner PhotoShow Deluxe. This new feature allows customers to organize and edit their photos, create animated PhotoShows and share their photos with family and friends.
- Time Warner Cable offers the High Definition Digital Video Recorder and 16 (HD) channels, like HBO, Showtime, Discovery HD Theater, WISN-TV12 (ABC), WTMJ-TV4 (NBC), WDJT-TV58 (CBS), WITI-TV6 (FOX), MPTV (PBS), Fox Sports Net, TNT HD, iNHD, Universal HD, HD Net, HD Net Movies, and ESPN HD.

Time Warner Cable offers a variety of cable, high-speed data, and digital phone packages at money saving competitive prices even though our costs associated with delivering high quality entertainment and information to our customers continues to increase. Cable service alone offers thousands of hours per day of around-the-clock educational, informational and entertainment programming. For the seventh consecutive year we've experienced double digit increases in license fees we pay to programming networks. However, Time Warner Cable has minimized the impact to our customers by keeping our rates as competitive as possible by creating unique bundled packages.

As we always keep you informed of any changes to our services, I am including a sample brochure and a sample print out that will be sent in our customer's November bills notifying them of all channel and rate changes effective December 2006. You will see that our customers have a variety of money saving packages that have been created to meet their information and entertainment needs.

Time Warner Cable also realizes that in order to provide our state of the art services we need a dedicated team of local employees who are committed to providing outstanding customer care. Our Customer Call Center is open 24 hours per day 7 days per week. We provide three hour appointment windows, an "On Time Guarantee" program, Parental Control options, Answers On Demand on channel 1999, product information on Digital Channel 1, eCustomer Care and Internet Online Order Service, all of which has been designed and



implemented as part of Time Warner Cable's goal to remain a "Customer Centric" organization.

Finally, in 2006, Time Warner Cable of Southeast Wisconsin received the Civic Leadership Award for its outstanding commitment to the improving the quality of life in the community. Time Warner Cable has always valued the importance of good corporate citizenship by encouraging employee volunteerism, community support and social responsibility as a key component to the success of our business. Time Warner Cable invests heavily in our future and in our communities by providing free cable service and free high-speed cable modems and Internet access to all schools and public libraries in all of our service areas. Our unique educational initiatives such as: Time Warner Cable's Hang Tough Video Contest, Time Warner Cable's Kidz Biz program, Time Warner Cable's Road Runner Club, Time Warner Cable's Scholarship Program, Teaching Creatively with Cable Awards, Crystal Apple Awards, the Ready to Ready program, and the hundreds of organizations we partner with each year, permits us to positively impact the lives of thousands of Wisconsin residents, educators and students.

We recognize that your residents and our customers have a variety of entertainment options. We want you to know that we value the opportunity to serve them and you. As always, I will be happy to answer any questions. Please feel free to contact me at 414/277-4193.

Sincerely,


Celeste Flynn
Director, Public Affairs

**Please refer to the enclosed brochure for important information
on other rates, Digital Packages and exciting new products.**

NEW MONTHLY CABLE PRICES

Effective December 2006:

Basic Service	\$12.60
Senior Basic	\$10.46
Senior Standard Package (Includes over 75 of the most popular channels)	\$39.96

Rates do not include franchise fees, FCC regulatory fees, Community Requested Community TV fee, or state and local taxes. The rates become effective with your December, 2006 billing statement. Prices are subject to change. Annual rate adjustments reflect year-to-year changes in programming and operating costs. To qualify for a senior discount, you must be 62 years of age or older.

CALL BY DECEMBER 31, 2006 AND LOCK IN THE FOLLOWING RATES FOR THE NEXT 15 MONTHS.



Digital Cable plus Road Runner plus Home Phone Service with unlimited nationwide, local and long distance calling **\$123.99** each month



\$90.99 each month

Digital Cable plus Home Phone Service with unlimited nationwide, local and long distance calling



\$90.99 each month

Digital Cable plus Road Runner



\$79.90 each month

Road Runner plus Home Phone Service with unlimited nationwide, local and long distance calling

Offer valid for new or upgrading Time Warner Cable Digital Access/Digital Phone/ Road Runner High Speed Online residential customers in Digital Phone serviceable areas in S.E. Wisconsin. Digital converter required for digital cable service. One (1) digital converter included in All the Best, Watch + Surf and Watch + Talk package prices. Additional digital converters \$7.95/mth per outlet. The voice enabled cable modem used to provide Digital Phone is electrically powered and in the event of a power outage or Time Warner Cable network failure, the ability to access Enhanced 9-1-1 services will not be available. Additional charges apply for taxes, fees, Directory Assistance, Operator Services and calls to International locations. Residential use only. All services not available in all areas. Other restrictions may apply. Offer expires 12/31/06.

LOOK WHAT'S NEW AT TIME WARNER CABLE!

New Time Warner Cable Navigator™ — Presenting our new on-screen program guide, the Time Warner Cable Navigator™ with exciting enhancements like a robust Access Menu with easy-to-use screens, a new programming search tool, and increased Parental Control functionality. You can even preview your Movie On Demand selection before you order!

Road Runner "Turbo Charge" — Love your Road Runner but wish it was even faster? "Turbo Charge" your service and tackle the most challenging downloads in a fraction of the time.

Second Phone Line — Stop fighting for the phone with Digital Phone 2nd Line Service! For just \$29.95 a month, you can add a second line with the same unlimited nationwide calling and great features as your first line.

Flexible Calling Plans for local and in-state calling.



A09

IMPORTANT PRICING AND PROGRAMMING INFORMATION



CABLE + HIGH-SPEED ONLINE + DIGITAL PHONE

December 2006



Digital Cable plus Road Runner plus Home Phone Service



Digital Cable

Provides you with Crystal-Clear Digital Picture and Sound.

- Over 200 channels
- 46 channels of CD-quality music
- 48 channels of HBO, Cinemax, Showtime and TMC
- Access to exclusive On Demand services that put you in control
- Parental Controls — control over what your family watches

FREE ON DEMAND

Music videos. Your favorite shows. Exclusive local programs. All free.

All on your schedule featuring:



WISCONSIN ON DEMAND CHANNEL 1111 is exclusive to Time Warner Cable

Get your state on your schedule. Wisconsin On Demand is the only place for exclusive Wisconsin programming!

Coming Soon — MPTV programs: Antiques Roadshow, Outdoor Wisconsin, The Newshour with Jim Lehrer, Black Nouveau, and Great Lakes Gardener.

- AOL Music On Demand
- National Geographic Channel On Demand
- G4 On Demand
- HGTV On Demand
- WMP TV On Demand
- And many more!

MOVIES ON DEMAND

With Movies on Demand, you can choose from hundreds of hot titles and classic movies on Channel 1000.

- Instantly start your selection whenever you want
- Pause, rewind and fast-forward using your digital remote control

TIME WARNER SPORTS — COMING SOON



Time Warner Cable will launch a local sports channel, featuring High School, Collegiate, and Professional sporting events all year round, including exclusive content you won't see anywhere else. Time Warner Sports will bring our viewers the best in local sports and entertainment throughout the year.



HIGH DEFINITION TELEVISION

With 17 channels of HDTV, we've got the HD channels that you *really* want to see.

HIGH DEFINITION DEFINED

5 FREE CHANNELS OF LOCAL HDTV



Free HDTV programming available with Digital Access Package or above.

PREMIUMS IN HD



HD PACKAGE



Subscription to HBO or Showtime required

Requires minimum Digital Access Package. HD equipment priced separately.



HD Movies On Demand

COMING IN 2007

Caller ID on TV — See who's calling right on your TV screen with New Caller ID on TV, FREE with Time Warner Cable's Home Phone service and Digital Cable.

Interactive Games — You'll be able to play great games right on your TV using your remote control — no extra equipment is needed. Arcade, puzzles, kids games and more are available. Games will be offered on a subscription basis.

Voting and Polling — Vote on some of your favorite TV shows using your remote control.



2007 MONTHLY RATES

Effective December 1, 2006. Rates do not include Franchise Fees or state and local taxes. Rates and channel lineup subject to change. These rates become effective with your December 2006 bill.

CABLE SERVICES

Prices do not include equipment.

BASIC SERVICE	Please refer to the back of (includes more than 25 channels) your Nov/Dec 2006 bill.
STANDARD SERVICE	\$48.15 <i>(75 of the most popular cable channels, including Basic service)</i>
DIGITAL ACCESS PACKAGE	\$48.99 <i>Includes 150 of the most popular cable channels and the Digital Interactive Program Guide, 46 Digital Music Channels and access to Movies on Demand and Free on Demand. Digital equipment priced separately.</i>
NUUESTRA TELE ADDED TO STANDARD SERVICE	\$4.95
DIGITAL MOVIE LOVERS PACKAGE	\$4.95 <i>Includes IFC, Encore, Encore Love, Encore Westerns, Encore Action, Encore Drama, Encore Mystery, Encore WAM and Fox Movie Channel. Requires minimum Digital Access Package.</i>
RAI	\$9.95
TV ASIA	\$14.95
STARZ	\$10.00
PLAYBOY TV	\$15.95
CHANNEL GUIDE MAGAZINE	\$4.00
DIGITAL VALUE TIER	\$8.50

RESIDENTIAL HIGH SPEED ONLINE SERVICES

EarthLink	\$44.95
Road Runner	\$44.95
Road Runner 768K x 128K	\$26.95
Road Runner Turbo (with Road Runner subscription)	\$9.95 <i>(8MB downstream for gaming, streaming video and other applications.)</i>
Wireless Road Runner (Home Networking)	\$9.95 <i>Road Runner is also available for business applications. Please visit www.wi.twcbc.com.</i>



HOME PHONE SERVICE

Unlimited Nationwide when purchased with Cable and High Speed Internet	\$39.95
Unlimited Nationwide when purchased with Cable or High Speed Internet	\$44.95
Unlimited Nationwide when purchased by itself - Phone Only	\$49.95
2nd Line With Unlimited Nationwide	\$29.95
2nd Line With Unlimited Wisconsin	\$24.95
Unlimited Wisconsin Calling when purchased with Cable and High-Speed Internet	\$29.95
Unlimited Wisconsin Calling when purchased with Cable or High-Speed Internet	\$34.95
Unlimited Wisconsin Calling when purchased by itself - Phone only	\$39.95
Installation	\$79.95
Call Waiting, Call Waiting ID, Caller ID, Listed Phone Number and 3 Way Calling	FREE
Voice Mail	\$3.95
Local Directory Assistance Call	\$1.50
Private Phone Number Listing	\$4.95
Installation of New or Unactivated Existing Jacks (each)	\$22.00
National Directory Assistance Call	\$1.99
Long Distance with Unlimited Wisconsin (per minute)	\$0.05
International Rates	Varies by country

These rates do not include the Universal Service Fund or E-911 surcharges, nor do they include state and federal taxes. These additional charges total approximately \$6.25 per month. For operator assistance see www.timewarnercable.com

EQUIPMENT & INSTALLATION RATES

Digital, HDTV or DVR Converter (per month)	\$7.65
Remote Control (per month)	\$0.30
Cable Card (per month)	\$2.50
Network Interface Card (each)	\$20.00
USB Adapter (each)	\$20.00
Installation of Unwired Home	\$50.00
Installation of Pre-wired Home	\$33.50
Additional Outlet Connection at the time of Initial Installation (each)	\$22.00
Truck Trip to your home	\$34.00
Office Change of Service Fee	\$1.99
Hourly Service Charge	\$42.50
High Speed Online Installation	\$79.95
High Speed Online Installation Additional Computer (each)	\$49.95
Do-It-Yourself High Speed Online Installation	\$14.95
Wireless Road Runner Installation	\$99.95

All outlets with premium channels, Pay-Per-View, digital channels and On Demand services require a Digital Converter. A Digital Remote Control is required to receive Digital Interactive Program Guide and On Demand services. A HD converter and a HDTV set are required to receive HD channels. Rates and lineup subject to change.

DIGIPic 1000

ONLY \$53⁹⁹ monthly

Upgrade to the Digital Difference.

- More than 200 crystal-clear channels
- Including 46 Music Choice channels
- Interactive Programming Guide
- Movies and Free on Demand

Equipment priced separately.

DIGIPic 2000

ONLY \$73⁹⁹ monthly

Add the Premium Experience!

- More than 225 crystal-clear channels
- All the services of DIGIPic 1000, plus
- Choose 2 premium channels with **Premiums On Demand** HBO, Cinemax, Showtime or TMC

Equipment priced separately.

DIGIPic 4000

ONLY \$83⁹⁹ monthly

Add the Ultimate Premium Experience!

- More than 250 crystal-clear channels
- All the services of DIGIPic 1000, plus
- All 4 premium channels with **Premiums On Demand** HBO, Cinemax, Showtime and TMC

Equipment priced separately.

nuestra TELE

ONLY \$17⁹⁵ monthly

Con Nuestra Tele (antiguamente DIGIPic Latino) va a recibir nuestro servicio Básico y además 21 cadenas en español, 26 canales "Free on Demand" y 46 canales de música.

El precio del equipo no viene incluido.

With Nuestra Tele (formerly DIGIPic Latino) you'll receive our Basic service, plus 21 Spanish language networks, 26 Free On Demand channels and 46 music channels.

Equipment priced separately.

DIGIPic OPTIONS

DVR Service

Add the power to pause live TV and come back where you left off. Record your favorite shows every day ... all year long, automatically.

Equipment priced separately. Monthly service charge applies to each DVR outlet.

ONLY \$6⁹⁵ monthly

HD DVR Service

Serves both HDTV and DVR functionality. Pause, rewind, fast-forward and record both regular TV and HDTV signals.

If you are not a DIGIPic customer, you can subscribe to HD DVR service for \$8.95/month.

Equipment priced separately. Monthly service charge applies to each DVR outlet.

ONLY \$7⁹⁵ monthly

DIGIPic OPTIONS

HD Package

INHD, HDNet, HDNet Movies, Universal HD and ESPN HD all in crystal-clear high definition.

Equipment priced separately. Requires Digital Access Package, HDTV converter and HD set.

ONLY \$6⁹⁵ monthly

Digital Sports Package

Includes FOX College Sports Atlantic, FOX College Sports Central, FOX College Sports Pacific, Speed Channel, The Outdoor Channel, Tennis Channel, FOX Soccer Channel, ESPNNews, NBA TV, CSTV, Fuel and The Sportsman Channel.

Equipment priced separately. Requires Digital Access Package.

ONLY \$4⁹⁵ monthly

Road Runner High Speed Online

Add Road Runner to DIGIPic 2000 or DIGIPic 4000 for just \$40 per month and save \$60 per year.

ONLY \$44⁹⁵ monthly

Wireless Road Runner

Add Internet access for every computer in the house. A single connection creates your own wireless home network. Road Runner service priced separately.

ONLY \$9⁹⁵ monthly

Premium Networks

Add an additional Premium network: **HBO, Cinemax, Showtime or TMC.**

Access to four Premium Movie Channels with 48 screens and access to the best of HBO, Cinemax, Showtime and The Movie Channel - whenever you like.

1st Premium ONLY \$12⁹⁵ monthly

Each Additional \$6⁰⁰ monthly



CABLE + HIGH-SPEED ONLINE + DIGITAL PHONE







Schenck

Government & Not-For-Profit Solutions

BETTER PEOPLE. BETTER RESULTS.™

MANAGEMENT LETTER
CITY OF WEST ALLIS, WISCONSIN
DECEMBER 31, 2005

Honorable Mayor and Common Council
City of West Allis
Milwaukee County, Wisconsin

We have completed our audit of the basic financial statements of the City of West Allis, Wisconsin for the year ended December 31, 2005. The City's basic financial statements, including our report thereon, are presented in a separate audit report document. Included in the City's audit report is the following additional auditor's report required by government auditing standards:

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with Government Auditing Standards

The above report states that our consideration of the internal control structure did not disclose any conditions that we believe to be material weaknesses and that nothing came to our attention to indicate that the City was not in compliance with laws, regulations, contracts and grants for which noncompliance with could have a material effect on the City's basic financial statements.

Our responsibility under auditing standards, as prescribed by auditing standards generally accepted in the United States of America promulgated by the American Institute of Certified Public Accountants (AICPA) and *Government Auditing Standards* issued by the Comptroller General of the United States, is to plan and perform our audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* does not provide absolute assurance or guarantee the accuracy of the financial statements and is subject to the inherent risk that errors, irregularities (or illegal acts), or noncompliance with the provisions of laws, regulations, contracts and grant agreements, if existing, have not been detected. Such standards require that we obtain a sufficient understanding of the City's internal control structure to plan the audit. However, such understanding and any tests performed with respect to such internal controls, or as to compliance with laws, regulations, contracts and grant agreements, were for the purpose of expressing our opinion on the City's basic financial statements and not to form an opinion or provide any assurance concerning such internal control structure or compliance. We could, however, as a separate engagement, be engaged to perform agreed-upon procedures or examine and report on management's assertion about the internal control structure or that management complied with specified laws and regulations. Such engagements would be conducted in accordance with AICPA standards for attestation engagements.

Presented on the following page is a table of contents for enclosed information and comments about financial and administrative matters that came to our attention during our audit of the City's basic financial statements. The basic purpose of the enclosed is to provide recommendations for improving the internal control structure and to provide financial information to assist management in the decision making process.

Sincerely,



Certified Public Accountants
Green Bay, Wisconsin
May 4, 2006

CITY OF WEST ALLIS, WISCONSIN
December 31, 2005

TABLE OF CONTENTS

	<u>Page No.</u>
SUMMARY FINANCIAL INFORMATION	
1. Governmental Fund Balances	1
2. Water Utility	2
3. Sanitary Sewer Utility	3
4. Storm Water Utility	4
COMMENTS AND OBSERVATIONS	
GENERAL CITY	
1. Recording and Funding of Post-employment Benefits	5
2. Economic Condition Reporting	5
3. Compliance with City Investment Policy	5
OTHER REQUIRED COMMUNICATION	6

SUMMARY FINANCIAL INFORMATION

1. Governmental Fund Balances

Presented below is a summary of the various City governmental fund balances on December 31, 2005, including a comparison to the prior year. This information is presented for assisting management in assessing financial results for 2005 and for indicating financial resources available for the start of the 2006 budget year.

	12/31/05	12/31/04
General Fund		
Reserved		
Encumbrances	\$ 238,147	\$ 467,520
Inventories and prepaid items	848,976	673,704
Long-term receivables	416,679	654,646
Subsequent year's budget	354,433	541,623
Unreserved, Designated		
Subsequent years' expenditures	1,244,149	1,094,149
Contingency	2,600,000	2,508,000
Land/building acquisition	368,429	1,450,000
Capital accumulation	1,526,431	1,334,014
Insurance	1,200,000	1,200,000
Workers compensation	1,000,000	1,000,000
Dental insurance	50,000	50,000
Unfunded pension liability	2,500,000	2,500,000
Productivity/operation improvement	100,000	100,000
Tax refunds	100,000	100,000
Tax levy reduction	400,000	800,000
Unreserved, Undesignated	5,526,070	2,503,704
Total General Fund	18,473,314	16,977,360
Special Revenue Funds		
Block grant	(12)	-
HOME Program	639,507	774,272
Rental energy loans	419,049	401,748
Housing programs	392,848	258,348
Cable communications	671,644	795,871
Health grants	(619)	(619)
Police grants	(1,605)	(1,642)
Fire grants	47,918	36,211
Centennial	50,182	-
Total Special Revenue Funds	2,218,912	2,264,189
Debt Service Fund	1,193,095	1,058,313
Capital Projects Funds		
Public works improvements	2,415,352	5,004,241
Tax Increment District No. 1	(69,215)	(140,792)
Tax Increment District No. 2	(661,870)	(653,926)
Tax Increment District No. 3	1,346,392	1,306,782
Tax Increment District No. 4	156,356	(49,781)
Tax Increment District No. 5	1,546,054	(2,896,079)
Tax Increment District No. 6	(938,129)	(43,026)
Tax Increment District No. 7	(681,128)	(212,706)
Tax Increment District No. 8	(1,048)	-
Total Capital Projects Funds	3,112,764	2,314,713
Total Governmental Fund Balances	\$ 24,998,085	\$ 22,614,575

The unreserved, undesignated general fund balance of \$5,526,070 represents a balance of 10% of the annual general fund budget. As a general guideline, cities should maintain a minimum undesignated general fund balance of between 8% and 10% of the annual general fund budget.

2. Water Utility

Presented below is a comparative summary of revenues, expenses and changes in net assets for the water utility enterprise fund for the years ended December 31, 2005 and 2004:

	2005	2004
Operating Revenues		
Charges for services	\$ 5,798,237	\$ 5,387,576
Operating Expenses		
Operation and maintenance	4,679,705	4,379,104
Depreciation	394,124	374,504
Total Operating Expenses	<u>5,073,829</u>	<u>4,753,608</u>
Operating Income	<u>724,408</u>	<u>633,968</u>
Nonoperating Revenues (Expenses)		
Interest	(94,084)	(72,434)
Gain on sale of capital assets	-	528
Merchandising and jobbing	8,572	3,212
Miscellaneous	(10,908)	-
Total Nonoperating Revenues (Expenses)	<u>(96,420)</u>	<u>(68,694)</u>
Income before Capital Contributions and Transfers	627,988	565,274
Capital contributions	103,192	26,262
Transfers	<u>(613,556)</u>	<u>(596,033)</u>
Change in Net Assets	117,624	(4,497)
Net Assets - January 1	<u>16,109,297</u>	<u>16,113,794</u>
Net Assets - December 31	<u>\$ 16,226,921</u>	<u>\$ 16,109,297</u>

The water utility had a change in net assets of \$117,624 for 2005 compared to a change in net assets of \$(4,497) for 2004.

3. Sanitary Sewer Utility

Presented below is a comparative summary of revenues, expenses and changes in net assets for the sanitary sewer utility enterprise fund for the years ended December 31, 2005 and 2004:

	2005	2004
Operating Revenues		
Charges for services	\$ 4,349,453	\$ 3,917,294
Operating Expenses		
Operation and maintenance	3,918,805	3,829,197
Depreciation	206,990	198,423
Total Operating Expenses	<u>4,125,795</u>	<u>4,027,620</u>
Operating Income (Loss)	<u>223,658</u>	<u>(110,326)</u>
Nonoperating Revenues (Expenses)		
Interest	(280,246)	(272,113)
Gain (loss) on sale of assets	(26,478)	(4,424)
Miscellaneous	2	-
Total Nonoperating Revenues (Expenses)	<u>(306,722)</u>	<u>(276,537)</u>
Income (Loss) before Transfers	(83,064)	(386,863)
Transfers	-	<u>(17,523)</u>
Change in Net Assets	(83,064)	(404,386)
Net Assets - January 1	<u>8,122,712</u>	<u>8,527,098</u>
Net Assets - December 31	<u>\$ 8,039,648</u>	<u>\$ 8,122,712</u>

The sewer utility generated a change in net assets of \$(83,064) for 2005 compared to a change in net assets of \$(404,386) for 2004.

4. Storm Water Utility

Presented below is a summary of revenues, expenses and changes in net assets for the storm water utility enterprise fund for the year ended December 31, 2005:

	2005	2004
Operating Revenues		
Charges for services	\$ 2,745,966	\$ 2,698,904
Operating Expenses		
Operation and maintenance	1,290,233	837,319
Depreciation	357,765	343,522
Total Operating Expenses	<u>1,647,998</u>	<u>1,180,841</u>
Operating Income	<u>1,097,968</u>	<u>1,518,063</u>
Nonoperating Revenues (Expenses)		
Gain (loss) on sale of assets	<u>(23,867)</u>	<u>(7,687)</u>
Income (Loss) before Capital Contributions and Transfers	1,074,101	1,510,376
Capital contributions	4,592	102
Transfers	<u>(379,560)</u>	<u>(431,152)</u>
Change in Net Assets	<u>699,133</u>	<u>1,079,326</u>
Net Assets - January 1	23,881,074	22,454,728
Prior period adjustment	<u>-</u>	<u>347,020</u>
Net Assets - January 1 (as restated)	<u>23,881,074</u>	<u>22,801,748</u>
Net Assets - December 31	<u>\$ 24,580,207</u>	<u>\$ 23,881,074</u>

The storm water utility generated a change in net assets of \$699,133 for 2005 compared to \$1,079,326 for 2004.

COMMENTS AND OBSERVATIONS

1. Recording and Funding Post-employment Benefits

In accordance with recent pronouncements of the Government Accounting Standards Board (GASB), the City will be required to calculate a liability for post-employment benefits beginning for the year 2008. For purposes of the standard, post-employment benefits are defined as an obligation to provide benefits or compensation for employee services that are earned or accumulated during their employment with the actual payment for the benefits occurring after employment. The City currently provides post-employment benefits in the form of health insurance benefits to eligible employees after their employment, which includes an implicit rate subsidy that is provided to retirees by permitting them to continue participating in the healthcare plan.

In accordance with the standard, the City will need to obtain an actuarial cost determination of the liability. In addition, the City will also need to determine an appropriate annual amortization amount of the actuarially determined liability.

If the City chooses to currently fund the annual amortization of the liability, that amortization amount will be required to be included in the City's annual budget. Therefore, we recommend the City review the specific provisions of the GASB standard and create a timetable for completing the actuarial determinations.

2. Economic Condition Reporting

The City annually prepares a comprehensive annual financial report (CAFR) which includes not only the required financial information relating to City activities, but also includes additional statistical and narrative information. The GASB has also issued Statement No. 44, "Economic Condition Reporting, The Statistical Section". This statement redefines the statistical and narrative information that the City will be required to report in its annual CAFR.

The Statement is effective for the 2006 calendar year. Since some of the new schedules, however, require specific historical information, we recommend that consideration be given to accumulating the information as soon as practical. We would be available to assist in this process.

3. Compliance with City Investment Policy

The City's investment policy currently requires all cash deposits with financial institutions to be federally insured or collateralized by the financial institution. During our audit we noted that deposits with one financial institution totaling \$1,500,000 were not collateralized in accordance with the investment policy.

In order to be in compliance with City's investment policy, we recommend that all cash deposits with all financial institutions have the appropriate collateral.

OTHER REQUIRED COMMUNICATION

In accordance with the requirements of government auditing standards generally accepted in the United States of America, the following disclosures are presented:

1. **Significant Accounting Policies**

The significant accounting policies used in the preparation of the financial statements are disclosed in Note A to the basic financial statements. There have been no material unusual transactions or controversial accounting issues.

2. **Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. We are not aware of any particularly sensitive accounting estimates used by management in the preparation of the financial statements.

3. **Significant Audit Adjustments**

The financial statements reflect all accounting adjustments proposed during our audit. None of the adjustments were considered significant to the financial condition or operating results of the City. Copies of the audit adjustments are available from management.

4. **Other Information in Documents Containing Audited Financial Statements**

All the information included in the basic financial statements has been audited. Our responsibilities are addressed in the Independent Auditors' Report.

5. **Disagreements with Management**

We have had no material disagreements with management. For the purposes of this disclosure, professional accounting standards define a disagreement with management as a matter concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report.

6. **Consultations with Other Auditors**

To the best of our knowledge, management has not consulted with or obtained opinions from other independent auditors on auditing and accounting matters during the past year.

7. **Issues Discussed Prior to the Current Audit**

We have discussed various accounting and financial issues, including the application of any new and changed accounting principles or auditing standards, with management prior to conducting the audit. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to completing the services as your auditor.

8. **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing the audit.