



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

FOR RELEASE December 11, 2003

Contact: Andy Nielsen
515/281-5515

Auditor of State David A. Vaudt today released an audit report on the City of Jesup, Iowa.

The City's receipts totaled \$2,237,206 for the year ended June 30, 2003, a 12 percent increase from 2002. The receipts included \$460,782 in property tax, \$315,334 in tax increment financing collections, \$158,029 in local option sales tax, \$211,955 from the state, \$33,543 from the federal government and \$48,145 in interest on investments. The significant increase in receipts is due to the receipt of a rural initiative grant and an increase in tax increment financing collections.

Disbursements for the year totaled \$2,507,369, a 36 percent increase from the prior year, and included \$684,153 for capital projects, \$370,853 for public safety, and \$323,969 for community and economic development. The significant increase in expenditures is due primarily to street paving, water and sewer projects.

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

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CITY OF JESUP

INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2003

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		5-6
Financial Statements:	<u>Exhibit</u>	
Combined Statement of Cash Transactions – All Fund Types	A	8-9
Comparison of Receipts, Disbursements and Changes in Balances – Actual to Budget	B	10-11
Statement of Indebtedness	C	12-13
Notes to Financial Statements		15-21
Supplemental Information:	<u>Schedule</u>	
Combining and Individual Schedules of Cash Transactions:		
General Fund	1	24-31
Special Revenue Funds	2	32-35
Debt Service Fund	3	37
Capital Projects Funds	4	38-39
Enterprise Funds	5	40-43
Trust Funds	6	44-45
Bond and Note Maturities	7	46-47
Comparison of Taxes and Intergovernmental Receipts	8	48
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting		49-50
Schedule of Findings		51-52
Staff		53

City of Jesup

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mark J. H. Collett	Mayor	Jan 2004
Paul Gudenkauf	Mayor Pro tem	Jan 2006
Mark Hansen	Council Member	Jan 2004
Randy McGill	Council Member	Jan 2004
Roger J. Williams	Council Member	Jan 2004
Jacob Spiegel	Council Member	Jan 2006
Amber L. Youngblut	Clerk/Treasurer	Indefinite
Linda Bunnell	Deputy Clerk	Indefinite
LeAnn Nichols	Billing Clerk	Indefinite
John S. Pieters	Attorney	Indefinite

City of Jesup



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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements, listed as exhibits in the table of contents of this report, of the City of Jesup, Iowa, as of and for the year ended June 30, 2003. These financial statements are the responsibility of the City of Jesup's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions 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.


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

As discussed in Note 14, the City of Jesup intends to implement Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures, for the fiscal year ending June 30, 2004. The effects of these statements are expected to significantly impact the presentation of the City's financial statements and related notes in the year of implementation. The revised requirements include an analytical overview of the City's financial activities in the Management's Discussion and Analysis introduction to the financial statements.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the results of the cash transactions of the funds of the City of Jesup as of and for the year ended June 30, 2003, and its indebtedness at June 30, 2003, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our reports dated September 4, 2003 on our consideration of the City of Jesup's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are 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.

Our audit was performed for the purpose of forming an opinion on the aforementioned financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2002 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the aforementioned financial statements taken as a whole.



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

September 4, 2003

Financial Statements

City of Jesup
 Combined Statement of Cash Transactions

All Fund Types

Year ended June 30, 2003

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Receipts:				
Property tax	\$ 334,437	96,054	30,291	-
Tax increment financing collections	-	315,334	-	-
Other city tax	12,535	161,640	1,135	-
Licenses and permits	15,147	-	-	-
Use of money and property	11,383	16,007	1,443	2,816
Intergovernmental	81,808	213,629	-	191,014
Charges for service	154,394	-	-	-
Special assessments	9,471	-	-	-
Miscellaneous	7,228	86,566	-	-
Total receipts	<u>626,403</u>	<u>889,230</u>	<u>32,869</u>	<u>193,830</u>
Disbursements:				
Public safety	271,010	99,843	-	-
Public works	131,870	-	-	-
Health and social services	1,925	-	-	-
Culture and recreation	170,361	13,897	-	-
Community and economic development	7,137	316,832	-	-
General government	112,749	8,768	-	-
Debt service	-	-	246,453	-
Capital projects	-	-	-	684,153
Business type activities	-	-	-	-
Total disbursements	<u>695,052</u>	<u>439,340</u>	<u>246,453</u>	<u>684,153</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(68,649)</u>	<u>449,890</u>	<u>(213,584)</u>	<u>(490,323)</u>
Other financing sources (uses):				
Operating transfers in	57,991	6,600	200,243	225,403
Operating transfers out	(44,879)	(336,652)	-	(2,518)
Total other financing sources (uses)	<u>13,112</u>	<u>(330,052)</u>	<u>200,243</u>	<u>222,885</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>(55,537)</u>	<u>119,838</u>	<u>(13,341)</u>	<u>(267,438)</u>
Balance beginning of year	<u>394,245</u>	<u>1,083,139</u>	<u>13,488</u>	<u>382,140</u>
Balance end of year	<u>\$ 338,708</u>	<u>1,202,977</u>	<u>147</u>	<u>114,702</u>

See notes to financial statements.

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
<u>Enterprise</u>	<u>Trust</u>	
-	-	460,782
-	-	315,334
-	-	175,310
-	-	15,147
15,645	851	48,145
-	-	486,451
460,635	-	615,029
-	-	9,471
15,202	2,541	111,537
491,482	3,392	2,237,206
-	-	370,853
-	-	131,870
-	-	1,925
-	-	184,258
-	-	323,969
-	-	121,517
-	-	246,453
-	-	684,153
442,371	-	442,371
442,371	-	2,507,369
49,111	3,392	(270,163)
202,680	-	692,917
(292,680)	(16,188)	(692,917)
(90,000)	(16,188)	-
(40,889)	(12,796)	(270,163)
681,577	47,971	2,602,560
640,688	35,175	2,332,397

City of Jesup
 Comparison of Receipts, Disbursements and Changes in Balances -
 Actual to Budget
 Year ended June 30, 2003

	Actual	Less Funds Not Required to be Budgeted
Receipts:		
Property tax	\$ 460,782	-
Tax increment financing collections	315,334	-
Other city tax	175,310	-
Licenses and permits	15,147	-
Use of money and property	48,145	2,584
Intergovernmental	486,451	-
Charges for service	615,029	-
Special assessments	9,471	-
Miscellaneous	111,537	37,250
Total receipts	<u>2,237,206</u>	<u>39,834</u>
Disbursements:		
Public safety	370,853	52,657
Public works	131,870	-
Health and social services	1,925	-
Culture and recreation	184,258	-
Community and economic development	323,969	-
General government	121,517	-
Debt service	246,453	-
Capital projects	684,153	-
Business type activities	442,371	-
Total disbursements	<u>2,507,369</u>	<u>52,657</u>
Deficiency of receipts under disbursements	(270,163)	(12,823)
Other financing sources, net	-	(2,000)
Deficiency of receipts and other financing sources under disbursements and other financing uses	(270,163)	(14,823)
Balance beginning of year	<u>2,602,560</u>	<u>114,528</u>
Balance end of year	<u>\$ 2,332,397</u>	<u>99,705</u>

See notes to financial statements.

Net	Amended Budget	Variance Favorable (Unfavorable)	Net as % of Amended Budget
460,782	466,508	(5,726)	99%
315,334	250,000	65,334	126%
175,310	157,427	17,883	111%
15,147	12,460	2,687	122%
45,561	47,000	(1,439)	97%
486,451	718,502	(232,051)	68%
615,029	581,600	33,429	106%
9,471	5,000	4,471	189%
74,287	220,900	(146,613)	34%
<u>2,197,372</u>	<u>2,459,397</u>	<u>(262,025)</u>	<u>89%</u>
318,196	376,341	58,145	85%
131,870	441,447	309,577	30%
1,925	1,925	-	100%
184,258	192,863	8,605	96%
323,969	531,886	207,917	61%
121,517	123,529	2,012	98%
246,453	227,522	(18,931)	108%
684,153	621,000	(63,153)	110%
442,371	976,852	554,481	45%
<u>2,454,712</u>	<u>3,493,365</u>	<u>1,058,653</u>	<u>100%</u>
(257,340)	(1,033,968)		
<u>2,000</u>	<u>(20,072)</u>		
(255,340)	(1,054,040)		
<u>2,488,032</u>	<u>2,488,034</u>		
<u>2,232,692</u>	<u>1,433,994</u>		

City of Jesup
Statement of Indebtedness
Year ended June 30, 2003

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Street improvement	May 1, 1990	7.00%	\$ 235,000
General obligation capital loan notes:			
Street improvement	Mar 1, 1994	4.20-5.25%	\$ 115,000
Essential corporate purpose	Jun 1, 1995	4.90-5.45	100,000
Sewer improvement and refunding	Jan 1, 1999	4.00-4.35	830,000
Street, sewer, and water improvements	Jun 1, 2002	3.50-5.10	415,000
Total			
Revenue bonds:			
Water	Nov 25, 1975	5.00%	\$ 600,000
Revenue notes:			
Sewer	Dec 1, 1998	4.15-5.10%	\$ 1,080,000
Real estate contract	Jul 1, 1998	6.00%	\$ 35,000
Lease purchase agreement:			
Digital document recorder	Oct 10, 2001	8.81%	\$ 6,701

See notes to financial statements.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
25,000	-	25,000	-	1,750
40,000	-	10,000	30,000	1,994
45,000	-	10,000	35,000	2,393
375,000	-	160,000	215,000	15,783
415,000	-	-	415,000	18,633
\$ 875,000	-	180,000	695,000	38,803
310,000	-	20,000	290,000	15,500
870,000	-	60,000	810,000	40,898
16,308	-	5,123	11,185	978
4,859	-	3,371	1,488	275

City of Jesup

City of Jesup

Notes to Financial Statements

June 30, 2003

(1) Summary of Significant Accounting Policies

The City of Jesup is a political subdivision of the State of Iowa located in Buchanan County and Black Hawk County. It was first incorporated in 1876 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development, general government and business type activities.

A. Reporting Entity

For financial reporting purposes, City of Jesup has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Jesup (the primary government), the Jesup Fire Department (component unit), and the Jesup Ambulance Crew Association (component unit). These component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Blended Component Units

The Jesup Fire Department is legally separate from the City but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Funds. The Jesup Fire Department has been established pursuant to local ordinance to prevent and extinguish fires and to protect lives and property against fires, to promote fire prevention and fire safety, and to answer all emergency calls for which there is no other established agency. Although the Jesup Fire Department is legally separate from the City, its purpose is to benefit the City of Jesup (the primary government) by providing the above services and by soliciting contributions and managing those funds.

The Jesup Ambulance Crew Association is legally separate from the City but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Funds. Although the Jesup Ambulance Crew Association is legally separate from the City, its purpose is to benefit the City of Jesup (the primary government) by soliciting contributions and managing those funds.

Jointly Governed Organizations

The City also participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: County Assessor's Conference Board and E911 Joint Service Board. The City also participates in the Buchanan County Solid Waste Commission, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa.

B. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its receipts, disbursements and balances. The various funds and their designated purposes are as follows:

Governmental Funds

General Fund - The General Fund is the general operating fund of the City.

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

Special Revenue Funds - The Special Revenue Funds are utilized to account for receipts derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

Debt Service Fund - The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general obligation, special assessment and tax increment financing long-term debt.

Capital Projects Funds - The Capital Projects Funds are utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through Enterprise Funds.

Proprietary Funds

Enterprise Funds - The Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

Fiduciary Funds

Trust Funds - The Trust Funds are used to account for monies and properties received and held by the City in a trustee capacity. These include Expendable Trust Funds.

C. Basis of Accounting

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

D. Budgets and Budgetary Accounting

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

Formal and legal budgetary control is based upon nine major classes of disbursements, known as functions, not by fund. These functions are public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities.

E. Total (Memorandum Only)

The total column on the combined statement of cash transactions is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2003 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

(3) Bonds and Notes Payable

Annual debt service requirements to maturity for general obligation and revenue bonds and notes are as follows:

Year Ending June 30,	General Obligation		Revenue Bonds	
	Capital Loan Notes		Water	
	Principal	Interest	Principal	Interest
2004	\$ 160,000	31,173	20,000	14,500
2005	90,000	24,528	20,000	13,500
2006	95,000	20,683	20,000	12,500
2007	80,000	16,435	25,000	11,500
2008	40,000	13,015	25,000	10,250
2009	40,000	11,255	25,000	9,000
2010	45,000	9,415	25,000	7,750
2011	45,000	7,255	30,000	6,500
2012	50,000	5,050	30,000	5,000
2013	50,000	2,550	30,000	3,500
2014	-	-	30,000	2,000
2015	-	-	10,000	500
Total	\$ 695,000	141,359	290,000	96,500

Year Ending June 30,	Revenue Notes			
	Sewer		Total	
	Principal	Interest	Principal	Interest
2004	\$ 65,000	38,318	245,000	83,991
2005	70,000	35,458	180,000	73,486
2006	70,000	32,343	185,000	65,526
2007	75,000	29,193	180,000	57,128
2008	80,000	25,780	145,000	49,045
2009	80,000	22,100	145,000	42,355
2010	85,000	18,340	155,000	35,505
2011	90,000	14,260	165,000	28,015
2012	95,000	9,850	175,000	19,900
2013	100,000	5,100	180,000	11,150
2014	-	-	30,000	2,000
2015	-	-	10,000	500
Total	\$ 810,000	230,742	1,795,000	468,601

The resolutions providing for the issuance of the revenue bonds/notes include the following provisions.

- (a) The bonds/notes will only be redeemed from the future earnings of the enterprise activity and the bond/note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to separate water and sewer revenue bond/note sinking accounts for the purpose of making the bond/note principal and interest payments when due.
- (c) A required amount is to be held in water and sewer reserve accounts. These accounts are restricted for the purpose of paying for any additional improvements, extensions or repair to the systems or, when necessary, for the purpose of making principal and interest payments when due. The balances in the water and sewer reserve accounts at June 30, 2003 were \$37,090 and \$130,478, respectively.

(4) Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual salary and the City is required to contribute 5.75% of annual covered payroll except for police employees, in which case the percentages are 6.20% and 9.29%, respectively. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2003, 2002, and 2001 were \$26,991, \$23,887, and \$21,725, respectively, equal to the required contributions for each year.

(5) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation termination payments payable to employees at June 30, 2003, primarily relating to the General Fund, was \$20,000. This liability has been computed based on rates of pay in effect at June 30, 2003.

(6) Community Development Block Grants

Loan:

During the year ended June 30, 2000, the City was awarded State of Iowa, Community Development Block Grant (CDBG) funds of \$230,000 from the Iowa Department of Economic Development. The City subsequently loaned \$225,000 to a business in Jesup in accordance with the grant contract. The remaining \$5,000 was used by the City for administrative costs.

The City's liability for the repayment of this loan is limited to the amounts collected from the business. Therefore, the liability for this loan is not included on the Statement of Indebtedness (Exhibit C). The unpaid principal balance at June 30, 2003 was \$82,611.

Housing Rehabilitation Grant:

During the year ended June 30, 2002, the City was awarded State of Iowa, CDBG funds of \$423,500 from the Iowa Department of Economic Development for housing rehabilitation. At June 30, 2003, the City had received \$33,543 in grant funds.

(7) Jesup Economic Development Foundation Grant

During the year ended June 30, 2002, the City received a rural initiative grant from the Jesup Economic Development Foundation to support the cost of improvements in the affordable housing subdivision, including engineering costs and installation of water, sanitary sewer and streets. The City will also use its own funds and proceeds of the street, sewer and water improvement general obligation capital loan notes issued June 1, 2002 to pay for the project. At June 30, 2003, the City had received \$216,012 from the Jesup Economic Development Foundation for this project.

(8) Real Estate Contract and Lease Purchase Agreement

The City of Jesup entered into a contract on June 5, 1998 to purchase real estate for \$35,000. The contract requires annual installments of \$6,101, including interest at 6% per annum, each July 1 for six years beginning on July 1, 1999. The unpaid balance at June 30, 2003 was \$11,185.

The City of Jesup entered into a lease purchase agreement on October 10, 2001 to purchase a digital document recorder for \$6,701. The agreement requires 24 monthly payments of \$304, beginning December 1, 2001, including interest at 8.81% per annum. The unpaid balance at June 30, 2003 was \$1,488.

(9) Risk Management

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

(10) Construction Contracts

During the year ended June 30, 2003, the City entered into construction contracts totaling \$374,179 to replace a sanitary sewer interceptor and extend two water mains. Payments totaling \$311,306 were made on the contracts. The balance of \$62,873 will be paid as work on the projects progresses.

(11) Tax Increment Development Commitment

The City entered into an agreement with a business in the City of Jesup under which incremental tax collections are to be paid to the business, \$40,000 per year for ten years, up to \$400,000, when certain conditions are met. Payments totaling \$20,000 were made to the business during the year ended June 30, 2003. The City will make the second \$20,000 payment for the year ended June 30, 2003 during the year ending June 30, 2004. The cumulative amount of the payments that have been made since the inception of this agreement is \$60,000.

(12) Deficit Balance

The Special Revenue Fund, Housing Rehabilitation Account had a deficit balance of \$5,652 at June 30, 2003. The deficit will be eliminated when state grant proceeds are received by the City. Also, the Capital Projects Fund, West Industrial Area Account had a deficit balance of \$23,175 at June 30, 2003. The deficit will be eliminated when the City is reimbursed by the company for which the improvements were made.

(13) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the functional level. During the year ended June 30, 2003, disbursements in the general government, debt service and capital projects functions exceeded the amounts budgeted or exceeded the amounts budgeted before amendment.

(14) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures. These statements will be implemented for the fiscal year ending June 30, 2004. The effects are expected to significantly impact the presentation of governmental financial statements in the year of implementation. The revised minimum reporting requirements include Management’s Discussion and Analysis to introduce the financial statements and to provide an analytical overview of the City’s financial activities.

City of Jesup

Supplemental Information

City of Jesup
Schedule of Cash Transactions
General Fund
Year ended June 30, 2003

	General	Library Trust
Receipts:		
Property tax	\$ 334,437	-
Other city tax:		
Mobile home tax	1,768	-
Utility tax replacement excise tax	10,767	-
	<u>12,535</u>	<u>-</u>
Licenses and permits		
Liquor	1,735	-
Cigarette	375	-
Building	12,961	-
Miscellaneous	76	-
	<u>15,147</u>	<u>-</u>
Use of money and property:		
Interest on investments	8,544	254
Intergovernmental:		
State allocation	26,508	-
Bank franchise tax	5,361	-
Library open access program	4,018	-
County library allocation	10,878	-
Township contributions	30,818	-
Public safety partnership and community policing grant	4,225	-
	<u>81,808</u>	<u>-</u>
Charges for service:		
Garbage collection	67,690	-
Police service fees	10,350	-
Ambulance	57,915	-
Fire service charges	-	-
Miscellaneous	16,261	-
	<u>152,216</u>	<u>-</u>
Special assessments	<u>9,471</u>	
Miscellaneous:		
Contributions	-	1,076
Refunds and reimbursements	2,937	-
Fuel tax refunds	1,719	-
Fines and fees	1,496	-
	<u>6,152</u>	<u>1,076</u>
Total receipts	<u>620,310</u>	<u>1,330</u>

Library Equipment and Replacement	Ambulance Replacement	Fire Department Building	Police Vehicle	Fire Vehicle Replacement	Fire Centennial Trust	Street Department	Total
-	-	-	-	-	-	-	334,437
-	-	-	-	-	-	-	1,768
-	-	-	-	-	-	-	10,767
-	-	-	-	-	-	-	12,535
-	-	-	-	-	-	-	1,735
-	-	-	-	-	-	-	375
-	-	-	-	-	-	-	12,961
-	-	-	-	-	-	-	76
-	-	-	-	-	-	-	15,147
50	1,593	536	109	268	-	29	11,383
-	-	-	-	-	-	-	26,508
-	-	-	-	-	-	-	5,361
-	-	-	-	-	-	-	4,018
-	-	-	-	-	-	-	10,878
-	-	-	-	-	-	-	30,818
-	-	-	-	-	-	-	4,225
-	-	-	-	-	-	-	81,808
-	-	-	-	-	-	-	67,690
-	-	-	-	-	-	-	10,350
-	-	-	-	-	-	-	57,915
-	-	-	-	2,178	-	-	2,178
-	-	-	-	-	-	-	16,261
-	-	-	-	2,178	-	-	154,394
-	-	-	-	-	-	-	9,471
-	-	-	-	-	-	-	1,076
-	-	-	-	-	-	-	2,937
-	-	-	-	-	-	-	1,719
-	-	-	-	-	-	-	1,496
-	-	-	-	-	-	-	7,228
50	1,593	536	109	2,446	-	29	626,403

City of Jesup
Schedule of Cash Transactions
General Fund
Year ended June 30, 2003

	General	Library Trust
Disbursements:		
Public safety:		
Police:		
Personal services	128,261	-
Services and commodities	51,099	-
	<u>179,360</u>	<u>-</u>
Traffic safety:		
Services and commodities	203	-
Fire department:		
Personal services	17,358	-
Services and commodities	40,808	-
Capital outlay	5,000	-
	<u>63,166</u>	<u>-</u>
Ambulance:		
Personal services	4,376	-
Services and commodities	23,842	-
	<u>28,218</u>	<u>-</u>
Animal control:		
Contractual services	63	-
	<u>271,010</u>	<u>-</u>
Public works:		
Street cleaning:		
Services and commodities	1,782	-
Street maintenance:		
Personal services	61,927	-
Services and commodities	25,679	-
	<u>87,606</u>	<u>-</u>
Street lighting	20,510	-
Garbage:		
Services and commodities	21,972	-
	<u>131,870</u>	<u>-</u>
Health and social services:		
Health regulations and inspections:		
Services and commodities	1,925	-

Library Equipment and Replacement	Ambulance Replacement	Fire Department Building	Police Vehicle	Fire Vehicle Replacement	Fire Centennial Trust	Street Department	Total
-	-	-	-	-	-	-	128,261
-	-	-	-	-	-	-	51,099
-	-	-	-	-	-	-	179,360
-	-	-	-	-	-	-	203
-	-	-	-	-	-	-	17,358
-	-	-	-	-	-	-	40,808
-	-	-	-	-	-	-	5,000
-	-	-	-	-	-	-	63,166
-	-	-	-	-	-	-	4,376
-	-	-	-	-	-	-	23,842
-	-	-	-	-	-	-	28,218
-	-	-	-	-	-	-	63
-	-	-	-	-	-	-	271,010
-	-	-	-	-	-	-	1,782
-	-	-	-	-	-	-	61,927
-	-	-	-	-	-	-	25,679
-	-	-	-	-	-	-	87,606
-	-	-	-	-	-	-	20,510
-	-	-	-	-	-	-	21,972
-	-	-	-	-	-	-	131,870
-	-	-	-	-	-	-	1,925

City of Jesup
Schedule of Cash Transactions
General Fund
Year ended June 30, 2003

	General	Library Trust
Disbursements (continued):		
Culture and recreation:		
Library:		
Personal services	50,559	-
Services and commodities	35,732	-
Debt service:		
Loan principal redeemed	5,123	-
Interest paid	978	-
	<u>92,392</u>	<u>-</u>
Parks:		
Services and commodities	54,274	-
	<u>54,274</u>	<u>-</u>
Jesup Community School swimming pool subsidy:		
Services and commodities	15,000	-
	<u>15,000</u>	<u>-</u>
Community ball programs:		
Services and commodities	5,400	-
	<u>5,400</u>	<u>-</u>
Community celebration:		
Services and commodities	2,695	-
	<u>2,695</u>	<u>-</u>
Cemetery:		
Contractual services	600	-
	<u>600</u>	<u>-</u>
	<u>170,361</u>	<u>-</u>
Community and economic development:		
Building Inspection:		
Personal services	6,202	-
Services and commodities	935	-
	<u>7,137</u>	<u>-</u>
General government:		
Mayor and council members:		
Personal services	4,800	-
	<u>4,800</u>	<u>-</u>
Clerk and treasurer:		
Personal services	50,358	-
Services and commodities	26,266	-
	<u>76,624</u>	<u>-</u>
Elections:		
Services and commodities	17	-
	<u>17</u>	<u>-</u>
Legal services:		
Services and commodities	8,995	-
	<u>8,995</u>	<u>-</u>
Planning & zoning	155	-
	<u>155</u>	<u>-</u>

Library Equipment and Replacement	Ambulance Replacement	Fire Department Building	Police Vehicle	Fire Vehicle Replacement	Fire Centennial Trust	Street Department	Total
-	-	-	-	-	-	-	50,559
-	-	-	-	-	-	-	35,732
-	-	-	-	-	-	-	5,123
-	-	-	-	-	-	-	978
-	-	-	-	-	-	-	92,392
-	-	-	-	-	-	-	54,274
-	-	-	-	-	-	-	15,000
-	-	-	-	-	-	-	5,400
-	-	-	-	-	-	-	2,695
-	-	-	-	-	-	-	600
-	-	-	-	-	-	-	170,361
-	-	-	-	-	-	-	6,202
-	-	-	-	-	-	-	935
-	-	-	-	-	-	-	7,137
-	-	-	-	-	-	-	4,800
-	-	-	-	-	-	-	50,358
-	-	-	-	-	-	-	26,266
-	-	-	-	-	-	-	76,624
-	-	-	-	-	-	-	17
-	-	-	-	-	-	-	8,995
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	155

City of Jesup
Schedule of Cash Transactions
General Fund
Year ended June 30, 2003

	General	Library Trust
Disbursements (continued):		
General government:		
City hall and general buildings:		
Personal services	30	-
Services and commodities	12,783	-
Capital outlay	8,395	-
	21,208	-
Miscellaneous:		
Personal services	950	-
	112,749	-
Total disbursements	695,052	-
Excess (deficiency) of receipts over (under) disbursements	(74,742)	1,330
Other financing sources (uses):		
Operating transfers in (out):		
General:		
General	-	-
Library Equipment and Replacement	(500)	-
Ambulance Replacement	(10,000)	-
Fire Department Building	2,634	-
Police Vehicle	(6,000)	-
Fire Vehicle Replacement	3,100	-
Fire Centennial Trust	(385)	-
Street Department	(10,000)	-
Special Revenue:		
Emergency Planning	10,500	-
Housing Rehabilitation	(6,500)	-
Jesup Fire Department	2,000	-
Debt Service	(1,191)	-
Capital Projects:		
Street Project	2,518	-
Sanitary Sewer	(10,403)	-
Trust:		
Library Memorial	500	-
Park Equipment	15,072	-
Park Gazebo	616	-
Total other financing sources (uses)	(8,039)	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(82,781)	1,330
Balance beginning of year	271,770	13,807
Balance end of year	\$ 188,989	15,137

See accompanying independent auditor's report.

Library Equipment and Replacement	Ambulance Replacement	Fire Department Building	Police Vehicle	Fire Vehicle Replacement	Fire Centennial Trust	Street Department	Total
-	-	-	-	-	-	-	30
-	-	-	-	-	-	-	12,783
-	-	-	-	-	-	-	8,395
-	-	-	-	-	-	-	21,208
-	-	-	-	-	-	-	950
-	-	-	-	-	-	-	112,749
-	-	-	-	-	-	-	695,052
50	1,593	536	109	2,446	-	29	(68,649)
500	10,000	(2,634)	6,000	(3,100)	385	10,000	21,151
-	-	-	-	-	-	-	(500)
-	-	-	-	-	-	-	(10,000)
-	-	-	-	-	-	-	2,634
-	-	-	-	-	-	-	(6,000)
-	-	-	-	-	-	-	3,100
-	-	-	-	-	-	-	(385)
-	-	-	-	-	-	-	(10,000)
-	-	-	-	-	-	-	10,500
-	-	-	-	-	-	-	(6,500)
-	-	-	-	-	-	-	2,000
-	-	-	-	-	-	-	(1,191)
-	-	-	-	-	-	-	2,518
-	-	-	-	-	-	-	(10,403)
-	-	-	-	-	-	-	500
-	-	-	-	-	-	-	15,072
-	-	-	-	-	-	-	616
500	10,000	(2,634)	6,000	(3,100)	385	10,000	13,112
550	11,593	(2,098)	6,109	(654)	385	10,029	(55,537)
2,661	62,380	21,975	6,000	14,891	-	761	394,245
3,211	73,973	19,877	12,109	14,237	385	10,790	338,708

City of Jesup
Combining Schedule of Cash Transactions
Special Revenue Funds
Year ended June 30, 2003

	Road Use Tax	Employee Benefits	Tax Increment Financing
Receipts:			
Property tax	\$ -	85,969	-
Tax increment financing collections	-	-	315,334
Other city tax:			
Mobile home tax	-	455	-
Utility tax replacement excise tax	-	2,777	-
Local option sales tax	-	-	-
	-	3,232	-
Use of money and property:			
Interest on investments	-	1,376	12,006
Intergovernmental:			
Road use tax allocation	180,086	-	-
Community development block grant	-	-	-
	180,086	-	-
Miscellaneous:			
Loan payment from business	-	-	-
Contributions	-	-	-
	-	-	-
Total receipts	180,086	90,577	327,340
Disbursements:			
Public safety:			
Personal services	-	47,186	-
Services and commodities	-	-	-
Capital outlay	-	-	-
	-	47,186	-
Culture and recreation:			
Library:			
Personal services	-	13,897	-
Community and economic development:			
Personal services	-	21,569	-
Services and commodities	52,252	-	20,000
Capital outlay	128,800	-	-
	181,052	21,569	20,000

Emergency Plannng	Economic Development #2	Economic Development Bertch	Local Option Sales Tax	Housing Rehabilitation Fund	Jesup Fire Department	Jesup Ambulance	Total
10,085	-	-	-	-	-	-	96,054
-	-	-	-	-	-	-	315,334
53	-	-	-	-	-	-	508
326	-	-	-	-	-	-	3,103
-	-	-	158,029	-	-	-	158,029
379	-	-	158,029	-	-	-	161,640
41	-	-	-	-	1,738	846	16,007
-	-	-	-	-	-	-	180,086
-	-	-	-	33,543	-	-	33,543
-	-	-	-	33,543	-	-	213,629
-	-	49,316	-	-	-	-	49,316
-	-	-	-	-	21,550	15,700	37,250
-	-	49,316	-	-	21,550	15,700	86,566
10,505	-	49,316	158,029	33,543	23,288	16,546	889,230
-	-	-	-	-	-	-	47,186
-	-	-	-	-	7,667	1,143	8,810
-	-	-	-	-	43,847	-	43,847
-	-	-	-	-	51,514	1,143	99,843
-	-	-	-	-	-	-	13,897
-	-	-	-	-	-	-	21,569
-	-	48,516	-	45,695	-	-	166,463
-	-	-	-	-	-	-	128,800
-	-	48,516	-	45,695	-	-	316,832

City of Jesup
Combining Schedule of Cash Transactions
Special Revenue Funds
Year ended June 30, 2003

	Road Use Tax	Employee Benefits	Tax Increment Financing
Disbursements (continued):			
General government:			
Mayor and council members:			
Personal services	-	491	-
Clerk and treasurer:			
Personal services	-	8,277	-
	-	8,768	-
Total disbursements	181,052	91,420	20,000
Excess (deficiency) of receipts over (under) disbursements	(966)	(843)	307,340
Other financing sources (uses):			
Operating transfers in (out):			
General:			
General	-	-	-
Special Revenue:			
Jesup Fire Department	-	-	-
Jesup Ambulance	-	-	-
Capital Projects:			
Sanitary Sewer	-	-	(125,000)
Debt Service	-	-	(11,995)
Total other financing sources (uses)	-	-	(136,995)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(966)	(843)	170,345
Balance beginning of year	298,059	86,078	515,848
Balance end of year	\$ 297,093	85,235	686,193

See accompanying independent auditor's report.

Emergency Plannng	Economic Development #2	Economic Development Bertch	Local Option Sales Tax	Housing Rehabilitation Fund	Jesup Fire Department	Jesup Ambulance	Total
-	-	-	-	-	-	-	491
-	-	-	-	-	-	-	8,277
-	-	-	-	-	-	-	8,768
-	-	48,516	-	45,695	51,514	1,143	439,340
10,505	-	800	158,029	(12,152)	(28,226)	15,403	449,890
(10,500)	-	-	-	6,500	(2,000)	-	(6,000)
-	-	-	-	-	-	100	100
-	-	-	-	-	(100)	-	(100)
-	-	-	-	-	-	-	(125,000)
-	-	-	(187,057)	-	-	-	(199,052)
(10,500)	-	-	(187,057)	6,500	(2,100)	100	(330,052)
5	-	800	(29,028)	(5,652)	(30,326)	15,503	119,838
59	133	(800)	69,234	-	57,076	57,452	1,083,139
64	133	-	40,206	(5,652)	26,750	72,955	1,202,977

City of Jesup

City of Jesup
Combining Schedule of Cash Transactions
Debt Service Fund
Year ended June 30, 2003

Receipts:	
Property tax	<u>\$ 30,291</u>
Other city tax:	
Mobile home tax	163
Utility tax replacement excise tax	<u>972</u>
	<u>1,135</u>
Use of money and property:	
Interest on investments	<u>1,443</u>
Total receipts	<u>32,869</u>
Disbursements:	
Debt service:	
Principal redeemed	205,000
Interest paid	40,553
Registrar fees	<u>900</u>
Total disbursements	<u>246,453</u>
Deficiency of receipts under disbursements	<u>(213,584)</u>
Other financing sources:	
Operating transfers in:	
General:	
General	1,191
Special Revenue:	
Local Option Sales Tax	187,057
Tax Increment Financing	<u>11,995</u>
Total other financing sources	<u>200,243</u>
Deficiency of receipts and other financing sources under disbursements	(13,341)
Balance beginning of year	<u>13,488</u>
Balance end of year	<u>\$ 147</u>

See accompanying independent auditor's report.

City of Jesup
Combining Schedule of Cash Transactions
Capital Projects Funds
Year ended June 30, 2003

	Sanitary Sewer	Water/Sewer Main
Receipts:		
Use of money and property:		
Interest on investments	\$ 720	2,054
Intergovernmental:		
Rural initiative grant	-	191,014
Total receipts	720	193,068
Disbursements:		
Capital projects:		
Services and commodities	29,638	27,706
Capital outlay	271,618	281,732
Total disbursements	301,256	309,438
Deficiency of receipts under disbursements	(300,536)	(116,370)
Other financing sources (uses):		
Operating transfers in (out):		
General:		
General	-	-
Special Revenue:		
Tax Increment Financing	125,000	-
Enterprise:		
Water Depreciation and Improvement	-	-
Sewer Depreciation	-	-
Total other financing sources (uses)	125,000	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(175,536)	(116,370)
Balance beginning of year	197,759	181,863
Balance end of year	\$ 22,223	65,493

See accompanying independent auditor's report.

Street Project	South St Water Main	Phase III Sewer	West Industrial Area	Total
-	5	37	-	2,816
-	-	-	-	191,014
-	5	37	-	193,830
-	7,507	34,250	14,363	113,464
-	7,777	750	8,812	570,689
-	15,284	35,000	23,175	684,153
-	(15,279)	(34,963)	(23,175)	(490,323)
(2,518)	-	10,403	-	7,885
-	-	-	-	125,000
-	20,000	-	-	20,000
-	-	70,000	-	70,000
(2,518)	20,000	80,403	-	222,885
(2,518)	4,721	45,440	(23,175)	(267,438)
2,518	-	-	-	382,140
-	4,721	45,440	(23,175)	114,702

City of Jesup
Combining Schedule of Cash Transactions
Enterprise Funds
Year ended June 30, 2003

	Water Utility	Sewer Utility	Water Debt Service	Water Reserve
Receipts:				
Use of money and property:				
Interest on investments	\$ 1,060	764	676	437
Charges for service:				
Sale of water	165,006	-	-	-
Penalties for water	8,045	-	-	-
Sewer rental fees	-	158,357	-	-
Surcharge for debt reduction	-	112,796	-	-
Miscellaneous	12,204	4,227	-	-
	<u>185,255</u>	<u>275,380</u>	-	-
Miscellaneous:				
Sales tax collected	-	-	-	-
Customer deposits	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>186,315</u>	<u>276,144</u>	<u>676</u>	<u>437</u>
Disbursements:				
Personal services	58,143	66,415	-	-
Services and commodities	52,887	67,382	-	-
Capital outlay	35,921	10,675	-	-
Debt service:				
Principal redeemed	-	-	20,000	-
Interest paid	-	-	15,500	-
Registrar fees	-	-	-	-
Total disbursements	<u>146,951</u>	<u>144,472</u>	<u>35,500</u>	<u>-</u>

Water Depreciation and Improvement	Sewer Reserve	Sewer Depreciation	Sewer Debt Service	Water Deposits	Sales Tax	Total
2,034	3,187	3,482	4,005	-	-	15,645
-	-	-	-	-	-	165,006
-	-	-	-	-	-	8,045
-	-	-	-	-	-	158,357
-	-	-	-	-	-	112,796
-	-	-	-	-	-	16,431
-	-	-	-	-	-	460,635
-	-	-	-	-	10,482	10,482
-	-	-	-	4,720	-	4,720
-	-	-	-	4,720	10,482	15,202
2,034	3,187	3,482	4,005	4,720	10,482	491,482
-	-	-	-	-	-	124,558
-	-	-	-	3,385	10,865	134,519
-	-	-	-	-	-	46,596
-	-	-	-	60,000	-	80,000
-	-	-	-	40,898	-	56,398
-	-	-	-	300	-	300
-	-	-	-	104,583	10,865	442,371

City of Jesup
Combining Schedule of Cash Transactions

Enterprise Funds

Year ended June 30, 2003

	Water Utility	Sewer Utility	Water Debt Service	Water Reserve
Excess (deficiency) of receipts over (under) disbursements	39,364	131,672	(34,824)	437
Other financing sources (uses):				
Operating transfers in (out):				
Capital Projects:				
South Street Water Main	-	-	-	-
Phase III Sewer	-	-	-	-
Enterprise:				
Water Utility	-	-	36,000	-
Sewer Utility	-	-	-	-
Water Depreciation and Improvement	9,600	-	-	-
Water Debt Service	(36,000)	-	-	-
Sewer Depreciation	-	(13,458)	-	-
Sewer Debt Service	-	(143,622)	-	-
Total other financing sources (uses)	(26,400)	(157,080)	36,000	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	12,964	(25,408)	1,176	437
Balance beginning of year	54,430	50,191	19,921	36,653
Balance end of year	\$ 67,394	24,783	21,097	37,090

See accompanying independent auditor's report.

Water Depreciation and Improvement	Sewer Reserve	Sewer Depreciation	Sewer Debt Service	Water Deposits	Sales Tax	Total
2,034	3,187	3,482	4,005	(99,863)	(383)	49,111
(20,000)	-	-	-	-	-	(20,000)
-	-	(70,000)	-	-	-	(70,000)
(9,600)	-	-	-	-	-	26,400
-	-	13,458	143,622	-	-	157,080
-	-	-	-	-	-	9,600
-	-	-	-	-	-	(36,000)
-	-	-	-	-	-	(13,458)
-	-	-	-	-	-	(143,622)
(29,600)	-	(56,542)	143,622	-	-	(90,000)
(27,566)	3,187	(53,060)	147,627	(99,863)	(383)	(40,889)
83,481	127,291	139,306	145,375	15,044	9,885	681,577
55,915	130,478	86,246	293,002	(84,819)	9,502	640,688

City of Jesup
Combining Schedule of Cash Transactions
Trust Funds
Year ended June 30, 2003

	Library Memorial
Receipts:	
Use of money and property:	
Interest on investments	\$ 118
Miscellaneous:	
Contributions	2,531
Total receipts	2,649
Disbursements:	
None	-
Excess of receipts over disbursements	2,649
Other financing uses:	
Operating transfers out:	
General:	
General	(500)
Excess (deficiency) of receipts over (under) disbursements and other financing uses	2,149
Balance beginning of year	5,485
Balance end of year	\$ 7,634

See accompanying independent auditor's report.

Expendable Trust					
Library Community Room	Park Board	Park Equipment	Park Gazebo		Total
16	35	680	2		851
10	-	-	-		2,541
26	35	680	2		3,392
-	-	-	-		-
26	35	680	2		3,392
-	-	(15,072)	(616)		(16,188)
26	35	(14,392)	(614)		(12,796)
401	3,775	37,696	614		47,971
427	3,810	23,304	-		35,175

City of Jesup
Bond and Note Maturities
June 30, 2003

Year Ending June 30,	General Obligation Capital Loan Notes					
	Street Improvement		Essential Corporate Purpose		Sewer Improvement and Refunding	
	Issued Mar 1, 1994		Issued Jun 1, 1995		Issued Jan 1, 1999	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2004	4.85%	\$ 10,000	5.25%	\$ 10,000	4.20%	\$ 105,000
2005	5.10	10,000	5.35	10,000	4.25	35,000
2006	5.25	10,000	5.45	15,000	4.30	35,000
2007		-		-		40,000
2008		-		-		-
2009		-		-		-
2010		-		-		-
2011		-		-		-
2012		-		-		-
2013		-		-		-
Total		<u>\$ 30,000</u>		<u>\$ 35,000</u>		<u>\$ 215,000</u>

Year Ending June 30,	Revenue Bonds		Revenue Notes		Total
	Water		Sewer		
	Issued Nov 25, 1975		Issued Dec 1, 1998		
	Interest Rates	Amount	Interest Rates	Amount	
2004	5.00%	\$ 20,000	4.40%	\$ 65,000	\$ 85,000
2005	5.00	20,000	4.45	70,000	90,000
2006	5.00	20,000	4.50	70,000	90,000
2007	5.00	25,000	4.55	75,000	100,000
2008	5.00	25,000	4.60	80,000	105,000
2009	5.00	25,000	4.70	80,000	105,000
2010	5.00	25,000	4.80	85,000	110,000
2011	5.00	30,000	4.90	90,000	120,000
2012	5.00	30,000	5.00	95,000	125,000
2013	5.00	30,000	5.10	100,000	130,000
2014	5.00	30,000		-	30,000
2015	5.00	<u>10,000</u>		-	<u>10,000</u>
Total		<u>\$ 290,000</u>		<u>\$ 810,000</u>	<u>\$ 1,100,000</u>

See accompanying independent auditor's report.

Street, Sewer, and Water		
Improvements		
Issued June 1, 2002		
Interest		
Rates	Amount	Total
3.50%	\$ 35,000	\$ 160,000
3.75	35,000	90,000
4.00	35,000	95,000
4.20	40,000	80,000
4.40	40,000	40,000
4.60	40,000	40,000
4.80	45,000	45,000
4.90	45,000	45,000
5.00	50,000	50,000
5.10	<u>50,000</u>	<u>50,000</u>
	<u>\$ 415,000</u>	<u>\$ 695,000</u>

Schedule 8

City of Jesup

Comparison of Taxes and Intergovernmental Receipts

	Years ended June 30,			
	2003	2002	2001	2000
Property tax	\$ 460,782	470,127	513,704	520,316
Tax increment financing collections	315,334	260,710	194,240	159,155
Other city tax:				
Mobile home tax	2,439	2,147	2,227	1,553
Utility tax replacement excise tax	14,842	15,278	6,618	-
Local option sales tax	158,029	154,832	199,931	130,441
	<u>175,310</u>	<u>172,257</u>	<u>208,776</u>	<u>131,994</u>
Intergovernmental:				
State allocation	26,508	27,952	29,220	29,306
Bank franchise tax	5,361	5,942	6,576	6,824
Road use tax allocation	180,086	177,176	171,919	172,045
Community Development Block Grant	33,543	-	-	-
Grants and loans	-	1,272	25,137	272,796
Rural initiative grant	191,014	24,998	-	-
Black Hawk County Solid Waste Commission recycling programs	-	6,890	-	-
Miscellaneous	49,939	35,787	32,823	27,327
	<u>486,451</u>	<u>280,017</u>	<u>265,675</u>	<u>508,298</u>
Total	<u>\$ 1,437,877</u>	<u>1,183,111</u>	<u>1,182,395</u>	<u>1,319,763</u>

See accompanying independent auditor's report.



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting

To the Honorable Mayor and
Members of the City Council:

We have audited the financial statements of the City of Jesup, Iowa, as of and for the year ended June 30, 2003, and have issued our report thereon dated September 4, 2003. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Jesup's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2003 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for item (10).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Jesup's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Jesup and other parties to whom the City of Jesup may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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

A handwritten signature in black ink, appearing to read "Warren Jenkins". The signature is written in a cursive style with a large, looping initial "W".

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

September 4, 2003

City of Jesup
 Schedule of Findings
 Year ended June 30, 2003

Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No material weaknesses in internal control over financial reporting were identified.

Other Findings Related to Statutory Reporting:

- (1) Official Depositories - A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2003.
- (2) Certified Budget - Disbursements during the year ended June 30, 2003 exceeded the amount budgeted in the general government function prior to budget amendment. In addition, disbursements exceeded the amended budget in the debt service and capital projects functions. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - It is the City's policy to follow Chapter 384.18 of the Code of Iowa and will ensure compliance in the future.

Conclusion - Response accepted.

- (3) Questionable Disbursements - No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (4) Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (5) Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Shane Clark, Volunteer Fireman, owner of Ward Service Center, Inc. & Clark General Store	Auto parts	\$ 1,416
Randy McGill, Council Member, employed at Hawkeye Tile	Materials	51
Roger Williams, Council Member, owner of Williams Electrical Service	Electrical services and parts	436

City of Jesup

Schedule of Findings

Year ended June 30, 2003

In accordance with Chapter 362.5(11) of the Code of Iowa, the transactions with the Council Members and Volunteer Fireman do not appear to represent conflicts of interest since total transactions with each individual were less than \$2,500 during the fiscal year.

- (6) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- (7) Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- (8) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- (9) Revenue Bonds/Notes – No instances of non-compliance with the provisions of the revenue bonds/notes indentures were noted.
- (10) Employee Benefits – The City appears to have used proceeds of the Special Revenue Fund, Employee Benefits Account property tax levy for the Enterprise Fund, Water Utility and Sewer Utility Accounts, which is contrary to rules adopted by the City Finance Committee.

Recommendation – The City should review this matter and take appropriate corrective action. Also, the City should ensure that property tax is levied and expended for employee benefits only for employees paid from the General Fund and the Special Revenue Fund, Road Use Tax Account.

Response – The City will review this matter to ensure compliance.

Conclusion – Response accepted.

- (11) Contract Change Orders – The City has entered into various construction contracts. The City Council did not approve change orders for items that caused costs to exceed the contract amount.

Recommendation – The City should review and approve change orders for items that will cause costs to exceed the contract amount.

Response – In the future, the City will review and approve change orders for items that will cause costs to exceed the contract amount.

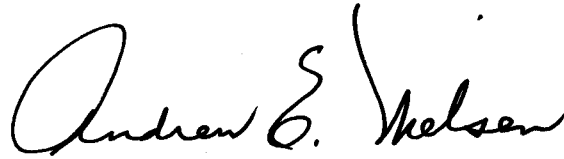
Conclusion – Response accepted.

City of Jesup

Staff

This audit was performed by:

Kay F. Dunn, CPA, Manager
Shawn P. Limback, CPA, Staff Auditor
Jedd D. Moore, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA
Deputy Auditor of State

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