



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

March 2, 2004

Contact: Andy Nielsen
515/281-5834

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

The City has implemented new reporting standards for the year ended June 30, 2003, with significant changes in content and structure of the financial statements. The new financial statements include a Statement of Net Assets and a Statement of Activities which provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Also included is Management's Discussion and Analysis of the City's financial statements.

The City had revenues of \$80,371,368 for the year ended June 30, 2003. The revenues included \$32,771,196 in local taxes, \$970,564 for tax increment financing revenues, \$14,765,580 from charges for service, \$9,454,668 from operating grants and contributions, \$13,096,659 from capital grants and contributions, \$6,233,529 from local option sales tax, \$556,323 from unrestricted investment earnings and \$2,522,849 from other general revenues.

Expenses for the year totaled \$61,904,124 and included \$21,542,479 for public safety, \$11,953,260 for public works, and \$4,695,620 for culture and recreation. Also, expenses for the business type activities totaled \$8,917,904.

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

###

CITY OF COUNCIL BLUFFS, IOWA

INDEPENDENT AUDITOR'S REPORTS

BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2003

Table of Contents

		<u>Page</u>
Officials		4
Independent Auditor's Report		5-6
Management's Discussion and Analysis		7-15
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	18-19
Statement of Activities	B	20-21
Governmental Funds Financial Statements:		
Balance Sheet - Governmental Funds	C	23
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	E	25-26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	27
Proprietary Funds Financial Statements:		
Statement of Net Assets - Proprietary Funds	G	28-29
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	H	30-33
Statement of Cash Flows - Proprietary Funds	I	34-35
Fiduciary Funds Financial Statements:		
Statement of Fiduciary Net Assets - Fiduciary Funds	J	36
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	K	37
Notes to Financial Statements		38-54
Required Supplementary Information:	<u>Schedule</u>	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds		56-57
Budget to GAAP Reconciliation		58
Notes to Required Supplementary Information - Budgetary Reporting		59
Supplementary Information:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	62-67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	2	68-73
Internal Service Funds:		
Combining Statement of Net Assets	3	74-75
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	4	76-77
Combining Statement of Cash Flows	5	78-79

Table of Contents

	<u>Schedule</u>	<u>Page</u>
Supplementary Information (continued):		
Fiduciary Funds:		
Combining Statement of Fiduciary Net Assets - Pension and Other Employee Benefit Trust Funds	6	80
Combining Statement of Changes in Fiduciary Net Assets - Pension and Other Employee Benefit Trust Funds	7	81
Combining Statement of Fiduciary Net Assets - Agency Funds	8	82
Combining Statement of Changes in Trusts Payable - Agency Funds	9	83
Schedule of Indebtedness	10	84-85
Bond and Note Maturities	11	86-87
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	12	88
Schedule of Expenditures of Federal Awards	13	89-91
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting		95-96
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance		99-100
Schedule of Findings and Questioned Costs		101-105
Staff		106

City of Council Bluffs

Officials

June 30, 2003

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Thomas Hanafan	Mayor	Jan 2006
Scott Belt	Mayor Pro tem	Jan 2006
Chad Primmer	Council Member	Jan 2004
Emil Pavich	Council Member	Jan 2004
Matt Walsh	Council Member	Jan 2006
David Tobias	Council Member	Jan 2006
Terry Mauer	Director of Finance and Personnel	Indefinite
Linda Jensen	Assistant Finance Director	Indefinite
Janet Obrecht	Internal Auditor	Indefinite
Cheryl Puntaney	City Clerk	Indefinite
Rita Milner	Treasurer	Indefinite
Richard Wade	Attorney	Indefinite



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

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the City of Council Bluffs, Iowa, as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City of Council Bluffs' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Council Bluffs Airport Authority, a discretely presented component unit. These financial statements were audited by other independent auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Council Bluffs Airport Authority, is based solely upon the report of the other independent auditors.

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 and the report of the other auditors provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the City of Council Bluffs at June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 18 to the financial statements, during the year ended June 30, 2003, the City of Council Bluffs adopted 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; Statement No. 38, Certain Financial Statement Note Disclosures; Statement No. 41, Budgetary Comparison Schedule - Perspective Differences; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

In accordance with Government Auditing Standards, we have also issued our reports dated November 5, 2003 on our consideration of the City of Council Bluffs' 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.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 15 and 56 through 59 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Council Bluff's basic financial statements. The supplementary information included in Schedules 1 through 13, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 5, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Council Bluffs financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2003. We encourage the readers to consider the information presented here in conjunction with the City's financial statements which follow this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Council Bluffs exceeded liabilities at June 30, 2003 by \$145,043,664. Of this amount \$10,885,232 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$16,773,373 during the year. Of this amount the assets of our governmental activities increased \$10,970,415 and the assets of our business type activities increased by \$5,802,958.
- The City's long-term debt decreased to \$59,619,564 during the year, an overall reduction of \$3,173,013.

OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to Management's Discussion and Analysis, this annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government. An additional part of the basic financial statements are notes to the financial statements. The statements are followed by a section of Required Supplementary Information that further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental, internal service, and fiduciary funds, and also includes detailed information about the City's bond and note indebtedness. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the City.

REPORTING THE CITY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

One of the most important questions asked about the City's finances is, "Is the City of Council Bluffs in a better financial position at the end of this fiscal year, compared to last year?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is very similar to the method

of accounting used by most private sector companies. These two statements report the City's net assets, which is the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decrease in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Additional factors such as changes in the City's property tax base and sales tax collections and condition of the City's infrastructure are also important in making this determination.

In the Statement of Net Assets and the Statement of Activities, we have divided the City into three kinds of activities:

- Governmental Activities – Most of the City's basic services are reported here, such as police, fire, public works and parks department, and general administration. Property taxes and state and federal grants finance most of these activities.
- Business Type Activities – The City charges fees to customers to cover the cost of these services. Included here are the City sewer and solid waste activities funds.
- Component Units – These are operations that are legally separate from the City but for which the City is financially accountable. The City's discretely presented component unit is the Council Bluffs Airport Authority.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law or by bond requirements. The City Council also established funds to control and manage money for particular purposes (such as construction projects) and to show that it is properly using certain revenues (such as local option sales tax revenues). The City has the following types of funds:

- Governmental Funds – Most of the City's basic services are included in governmental funds, which focus on how money moves into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using the “modified accrual basis” of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. We describe the relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation following each governmental fund financial statement.
- Proprietary Funds – When the City charges customers for the service it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The major difference between the proprietary funds and the business type activities included in the government-wide statements is the detail and additional information, such as cash flows, provided in the proprietary funds statements.

THE CITY AS TRUSTEE

Reporting the City's Fiduciary Responsibilities

Fiduciary funds are used to account for resources held for the benefit of parties outside the City government. The City is the trustee, or fiduciary, for the Section 8 and Municipal Housing Agency as well as the Firemen's Pension and 411 Benefits and can be used only for the trust

beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As stated earlier, net assets may serve over time as a useful indicator of a government's financial position. The largest part of the City's net assets reflects its investment in capital assets (land, street and sewer networks, buildings and improvements, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The analysis that follows shows the City's total net assets at June 30, 2003.

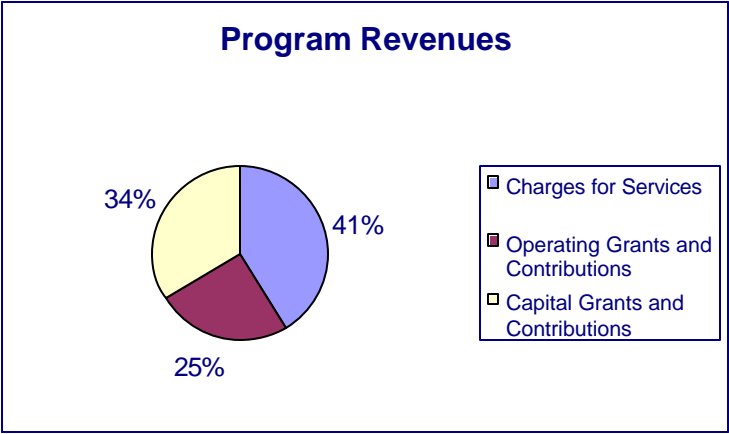
	Governmental Activities	Business Type Activities	Total
Current and other assets	\$ 56,358,193	6,538,459	62,896,652
Capital assets	111,052,039	62,210,419	173,262,458
Total assets	<u>167,410,232</u>	<u>68,748,878</u>	<u>236,159,110</u>
Long-term debt liabilities	50,192,989	2,018,525	52,211,514
Other liabilities	37,259,044	1,644,888	38,903,932
Total liabilities	<u>87,452,033</u>	<u>3,663,413</u>	<u>91,115,446</u>
Net assets:			
Invested in capital assets, net of related debt	62,629,175	59,608,846	122,238,021
Restricted	11,920,411	-	11,920,411
Unrestricted	5,408,613	5,476,619	10,885,232
Total net assets	<u>\$ 79,958,199</u>	<u>65,085,465</u>	<u>145,043,664</u>

Net assets of governmental activities increased from FY 2002 by approximately \$11 million or 15.9%. Net assets of business type activities increased from FY 2002 by approximately \$5.8 million or 9.8%. The largest portion of the City's net assets is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Total unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements is approximately \$10.9 million.

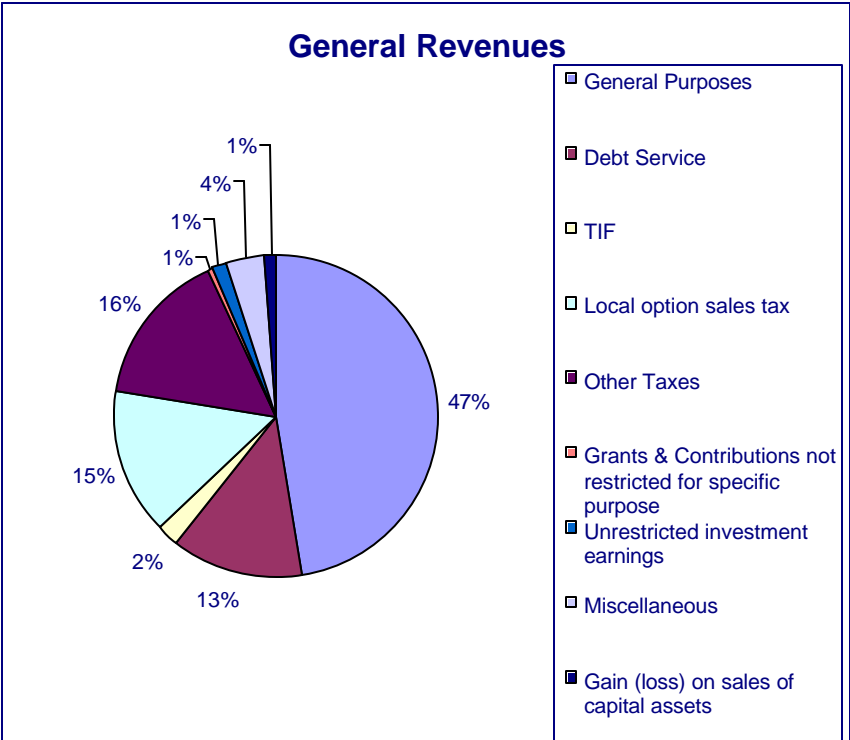
Total revenue reported for the Primary Government for the year ended June 30, 2003 was \$78,072,022. The following table breaks down revenues collected for general governmental activities and business type activities for the fiscal year ended June 30, 2003:

	Governmental Activities	Business Type Activities	Total
Program Revenues:			
Charges for services	\$ 7,172,323	7,512,752	14,685,075
Operating grants and contributions	8,639,826	83,443	8,723,269
Capital grants and contributions	10,625,719	1,370,816	11,996,535
Total program revenues	26,437,868	8,967,011	35,404,879
General revenues and transfers:			
Property tax levied for:			
General purposes	20,302,008	-	20,302,008
Debt service	5,519,582	-	5,519,582
Tax increment financing	970,564	-	970,564
Local option sales tax	1,846,132	4,387,397	6,233,529
Other City tax	6,668,979	-	6,668,979
Grants and contributions not restricted for specific purpose			
	299,715	-	299,715
Unrestricted investment earnings	556,323	-	556,323
Miscellaneous	713,492	901,321	1,614,813
Gain (loss) on sale of capital assets	511,229	(9,599)	501,630
Transfers	(474,732)	474,732	-
Total general revenues and transfers	36,913,292	5,753,851	42,667,143
Total revenues and transfers	\$ 63,351,160	14,720,862	78,072,022

Program revenues totaled \$35,404,879 for the year ended June 30, 2003. Governmental activities provided \$26,437,868 and business type activities provided \$8,967,011. Revenue collected from charges for service during fiscal year 2003 was \$14,685,075 accounting for approximately 41% of the total program revenues. The following charts break down revenues by source:



General revenues for the year ended June 30, 2003 totaled \$42,667,143. Governmental activities provided \$36,913,292 and business type activities provided \$5,753,851. Property and other City tax revenues for FY 2003 totaled \$39,694,662, accounting for 93% of general revenues. The following chart breaks down general revenues by source:



Expenses for the Primary Government for the year ended June 30, 2003 totaled \$61,298,649. Expenses for governmental activities totaled \$52,380,745, accounting for 85% of total expenses. Business type activities expenses totaled \$8,917,904, or 15% of the total. The following table shows total expenses by function/program for the year ended June 30, 2003:

Function/Program	Governmental Activities	Business Type Activities	Total
Public safety	\$21,542,479	-	21,542,479
Public works	11,953,260	-	11,953,260
Health and social services	1,270,429	-	1,270,429
Culture and recreation	4,695,620	-	4,695,620
Community and economic development	3,883,871	-	3,883,871
General government	4,474,883	-	4,474,883
Non-program	1,821,664	-	1,821,664
Interest on long-term debt	2,738,539	-	2,738,539
Business type activities	-	8,917,904	8,917,904
Total expenses	\$52,380,745	8,917,904	61,298,649

The following table shows the activities included within each function/program:

Function/Program	Activity
Public safety	Individual & community protection, physical health
Public works	Public service, utilities, transportation
Health and social services	Health regulation and inspection
Culture and recreation	Education and recreation
Community and economic development	Environmental preservation, housing and community development
General government	Policy and administration

A comparison cannot be made to FY 2002 since the function/programs have changed to a new chart of accounts.

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balance. Please note that the expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense) revenue calculation. This format highlights the respective financial burden that each of the functions place on the taxpayers. For example, for public safety the City spent \$21,542,479 and received \$3,344,095 in revenue leaving a cost to taxpayers of \$18,198,384 to be funded by various methods. The new format also identifies how much each function draws from general revenues or is self-sustaining through fees or grants.

Some of the individual line item revenues reported for each function are:

Public safety	Fines, COPS grants, block grants
Community and economic development	HUD grants, building permits, licenses
General government	Internal charges for service

The total cost of governmental activities this year was \$52,380,745. Of these costs, \$7,172,323 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations that subsidized certain programs with operating and capital grants and contributions were \$19,265,545, leaving a net expense of \$25,942,877 for governmental activities. These expenses were financed by tax revenues, interest and other general revenues. The Statement of Activities provides further detail. The net (expense) revenue by governmental activity is shown in following table:

Governmental activities	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Functions / Programs:	
Public safety	\$ (18,198,384)
Public works	(6,674,053)
Health and social services	(942,364)
Culture and recreation	3,979,217
Community and economic development	1,532,730
General government	(2,562,487)
Non-program	(338,997)
Interest and other fees	<u>(2,738,539)</u>
Net (expense) revenues of governmental activities	(25,942,877)
General revenues & transfers	<u>36,913,292</u>
Change in net assets	<u><u>\$ 10,970,415</u></u>

Resources available during the year to finance governmental activities totaled \$132,338,944, consisting of net assets at July 1, 2002 of \$68,987,784, program revenues of \$26,437,868 and general revenues of \$36,913,292. During the year governmental activities expenses totaled \$52,380,745. As a result, governmental activities net assets increased by \$10,970,415 to \$79,958,199.

Business Type Activities

The cost of all business type activities for the year was \$8,917,904 as shown in the Statement of Activities. The amount charged to the users of the systems was \$7,512,752, and \$1,454,259 was funded from grants and contributions, resulting in total net revenue for business type activities of \$49,107. The net (expense) revenue by business type activity for the year ended June 30, 2003 is shown in the following table:

Business Type Activities	<u>Net (Expense) Revenue</u>
Sewer	\$ 268,277
Other non-major	<u>(219,170)</u>
Total net (expense) revenue	49,107
General revenues and transfers	5,753,851
Change in net assets	<u><u>\$ 5,802,958</u></u>

Resources available during the year to finance business type activities totaled \$74,003,369 consisting of net assets at July 1, 2002 of \$59,282,507, program revenues of \$8,967,011 and general revenues of \$5,753,851. During the year business type activities expenses totaled \$8,917,904. As a result, business type activities net assets increased by \$5,802,958, due mainly to \$4,387,397 from local option sales tax.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balance may serve as a useful measure of government's net resources available for spending at the end of a fiscal year. The City's governmental funds reported combined ending fund balances of \$23,735,828. The combined governmental fund balance decreased \$3,401,116 from the prior year.

The Debt Service Fund balance decreased \$2,273,062 from the prior year end due to retirement of certain bonds and notes. The total of the balances of the other nonmajor governmental funds decreased by a net amount of \$1,094,270, due primarily to the expenditure of community development block grant and insurance reimbursement proceeds on hand at July 1, 2002. The balances of the General and Capital Projects Funds remained relatively unchanged from the prior year end.

BUDGETARY HIGHLIGHTS

The City amended the budget once in May, 2003. The amendment was made to include the additional construction costs of the Veterans' Plaza, furnishing the Mid-American Convention Center and the early retirement of general obligation debt.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets, including land, building and improvements, equipment, streets, sewer systems, lighting systems, traffic signals and other infrastructure represents the value of the resources utilized to provide services to our citizens. Capital assets at June 30, 2003 were \$173,262,458 (net of accumulated depreciation). See Note 4 to the financial statements for more information about the City's capital assets.

The major capital outlays for governmental activities during the year include work on the Southeast Fire Station, Recreation Trails Project for the Iowa Riverfront, and Carnegie Library Museum. The majority of the capital outlay was incurred in the Capital Projects Fund. Land was acquired for the Avenue G Viaduct Project. The majority of the equipment acquired was licensed vehicles and equipment for the City's central maintenance garage. The street and sewer departments also use this equipment.

For business type activities, projects completed include the Mid City RR Corridor, Spencer Avenue to Simms, Westside Drive Project, South 7th Street, and Tree Street Neighborhood Rehab.

Construction in progress at June 30, 2003 includes Streetscape Phase V, Franklin/Lincoln Reconstruction, 2nd Avenue Reconstruction, Valley View Extension, 7th Street Bridge over Indian Creek, and East Manawa Parkway. Sewer projects in progress at June 30, 2003 include the 29th Avenue Sani Sewer, Wenwood Drainage and 32nd Street Sani Sewer projects. These sewer projects are being funded with local option sales tax revenues.

Long-term Debt

At June 30, 2003, the City had \$58 million in bonds and notes outstanding versus \$61 million last year. The City's general obligation bond rating continues to carry an A1 rating as assigned by Moody's Investor Services. Assignment of this rating reflects the City's continued moderate tax base growth, sound financial operations, and adequate debt retirement. The City continues to operate well under the State debt capacity limitation. The State limits the amount of general obligation debt outstanding to 5% of the assessed value of all taxable property in the community. Bond proceeds will fund various capital improvements in the City.

Both the City's direct and overall debt burdens of 2.6% and 4.3 %, respectively, are average and the retirement of debt is rapid, with 92% retired in ten years and all debt retired within fifteen years. The City's capital improvement plan is structured such that the City's annual borrowings approximate or are less than the amounts being retired on an annual basis. Consequently, the City's debt burden is expected to decline, given expected continuation of tax base growth, rapid principal amortization, and modest future debt plans of approximately \$4 million annually.

More detailed information on debt administration is provided in Note 5 to the financial statements.

ECONOMIC FACTORS

The City's tax base has grown moderately, averaging 5.7% annually over the past five years. Due to budget cuts, City officials are taking a conservative approach to future spending. While these are difficult economic times, gaming revenues, along with new residential development and expansion of the City's retail centers have increased diversification of the tax base. Nevertheless, the gaming industry remains a dominant economic factor, comprising nearly 9% of the City's taxable valuation and a large percentage of the labor force.

The City's tax base also comprises a significant commercial component. Omaha Standard's plan to expand and modernize manufacturing was awarded \$1.5 million from the Iowa Values Fund. The investment expects to retain 182 jobs and create 108 jobs at an average wage of \$20.67 per hour.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the City Finance Department at 712-328-4605.

City of Council Bluffs

Financial Statements

Exhibit A

City of Council Bluffs
Statement of Net Assets
June 30, 2003

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Airport Authority
Assets				
Current assets:				
Cash and pooled investments	\$ 23,202,851	4,416,296	27,619,147	67,594
Receivables:				
Property tax:				
Delinquent	696,333	-	696,333	8,277
Succeeding year	26,540,000	-	26,540,000	-
Tax increment financing	16,500	-	16,500	-
Accounts (net of \$46,000 allowance for uncollectable accounts in the General Fund)	2,493,610	-	2,493,610	1,681
Special and drainage assessments	256,660	-	256,660	-
Customer accounts and unbilled usage	-	1,596,247	1,596,247	-
Accrued interest	3,183	-	3,183	-
Due from other governments	2,082,795	425,458	2,508,253	194,323
Inventories	792,660	67,687	860,347	-
Prepaid insurance	273,601	-	273,601	14,111
Total current assets	56,358,193	6,505,688	62,863,881	285,986
Noncurrent assets:				
Capital assets (net of accumulated depreciation)	111,052,039	62,210,419	173,262,458	3,846,358
Bond/note issuance costs	-	32,771	32,771	-
Total noncurrent assets	111,052,039	62,243,190	173,295,229	3,846,358
Total assets	167,410,232	68,748,878	236,159,110	4,132,344

City of Council Bluffs

Statement of Net Assets

June 30, 2003

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Airport Authority
Liabilities				
Current liabilities:				
Accounts payable	\$ 2,398,054	796,796	3,194,850	48,891
Salaries and benefits payable	744,656	86,958	831,614	1,257
Accrued interest payable	207,987	-	207,987	-
Due to other governments	713,957	6,867	720,824	40,495
Deferred revenue:				
Succeeding year property tax	26,540,000	-	26,540,000	-
Other	-	607	607	7,283
Portion due or payable within one year:				
Notes payable	-	-	-	27,980
General obligation bonds/notes	5,345,875	619,460	5,965,335	-
Compensated absences	1,308,515	134,200	1,442,715	-
Total current liabilities	37,259,044	1,644,888	38,903,932	125,906
Noncurrent liabilities:				
Notes payable	-	-	-	384,193
General obligation bonds/notes	49,899,625	1,982,113	51,881,738	-
Compensated absences	293,364	36,412	329,776	-
Total noncurrent liabilities	50,192,989	2,018,525	52,211,514	384,193
Total liabilities	87,452,033	3,663,413	91,115,446	510,099
Net Assets				
Invested in capital assets, net of related debt	62,629,175	59,608,846	122,238,021	3,739,185
Restricted for:				
Local option sales tax	2,494,152	-	2,494,152	-
Streets	1,822,942	-	1,822,942	-
Library	1,387,647	-	1,387,647	-
Debt service	2,158,363	-	2,158,363	-
Capital projects	1,061,433	-	1,061,433	-
Other purposes	2,995,874	-	2,995,874	-
Unrestricted	5,408,613	5,476,619	10,885,232	(116,940)
Total net assets	\$ 79,958,199	65,085,465	145,043,664	3,622,245

See notes to financial statements.

City of Council Bluffs
Statement of Activities
Year ended June 30, 2003

Functions / Programs:	Program Revenues			
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
Public safety	\$ 21,542,479	2,294,545	278,967	770,583
Public works	11,953,260	67,378	5,041,232	170,597
Health and social services	1,270,429	175,742	152,323	-
Culture and recreation	4,695,620	1,439,489	809,036	6,426,312
Community and economic development	3,883,871	149,154	2,012,293	3,255,154
General government	4,474,883	1,836,208	73,115	3,073
Non-program	1,821,664	1,209,807	272,860	-
Interest on long-term debt	2,738,539	-	-	-
Total governmental activities	52,380,745	7,172,323	8,639,826	10,625,719
Business Type Activities:				
Sewer	6,166,516	5,042,309	21,668	1,370,816
Other	2,751,388	2,470,443	61,775	-
Total business type activities	8,917,904	7,512,752	83,443	1,370,816
Total Primary Government	\$ 61,298,649	14,685,075	8,723,269	11,996,535
Component unit:				
Airport Authority	\$ 605,475	80,505	731,399	1,100,124
General Revenues:				
Property tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Other city tax				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Gain (loss) on sale of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets beginning of year, as restated (note 18)				
Net assets end of year				

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets				Component Unit
Primary Government				Airport Authority
Governmental Activities	Business Type Activities	Total		
(18,198,384)	-	(18,198,384)		-
(6,674,053)	-	(6,674,053)		-
(942,364)	-	(942,364)		-
3,979,217	-	3,979,217		-
1,532,730	-	1,532,730		-
(2,562,487)	-	(2,562,487)		-
(338,997)	-	(338,997)		-
<u>(2,738,539)</u>	-	<u>(2,738,539)</u>		-
<u>(25,942,877)</u>	-	<u>(25,942,877)</u>		-
-	268,277	268,277		-
-	(219,170)	(219,170)		-
-	49,107	49,107		-
<u>(25,942,877)</u>	49,107	<u>(25,893,770)</u>		-
-	-	-		1,306,553
20,302,008	-	20,302,008		280,627
5,519,582	-	5,519,582		-
970,564	-	970,564		-
1,846,132	4,387,397	6,233,529		-
6,668,979	-	6,668,979		-
299,715	-	299,715		-
556,323	-	556,323		-
511,229	(9,599)	501,630		-
713,492	901,321	1,614,813		106,691
<u>(474,732)</u>	474,732	-		-
<u>36,913,292</u>	<u>5,753,851</u>	<u>42,667,143</u>		<u>387,318</u>
10,970,415	5,802,958	16,773,373		1,693,871
<u>68,987,784</u>	<u>59,282,507</u>	<u>128,270,291</u>		<u>1,928,374</u>
<u>\$ 79,958,199</u>	<u>65,085,465</u>	<u>145,043,664</u>		<u>3,622,245</u>

City of Council Bluffs

City of Council Bluffs

Balance Sheet

Governmental Funds

June 30, 2003

Assets	General	Debt Service	Capital Projects	Nonmajor Governmental	Total
Cash and pooled investments	\$ 4,116,612	2,204,267	7,752,890	7,617,301	21,691,070
Receivables:					
Property tax:					
Delinquent	384,325	145,752	-	166,256	696,333
Succeeding year	13,590,000	6,215,000	-	6,735,000	26,540,000
Tax increment financing	-	16,239	-	261	16,500
Accounts (net)	852,345	-	178,477	1,243,336	2,274,158
Special and drainage assessments	245,443	-	3,382	7,835	256,660
Accrued interest	3,074	109	-	-	3,183
Due from other funds	382,164	-	-	-	382,164
Due from other governments	707,258	-	728,611	646,679	2,082,548
Inventories	134,126	-	-	644,418	778,544
Prepaid insurance	273,601	-	-	-	273,601
Total assets	\$ 20,688,948	8,581,367	8,663,360	17,061,086	54,994,761
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 425,580	17	302,749	923,414	1,651,760
Salaries and benefits payable	641,693	-	-	101,728	743,421
Due to other funds	694	-	4,970	361,689	367,353
Due to other governments	139,589	-	471,572	13,253	624,414
Deferred revenue:					
Succeeding year property tax	13,590,000	6,215,000	-	6,735,000	26,540,000
Other	761,509	59,878	323,852	186,746	1,331,985
Total liabilities	15,559,065	6,274,895	1,103,143	8,321,830	31,258,933
Fund balances:					
Reserved for:					
Inventories	134,126	-	-	644,418	778,544
Prepaid insurance	273,601	-	-	-	273,601
Encumbrances	13,117	-	-	2,175	15,292
Debt service	-	2,306,472	-	-	2,306,472
Permanent fund	-	-	-	59,105	59,105
Unreserved:					
General fund	4,709,039	-	-	-	4,709,039
Special revenue funds	-	-	-	8,033,558	8,033,558
Capital projects fund	-	-	7,560,217	-	7,560,217
Total fund balances	5,129,883	2,306,472	7,560,217	8,739,256	23,735,828
Total liabilities and fund balances	\$ 20,688,948	8,581,367	8,663,360	17,061,086	54,994,761

See notes to financial statements.

Exhibit D

City of Council Bluffs

Reconciliation of the Balance Sheet-

Governmental Funds to the Statement of Net Assets

June 30, 2003

Total governmental fund balances (page 23) \$ 23,735,828

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds. The cost of capital assets, excluding internal service funds, is \$154,588,393 and the accumulated depreciation is \$43,538,173. 111,050,220

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 1,331,985

Internal service funds are used by management to charge the costs of certain activities to individual funds, including the partial self funding of the City's health insurance benefit plan. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. 892,333

Long-term liabilities, including bonds and notes payable, accrued interest payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. (57,052,167)

Net assets of governmental activities (page 19) \$ 79,958,199

See notes to financial statements.

City of Council Bluffs

Statement of Revenues, Expenditures and
Changes in Fund Balances

Governmental Funds

Year ended June 30, 2003

	General	Debt Service	Capital Projects	Nonmajor Governmental	Total
Revenues:					
Property tax	\$ 13,047,767	5,052,063	-	5,556,896	23,656,726
Other city tax	7,868,842	467,519	-	2,200,639	10,537,000
Tax increment financing	-	470,311	-	500,253	970,564
Intergovernmental	1,771,734	-	4,733,701	4,165	6,509,600
Licenses and permits	894,389	-	-	185,879	1,080,268
Special assessments	-	-	-	6,086,257	6,086,257
Charges for service	3,073,448	177,256	-	102,089	3,352,793
Use of money and property	501,796	55,464	-	1,789	559,049
Miscellaneous	1,022,370	-	3,840,840	5,558,443	10,421,653
Total revenues	28,180,346	6,222,613	8,574,541	20,196,410	63,173,910
Expenditures:					
Operating:					
Public safety	20,337,058	-	-	216,396	20,553,454
Public works	1,490,840	-	-	5,572,814	7,063,654
Culture and recreation	4,570,022	-	-	971,293	5,541,315
Health and social services	986,038	-	-	225,989	1,212,027
Community and economic development	354,706	-	-	2,377,415	2,732,121
General government	4,311,201	-	-	11,800	4,323,001
Non-program	-	-	-	295,979	295,979
Debt service:					
Principal redeemed	-	7,823,264	-	-	7,823,264
Interest paid	-	2,676,168	-	-	2,676,168
Miscellaneous debt expense	-	36,427	-	-	36,427
Capital projects	-	-	14,319,521	5,929,360	20,248,881
Total expenditures	32,049,865	10,535,859	14,319,521	15,601,046	72,506,291
Excess (deficiency) of revenues over over (under) expenditures	(3,869,519)	(4,313,246)	(5,744,980)	4,595,364	(9,332,381)

Exhibit E

City of Council Bluffs

Statement of Revenues, Expenditures and
Changes in Fund Balances

Governmental Funds

Year ended June 30, 2003

	General	Debt Service	Capital Projects	Nonmajor Governmental	Total
Other financing sources (uses):					
General obligation bonds issued	-	1,605,000	4,015,000	-	5,620,000
Discount on general obligation bonds	-	-	(28,006)	-	(28,006)
Sale of capital assets	731,180	-	-	-	731,180
Operating transfers in	7,619,395	2,359,732	3,091,844	811,594	13,882,565
Operating transfers out	(4,464,128)	(1,924,548)	(1,341,929)	(6,626,692)	(14,357,297)
Total other financing sources (uses)	<u>3,886,447</u>	<u>2,040,184</u>	<u>5,736,909</u>	<u>(5,815,098)</u>	<u>5,848,442</u>
Net change in fund balances	16,928	(2,273,062)	(8,071)	(1,219,734)	(3,483,939)
Fund balances beginning of year, as restated (note 18)	5,155,596	4,579,534	7,568,288	9,833,526	27,136,944
Increase (decrease) in reserve for:					
Inventories	18,006	-	-	125,464	143,470
Prepaid insurance	(60,647)	-	-	-	(60,647)
Fund balances end of year	<u>\$ 5,129,883</u>	<u>2,306,472</u>	<u>7,560,217</u>	<u>8,739,256</u>	<u>23,735,828</u>

See notes to financial statements.

City of Council Bluffs

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds to
the Statement of Activities

Year ended June 30, 2003

Net change in fund balances-total governmental funds (page 26) \$ (3,483,939)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlays exceeded depreciation expense, excluding internal service funds, in the current year as follows:

Expenditures for capital assets	\$ 19,162,218	
Depreciation expense	<u>(4,976,626)</u>	14,185,592

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net cost of the assets sold. (219,951)

Because some revenues will not be collected for several months after the City's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	120,524	
Other	<u>(1,229,432)</u>	(1,108,908)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year debt repayments exceeded debt issued as follows:

Bonds and loans issued	(5,620,000)	
Principal payments	<u>7,823,264</u>	2,203,264

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated absences	(47,933)	
Interest on long-term debt	<u>2,062</u>	(45,871)

Prepaid expenses and inventories in the governmental funds have been recorded as expenditures when paid. However, the Statement of Activities will report these items as expenses in the period the corresponding net asset is exhausted. 82,823

Internal service funds are used by management to charge the costs of certain activities to individual funds, including employee health benefits. The change in net assets of the internal service funds is reported with governmental activities. (642,595)

Change in net assets of governmental activities (page 21) \$ 10,970,415

See notes to financial statements.

City of Council Bluffs

Statement of Net Assets

Proprietary Funds

June 30, 2003

	<u>Business Type Activities - Enterprise Funds</u>			<u>Governmental</u>
		Nonmajor - Refuse and Sewer	Disposal	Total
Assets				
Current assets:				
Cash and pooled investments	\$ 4,006,681	409,615	4,416,296	1,511,781
Receivables:				
Customer accounts and unbilled usage	963,828	632,419	1,596,247	-
Accounts	-	-	-	219,452
Due from other governments	425,458	-	425,458	247
Due from other funds	-	-	-	694
Inventories	42,012	25,675	67,687	14,116
Total current assets	<u>5,437,979</u>	<u>1,067,709</u>	<u>6,505,688</u>	<u>1,746,290</u>
Noncurrent assets:				
Capital assets, net of accumulated depreciation	58,751,543	3,458,876	62,210,419	1,819
Bond/note issuance costs	32,771	-	32,771	-
Total noncurrent assets	<u>58,784,314</u>	<u>3,458,876</u>	<u>62,243,190</u>	<u>1,819</u>
Total assets	<u>64,222,293</u>	<u>4,526,585</u>	<u>68,748,878</u>	<u>1,748,109</u>

City of Council Bluffs
Statement of Net Assets

Proprietary Funds

June 30, 2003

	<u>Business Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	Nonmajor -		Total	<u>Activities</u>
	Sewer	Refuse and Disposal		
				<u>Service Funds</u>
Liabilities				
Current liabilities:				
Accounts payable	618,080	178,716	796,796	746,294
Salaries and benefits payable	72,214	14,744	86,958	1,235
Due to other funds	-	-	-	15,505
Due to other governments	5,853	1,014	6,867	89,543
Deferred revenue	-	607	607	-
General obligation capital loan notes payable	619,460	-	619,460	-
Compensated absences	116,347	17,853	134,200	3,199
Total current liabilities	<u>1,431,954</u>	<u>212,934</u>	<u>1,644,888</u>	<u>855,776</u>
Noncurrent liabilities:				
General obligation capital loan notes payable (net of unamortized discount)	1,982,113	-	1,982,113	-
Compensated absences	<u>35,620</u>	<u>792</u>	<u>36,412</u>	<u>-</u>
Total noncurrent liabilities	<u>2,017,733</u>	<u>792</u>	<u>2,018,525</u>	<u>-</u>
Total liabilities	<u>3,449,687</u>	<u>213,726</u>	<u>3,663,413</u>	<u>855,776</u>
Net Assets:				
Invested in capital assets, net of related debt	56,149,970	3,458,876	59,608,846	1,819
Unrestricted	<u>4,622,636</u>	<u>853,983</u>	<u>5,476,619</u>	<u>890,514</u>
Total net assets	<u>\$ 60,772,606</u>	<u>4,312,859</u>	<u>65,085,465</u>	<u>892,333</u>

See notes to financial statements.

City of Council Bluffs

Statement of Revenues, Expenses
and Changes in Fund Net Assets

Proprietary Funds

Year ended June 30, 2003

	<u>Business Type Activities -</u>	
	Sewer	Nonmajor - Refuse and Disposal
Operating revenues:		
Use of money and property	\$ 7,920	-
Charges for service	5,042,309	2,470,443
Miscellaneous	-	513,648
Total operating revenues	<u>5,050,229</u>	<u>2,984,091</u>
Operating expenses:		
Business type activities:		
Sewer system and sewage disposal	4,670,338	-
Refuse disposal	-	2,595,242
Depreciation	1,307,141	156,146
Non-program	-	-
Total operating expenses	<u>5,977,479</u>	<u>2,751,388</u>
Operating income (loss)	<u>(927,250)</u>	<u>232,703</u>
Nonoperating revenues (expenses):		
Local option sales tax	4,387,397	-
Interest on investments	-	-
State and federal grants	21,668	61,775
Miscellaneous revenues	379,753	-
Interest expense	(179,345)	-
Miscellaneous debt expense	(9,692)	-
Loss on disposal of property and equipment	(8,776)	(823)
Total nonoperating revenues (expenses)	<u>4,591,005</u>	<u>60,952</u>

<u>Enterprise Funds</u>	<u>Governmental Activities</u>
<u>Total</u>	<u>Internal Service Funds</u>
7,920	-
7,512,752	5,443,612
<u>513,648</u>	<u>885,718</u>
<u>8,034,320</u>	<u>6,329,330</u>
4,670,338	-
2,595,242	-
1,463,287	-
-	7,002,522
<u>8,728,867</u>	<u>7,002,522</u>
<u>(694,547)</u>	<u>(673,192)</u>
4,387,397	-
-	30,597
83,443	-
379,753	-
(179,345)	-
(9,692)	-
(9,599)	-
<u>4,651,957</u>	<u>30,597</u>

City of Council Bluffs
Statement of Revenues, Expenses
and Changes in Fund Net Assets

Proprietary Funds

Year ended June 30, 2003

	<u>Business Type Activities -</u>	
	<u>Sewer</u>	<u>Nonmajor - Refuse and Disposal</u>
Net income (loss) before contributions and transfers	3,663,755	293,655
Contributions and transfers:		
Capital contributions and grants	1,370,816	-
Transfers in	486,039	-
Transfers out	(11,307)	-
Total contributions and transfers	<u>1,845,548</u>	-
Change in net assets	5,509,303	293,655
Net assets beginning of year, as restated (note 18)	<u>55,263,303</u>	<u>4,019,204</u>
Net assets end of year	<u>\$ 60,772,606</u>	<u>4,312,859</u>

See notes to financial statements.

<u>Enterprise Funds</u>	<u>Governmental Activities</u>
<u>Total</u>	<u>Internal Service Funds</u>
<u>3,957,410</u>	<u>(642,595)</u>
1,370,816	-
486,039	-
<u>(11,307)</u>	<u>-</u>
<u>1,845,548</u>	<u>-</u>
5,802,958	(642,595)
<u>59,282,507</u>	<u>1,534,928</u>
<u>65,085,465</u>	<u>892,333</u>

Exhibit I

City of Council Bluffs
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2003

	<u>Business Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	Nonmajor -			<u>Activities</u>
	Sewer	Refuse and Disposal	Total	Internal Service Funds
Cash flows from operating activities:				
Cash received from customers and users	\$ 4,901,818	2,200,968	7,102,786	5,322,436
Cash received from other revenues	7,920	530,854	538,774	791,062
Cash paid for personal services	(2,560,096)	(581,279)	(3,141,375)	(46,233)
Cash paid to suppliers	(2,523,669)	(2,069,765)	(4,593,434)	(6,797,599)
Net cash provided by (used for) by operating activities	(174,027)	80,778	(93,249)	(730,334)
Cash flows from noncapital financing activities:				
Negative cash balance implicitly financed	-	-	-	13,893
Cash flows from investing activities:				
Interest on investments	-	-	-	30,597
Cash flows from capital and related financing activities:				
Nonoperating grants received	24,180	61,775	85,955	-
Local option sales tax	4,325,863	-	4,325,863	-
Miscellaneous revenue	382,403	-	382,403	-
Acquisition of capital assets	(4,400,173)	(181,941)	(4,582,114)	-
Principal paid on general obligation capital loan notes	(1,033,540)	-	(1,033,540)	-
Interest paid on general obligation capital loan notes	(166,760)	-	(166,760)	-
Miscellaneous debt expense	(13,460)	-	(13,460)	-
Net cash provided by (used for) capital and related financing activities	(881,487)	(120,166)	(1,001,653)	-
Cash flows from noncapital financing activities:				
Transfers in from other funds	474,732	-	474,732	-
Net decrease in cash and cash equivalents	(580,782)	(39,388)	(620,170)	(685,844)
Cash and cash equivalents beginning of year	4,587,463	449,003	5,036,466	2,197,625
Cash and cash equivalents end of year	\$ 4,006,681	409,615	4,416,296	1,511,781

City of Council Bluffs
 Statement of Cash Flows
 Proprietary Funds
 Year ended June 30, 2003

	<u>Business Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Sewer</u>	<u>Nonmajor - Refuse and Disposal</u>	<u>Total</u>	<u>Activities Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (927,250)	232,703	(694,547)	(673,192)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	1,307,141	156,146	1,463,287	1,258
(Increase) in customer accounts receivable and unbilled usage	(140,491)	(269,492)	(409,983)	(215,174)
(Increase) decrease in due from other governments	(5,443)	17,206	11,763	(247)
(Increase) in due from other funds	-	-	-	(410)
(Increase) decrease in inventories	(5,795)	(2,069)	(7,864)	1,973
Increase (decrease) in accounts payable	(439,413)	(56,550)	(495,963)	205,521
Increase in salaries and benefits payable	24,146	4,566	28,712	360
Increase (decrease) in due to other governments	(2,020)	691	(1,329)	(51,671)
Increase in deferred revenue	-	17	17	-
Increase (decrease) in compensated absences	15,098	(2,440)	12,658	1,248
Total adjustments	<u>753,223</u>	<u>(151,925)</u>	<u>601,298</u>	<u>(57,142)</u>
Net cash provided by (used for) operating activities	<u>\$ (174,027)</u>	<u>80,778</u>	<u>(93,249)</u>	<u>(730,334)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2003, capital assets of \$1,270,816 were contributed to the Sewer Fund from the City and \$100,000 was contributed from developers.

See notes to financial statements.

City of Council Bluffs
 Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2003

	Pension and Other Employee Benefit Trust	Agency
Assets		
Cash and pooled investments	\$ 101,857	-
Receivables:		
Property tax:		
Delinquent	1,634	-
Succeeding year	124,000	-
Due from other governments	-	84,203
Total assets	227,491	84,203
Liabilities		
Accounts payable	21,037	64,203
Salaries and benefits payable	-	14,995
Trusts payable	-	5,005
Deferred revenue:		
Succeeding year property tax	124,000	-
Total liabilities	145,037	84,203
Net assets held in trust for employee benefits	\$ 82,454	-

See notes to financial statements.

City of Council Bluffs
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year ended June 30, 2003

	<u>Pension and Other Employee Benefit Trust</u>
Additions:	
Property tax	\$ 108,775
Miscellaneous	<u>13,563</u>
Total additions	<u>122,338</u>
Deductions:	
Benefits and refunds paid to plan members	114,741
Administrative expenses	<u>16,113</u>
Total deductions	<u>130,854</u>
Change in net assets held in trust for employee benefits	(8,516)
Net assets held in trust for employee benefits beginning of year	<u>90,970</u>
Net assets held in trust for employee benefits end of year	<u>\$ 82,454</u>

See notes to financial statements.

City of Council Bluffs

Notes to Financial Statements

June 30, 2003

(1) Summary of Significant Accounting Policies

The City of Council Bluffs is a political subdivision of the State of Iowa located in Pottawattamie County. It was first incorporated in 1853 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, health and social services, culture and recreation, community and economic development, and general government services. The City also provides sewer and solid waste utilities for its citizens.

The financial statements of the City of Council Bluffs have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

A. Reporting Entity

For financial reporting purposes, City of Council Bluffs 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 Council Bluffs (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Blended Component Units

The Council Bluffs Public Library Foundation has been incorporated under the provisions of the Iowa Nonprofit Corporation Act to operate exclusively for charitable, educational and literary purposes for the enhancement and improvement of the Council Bluffs Public Library. In accordance with criteria set by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be blended. The financial activity of the component unit has been blended as a Special Revenue Fund of the City.

The Friends of the Council Bluffs Public Library has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the

Council Bluffs Public Library. These donations would be used to purchase items which are not included in the City's budget. In accordance with criteria set by the Governmental Accounting Standards Board, the Authority meets the definition of a component unit which should be blended. The financial activity of this component unit has been blended as a Special Revenue Fund of the City.

Discretely Presented Component Unit

The Council Bluffs Airport Authority (Authority) was established pursuant to Chapter 330A of the Code of Iowa to operate the City's airport facility. The Authority is governed by a seven member board appointed by the Mayor, with concurrence of a majority of the City Council. The board members serve at the pleasure of the City. The City annually provides significant operating subsidies to the Authority and collects and remits the tax levied by the Authority. In accordance with criteria set by the Governmental Accounting Standards Board, the Authority meets the definition of a component unit which should be discretely presented. The Authority is accounted for as a Proprietary Fund in these financial statements.

Jointly Governed Organization

The City also participates in the Pottawattamie County Assessor's Conference Board, a jointly governed organization established pursuant to Chapter 441 of the Code of Iowa.

Related Organizations and Organizations with Joint Venture Characteristics

The City participates in several related organizations or related organizations with joint venture characteristics for which the City is not financially accountable even though the City appoints a voting majority of the organization's governing board or the organization's financial activity is reported in the City's financial statements and in another participating government's financial statements. City officials are members of or appoint representatives to the following organizations: Municipal Housing Agency; Convention and Visitors Bureau; the Pottawattamie County Communications Center Commission and the Council Bluffs Municipal Waterworks. An audit of the Council Bluffs Municipal Waterworks has been completed by other independent auditors and is filed under separate cover.

B. Basis of Presentation

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

The Statement of Net Assets presents the City's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

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

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

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

Fund Financial Statements - Separate financial statements are provided for Governmental Funds and Proprietary Funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as Nonmajor Governmental Funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax revenues and other revenues 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 expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The City reports the following major Proprietary Fund:

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

Additionally, the City also reports the following Proprietary Funds:

Internal Service Funds are used to finance and account for services and commodities provided by designated departments or agencies to other departments and agencies of the City.

Fiduciary Trust and Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgements, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in Governmental Funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The Proprietary Funds of the City apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenue of the City's Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City maintains its financial records on the cash basis. The financial statements of the City are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most City funds are pooled and invested in interest-bearing cash accounts or certificates of deposit. Interest on the pooled cash investments is recognized as revenue when earned and allocated to the funds on a systematic basis, or as provided by law. Investments are stated at fair value except for the investments in the Iowa Public Agency Investment Trust which are valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Current year property taxes receivable represents tax collected by the County but not remitted to the City at June 30, 2003. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2001 assessed property valuations; is for the tax accrual period July 1, 2002 through June 30, 2003 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March, 2002.

Customer Accounts and Unbilled Usage – Accounts receivable are recorded in the Enterprise Funds at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

Special and Drainage Assessments Receivable - Special and drainage assessments receivable represents the amounts assessed to individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as pother tax. Assessments receivable represent assessments which are due and payable but have not been collected.

Due from and Due to Other Funds - During the course of its operations, the City has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2003, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due From Other Governments - Due from other governments represents various shared revenues, grants and reimbursements from other governments. Shared revenues are recognized during the period when received by the collecting authority, the State of Iowa. Federal grant revenue is recognized when expenditures for the purpose of the grant have been incurred.

Inventories - Proprietary Fund inventories of materials and supplies are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The cost of inventories in the Governmental Funds are recorded as an expenditure at the time individual inventory items are purchased. Reported inventories in the Governmental Fund financial statements are equally offset by a fund balance reserve which indicates they are not available to liquidate current obligations.

Capital Assets - Capital assets, which include property, machinery and equipment, vehicles and infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government) are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the City as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 25,000
Land, buildings and improvements	1,000
Machinery and equipment, vehicles and other equipment	1,000

Property and equipment are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (in Years)
Buildings and improvements	40-50
Land improvements	10-20
Infrastructure	20-65
Machinery and equipment	5-20
Vehicles	5-10
Other equipment	5-30

Bond/Note Discounts and Issuance Costs - Bond/note discounts and issuance costs associated with general obligation bonds/capital loan notes recorded in the Proprietary Funds are deferred and amortized over the term of the bonds/notes using the bond outstanding method which approximates the interest method. Bond/note discounts are deducted from the bonds/notes outstanding.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the Governmental Fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, as well as delinquent property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - City employees accumulate a limited amount of earned but unused vacation and sick leave benefits and compensatory time for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in Governmental Fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2003. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term liabilities - In the government-wide financial statements and the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or Proprietary Fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the Governmental Fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity - In the Governmental Fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Reserved for Encumbrances - An encumbrance represents commitments related to unperformed contracts for goods or services where appropriations lapse at year-end and the City intends to honor them. For Governmental Funds, encumbrances outstanding at year-end are disclosed by a reservation of fund balance.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2003, disbursements exceeded the amounts budgeted in the public safety, public works, health and social services, culture and recreation, debt service and capital projects functions.

(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's investments are categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or the securities are held by the City or its agent in the City's name. Category 2 includes investments that are uninsured or unregistered, with securities held by the counterparty's trust department or agent in the City's name.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The City's investments at June 30, 2003 are as follows:

	Category	Fair Value
U.S. Treasury securities	1	\$ 237,093
Repurchase agreements	2	<u>14,412,000</u>
Total		<u>\$14,649,093</u>

In addition, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$4,387,020 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

The Council Bluffs Public Library Foundation investments at June 30, 2003 consist of mutual funds with a fair value of \$1,359,544 that are not subject to risk categorization.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2003 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	CDBG Grant	\$ 361,689
	Capital Projects	4,970
	Internal Service:	
	Graphic Arts Revolving	15,505
Internal Service:		
Miscellaneous	General	<u>694</u>
Total		<u><u>\$ 382,858</u></u>

(4) Capital Assets

Capital assets activity for the year ended June 30, 2003 was as follows:

	Balances Beginning of Year (as restated, note 18)	Increases	Decreases	Balances End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 10,004,182	445,030	(21,418)	10,427,794
Construction in progress	6,449,148	7,963,772	-	14,412,920
Total capital assets not being depreciated	<u>16,453,330</u>	<u>8,408,802</u>	<u>(21,418)</u>	<u>24,840,714</u>
Capital assets being depreciated:				
Buildings	18,191,569	2,613,824	-	20,805,393
Improvements other than buildings	13,493,241	2,626,412	-	16,119,653
Machinery and equipment	8,834,293	744,605	(248,844)	9,330,054
Vehicles	7,300,495	558,929	(446,735)	7,412,689
Infrastructure, street network	71,892,579	4,209,650	-	76,102,229
Total capital assets being depreciated	<u>119,712,177</u>	<u>10,753,420</u>	<u>(695,579)</u>	<u>129,770,018</u>
Less accumulated depreciation for:				
Buildings	2,970,064	355,329	-	3,325,393
Improvements other than buildings	3,236,399	652,544	-	3,888,943
Machinery and equipment	4,422,012	630,587	(172,208)	4,880,391
Vehicles	4,589,905	641,485	(324,838)	4,906,552
Infrastructure, street network	23,860,733	2,696,681	-	26,557,414
Total accumulated depreciation	<u>39,079,113</u>	<u>4,976,626</u>	<u>(497,046)</u>	<u>43,558,693</u>
Total capital assets being depreciated, net	<u>80,633,064</u>	<u>5,776,794</u>	<u>(198,533)</u>	<u>86,211,325</u>
Governmental activities capital assets, net	<u><u>\$ 97,086,394</u></u>	<u><u>14,185,596</u></u>	<u><u>(219,951)</u></u>	<u><u>111,052,039</u></u>

	Balances			Balances
	Beginning			End
	of Year (as			of Year
	restated, note 18)	Increases	Decreases	
Business type activities:				
Capital assets not being depreciated:				
Land	\$ 6,257,752	-	-	6,257,752
Construction in progress	3,341,932	2,623,322	(2,528,673)	3,436,581
Total capital assets not being depreciated	9,599,684	2,623,322	(2,528,673)	9,694,333
Capital assets being depreciated:				
Buildings	19,634,234	847,800	-	20,482,034
Improvements other than buildings	848,953	2,000	-	850,953
Machinery and equipment	8,620,291	1,629,298	(29,438)	10,220,151
Vehicles	633,563	289,903	(15,722)	907,744
Infrastructure, sewer network	38,338,763	3,055,618	-	41,394,381
Total capital assets being depreciated	68,075,804	5,824,619	(45,160)	73,855,263
Less accumulated depreciation for:				
Buildings	6,374,357	387,155	-	6,761,512
Improvements other than buildings	759,997	20,424	-	780,421
Machinery and equipment	2,903,186	380,177	(10,854)	3,272,509
Vehicles	241,186	87,030	(8,843)	319,373
Infrastructure, sewer network	9,616,861	588,501	-	10,205,362
Total accumulated depreciation	19,895,587	1,463,287	(19,697)	21,339,177
Total capital assets being depreciated, net	48,180,217	4,361,332	(25,463)	52,516,086
Business type activities capital assets, net	\$ 57,779,901	6,984,654	(2,554,136)	62,210,419

Depreciation was charged to functions of the primary government as follows:

Governmental activities:		
Public safety		\$ 741,633
Public works		3,017,977
Health and social services		29,065
Culture and recreation		1,156,497
Community and economic development		5,314
General government		26,140
Total depreciation expense - governmental activities		<u>\$ 4,976,626</u>
Business type activities:		
Sewer		\$ 1,307,141
Nonmajor enterprise fund - refuse and disposal		156,146
Total depreciation expense- business type activities		<u>\$ 1,463,287</u>

	Balance Beginning of Year (as restated, note 18)	Increases	Decreases	Balance End of Year
Discretely presented component unit				
Capital assets not being depreciated:				
Land	\$ -	163,064	-	163,064
Construction in progress	224,231	834,883	-	1,059,114
Total capital assets not being depreciated	<u>224,231</u>	<u>997,947</u>	-	<u>1,222,178</u>
Capital assets being depreciated:				
Buildings	850,568	946,250	-	1,796,818
Improvements other than buildings	1,042,591	-	-	1,042,591
Machinery and equipment	118,325	60,594	-	178,919
Total capital assets being depreciated	<u>2,011,484</u>	<u>1,006,844</u>	-	<u>3,018,328</u>
Less accumulated depreciation for:				
Buildings	107,993	58,700	-	166,693
Improvements other than buildings	148,940	34,752	-	183,692
Machinery and equipment	20,263	23,500	-	43,763
Total accumulated depreciation	<u>277,196</u>	<u>116,952</u>	-	<u>394,148</u>
Total capital assets being depreciated, net	<u>1,734,288</u>	<u>889,892</u>	-	<u>2,624,180</u>
Discretely presented component unit capital assets, net	<u>\$ 1,958,519</u>	<u>1,887,839</u>	-	<u>3,846,358</u>
Total depreciation expense - discretely presented component unit				<u>\$ 116,952</u>

(5) Long-Term Liabilities

General Obligation Bonds/Notes Payable

General obligation bonds/notes have been issued for both governmental and business type activities. The portion of unmatured general obligation bonds/notes accounted for in governmental activities and serviced by the Debt Service Fund totaled \$55,245,500 at June 30, 2003. The portion of unmatured general obligation notes expected to be repaid from proprietary revenues and accounted for in business type activities totaled \$2,601,573 at June 30, 2003. In compliance with statutory requirements, funds pledged and available in the Proprietary Funds to service general obligation notes are recorded as reimbursements to the Debt Service Fund in the City's accounting system. General obligation bonds/notes bear interest at rates ranging from 2.75% to 7.0%.

Annual debt service requirements to maturity for the City's June 30, 2003 general obligation bond/note indebtedness are as follows:

Year Ending June 30,	General Obligation Bonds		General Obligation Capital Loan Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 2,370,000	666,799	4,575,000	2,177,625	6,945,000	2,844,424
2005	1,625,000	580,566	5,315,000	1,643,174	6,940,000	2,223,740
2006	1,540,000	517,227	5,600,000	1,417,983	7,140,000	1,935,210
2007	1,620,000	452,881	5,825,000	1,165,159	7,445,000	1,618,040
2008	1,695,000	383,602	6,100,000	906,983	7,795,000	1,290,585
2009-2013	5,370,000	918,866	13,775,000	1,148,775	19,145,000	2,067,641
2014-2018	2,455,000	283,155	-	-	2,455,000	283,155
Total	\$ 16,675,000	3,803,096	41,190,000	8,459,699	57,865,000	12,262,795

As of June 30, 2003, the general obligation debt issued by the City did not exceed its legal debt margin computed as follows:

Actual valuation	<u>\$1,611,542,636</u>
Debt limit – 5% of total actual valuation	\$ 80,577,132
Debt applicable to debt limit:	
General obligation debt outstanding	<u>57,865,000</u>
Legal debt margin	<u>\$ 22,712,132</u>

Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2003 is as follows:

	Balance Beginning of Year (as restated, note 18)	Additions	Reductions	Balance End of Year	Due Within One Year
Reported in governmental activities:					
General obligation bonds:					
Essential corporate purpose	\$ 12,675,000	5,620,000	(1,620,000)	16,675,000	2,370,000
General obligation capital loan notes:					
Essential corporate purpose	44,773,764	-	(6,203,264)	38,570,500	2,975,875
Compensated absences	1,550,746	1,591,305	(1,540,172)	1,601,879	1,308,515
Total	<u>\$ 58,999,510</u>	<u>7,211,305</u>	<u>(9,363,436)</u>	<u>56,847,379</u>	<u>6,654,390</u>

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Reported in business type activities:					
General obligation capital loan notes:					
Essential corporate purpose	\$ 3,635,113	-	(1,033,540)	2,601,573	(1) 619,460
Compensated absences	157,954	216,660	(204,002)	170,612	134,200
Total	\$ 3,793,067	216,660	(1,237,542)	2,772,185	753,660

(1) Notes were sold at a discount; unamortized discount at June 30, 2003 was \$17,927.

(6) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2003 is as follows:

Transfer to	Transfer from	Amount
General	General	\$ 650,000
	Nonmajor Special Revenue	5,496,131
	Debt Service	1,447,941
	Capital Projects	25,323
		<u>7,619,395</u>
Debt Service	General	1,906,654
	Debt Service	453,078
		<u>2,359,732</u>
Capital Projects	General	1,840,224
	Nonmajor Special Revenue	518,305
	Debt Service	23,529
	Capital Projects	698,479
	Proprietary:	
	Sewer	11,307
	<u>3,091,844</u>	
Nonmajor Special Revenue	General	67,250
	Capital Projects	132,088
	Nonmajor Special Revenue	612,256
	<u>811,594</u>	
Proprietary:		
Sewer	Capital Projects	486,039
Total		<u>\$ 14,368,604</u>

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

(7) Pension and Retirement Benefits

Iowa Public Employees Retirement System

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 covered salary and the City is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2003, 2002, and 2001 were \$605,746, \$585,115, and \$549,071, respectively, equal to the required contributions for each year.

Chapter 410 Police and Fire Pension Plan

Chapter 410 of the Code of Iowa creates a retirement system for police officers and fire fighters of any City qualified to participate under this Chapter. Any duly appointed member of the police and fire departments whose appointment occurred before March 2, 1934 or police and fire fighters who had been making payments of membership fees and assessments prior to July 1, 1971 may be a member of the system. The pension plan is accounted for by the City in the Pension Trust, Firemen's Pension Fund.

The plan is administered by the Police Pension Board of Trustees and the Fire Pension Board of Trustees and provides retirement, disability and death benefits. The benefits are established under state statute and provide for full retirement benefits at age 50 with 22 years or more of service. Full benefits are equal to fifty percent of the monthly salary at retirement or disability and twenty-five percent of the monthly salary at death. No information is available regarding actuarially computed liabilities or assets.

Municipal Fire and Police Retirement System of Iowa

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan) which is a cost-sharing multiple-employer defined benefit retirement system administered by a Board of Trustees. The Plan provides retirement, disability and death benefits which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to MFPRSI, 2836 104th Street, Des Moines, Iowa, 50322.

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate may not be less than 17% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2003, 2002, and 2001 were \$1,764,758, \$1,705,465 and \$1,593,643, respectively, which met the required minimum contributions for each year.

(8) Transit Authority Agreement

The City has contracted for transit service on a regular, scheduled basis over certain routes within the City of Council Bluffs. The contract provides that the City shall pay the net operating cost of service over these routes within the City. During the year ended June 30, 2003, the City paid \$723,892 under this contract.

(9) Pending Litigation and Contingent Liabilities

The City is subject to pending litigation seeking damages. The amount and probability of loss, if any, is not determinable. The City is self-insured for the first \$250,000 of loss.

(10) Industrial Development Revenue Bonds

The City has issued a total of \$54,105,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the City.

(11) Employee Health Insurance Plan

The Self Insurance Fund was established to account for the partial self funding of the City's health insurance benefit plan. The plan is funded by both employee and City contributions and is administered through a service agreement with Principal Mutual Life Insurance Company. The agreement is subject to automatic renewal provisions. The City assumes liability for claims up to the individual stop loss limitation of \$110,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Self Insurance Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Firststar Bank, Council Bluffs and Principal Mutual Life Insurance Company administers the plan funds. The City records the plan assets and related liabilities of the Self Insurance Fund as an Internal Service Fund. The City's contribution to the fund for the year ended June 30, 2003 was \$4,024,770.

Amounts payable from the Self Insurance Fund at June 30, 2003 total \$675,911 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims, and to establish a reserve for catastrophic losses. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liabilities for claims for the current year is as follows:

Unpaid claims as of July 1, 2002	\$ 497,707
Incurred claims (including claims incurred but not reported as of June 30, 2003)	5,871,728
Payments on claims	<u>5,693,524</u>
Unpaid claims as of June 30, 2003	<u>\$ 675,911</u>

(12) Deficit Balances

The Internal Service, Graphic Art Revolving and Self Insurance Funds and the Fiduciary, Firemen's Pension Fund had deficit balances of \$6,814, \$168,807, and \$29, respectively, at June 30, 2003. The deficit balances will be eliminated through future collections from operating accounts.

(13) Construction Commitments

Construction commitments at June 30, 2003 totaled \$14,219,000 which will be paid as work on the projects progresses. These projects will be funded through general obligation notes, grants and local funds on hand.

(14) Risk Management

The City of Council Bluffs 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 and \$500,000 self-insured retention on liability and auto coverage only and \$500,000 on workers' compensation. The City assumes liability for any deductible and claims in excess of coverage limits. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(15) CDBG Installment Loan Escrow Fund

During the year ended June 30, 1977, the City of Council Bluffs received funding for an individual housing rehabilitation loan program from the U.S. Department of Housing and Urban Development. These funds were subsequently loaned to individuals in the City. The loans receivable and loan payments received from the individuals are accounted for in the Special Revenue, CDBG Grant Fund. The Special Revenue, CDBG Installment Loan Escrow Fund receives a portion of loan payments for payment of property tax and insurance. Active loans during the year ended June 30, 2003 carry an interest rate of 3% and have terms ranging from 10 to 20 years. At June 30, 2003, there were 94 active loans with a total outstanding principal balance of \$876,932, which is included in accounts receivable in these financial statements.

(16) Development Agreements

The City has entered into various development agreements for urban renewal projects. The agreements require the City to rebate portions of incremental tax paid by the developer in exchange for infrastructure improvements, rehabilitation and development of commercial projects made by the developer. The total to be paid by the City under the agreements is not to exceed \$2,318,000. Certain of the agreements include provisions for payment of interest.

During the year ended June 30, 2003, the City rebated \$441,910 of incremental tax to the developers, which included \$99,410 for principal and \$342,500 for interest. The outstanding balance of the agreements at June 30, 2003 was \$2,168,783.

(17) Subsequent Event

In September 2003, the City issued \$260,000 and \$700,000 of general obligation bonds to pay the costs of street improvements. The bonds are payable from a continuing annual levy of taxes against all taxable property of the City.

(18) Accounting Change and Restatements

Governmental Accounting Standards Board Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements was implemented during the year ended June 30, 2003. The interpretation modifies when compensated absence liabilities are recorded under the modified accrual basis of accounting.

Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - 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; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule - Perspective Differences; were implemented during the year ended June 30, 2003. The statements create new basic financial statements for reporting the City's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. In the fund financial statements, nonmajor special revenue funds are presented in total in one column.

The government-wide financial statements report the City's governmental and business type activities. Beginning net assets for governmental activities has been restated to include capital assets and the changes in assets and liabilities at July 1, 2002 resulting from the conversion to the accrual basis of accounting.

	<u>Total</u>
Governmental activities:	
Net assets, June 30, 2002, as previously reported:	
Governmental fund types and expendable trust funds	\$ 26,637,199
Fiduciary fund type - nonexpendable trust fund	<u>59,105</u>
	26,696,304
GASB Interpretation 6 adjustments	<u>440,640</u>
Net assets, July 1, 2002, as restated for governmental funds	27,136,944
GASB 34 adjustments:	
Capital assets of \$136,143,168, excluding internal service funds, net of accumulated depreciation of \$39,058,593	97,084,575
Internal service funds	1,534,928
Change in long-term liabilities, including accrued interest of \$210,048	(59,209,558)
Change in deferral of long-term assets	<u>2,440,895</u>
Net assets, July 1, 2002, as restated	<u>\$ 68,987,784</u>
Business type activities:	
Beginning net assets for business type activities have been restated to correct the valuation of certain capital assets based upon additional information obtained, as follows:	
Enterprise Fund net assets, June 30, 2002, as previously reported	<u>\$ 60,097,027</u>
Capital asset adjustments:	
Land	\$ 5,689,823
Infrastructure, sewer network	(17,529,871)
Accumulated depreciation for infrastructure, sewer network reduction	<u>11,025,528</u>
Net adjustment	<u>(814,520)</u>
Net assets, July 1, 2002, as restated	<u>\$ 59,282,507</u>

Required Supplementary Information

City of Council Bluffs

Budgetary Comparison Schedule of

Receipts, Disbursements and Changes in Balances -

Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds

Required Supplementary Information

June 30, 2003

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Less Funds Not Required to be Budgeted	Net
Receipts:					
Property tax	\$ 23,472,712	-	23,472,712	-	23,472,712
Tax increment financing revenue	959,806	-	959,806	-	959,806
Other city tax	10,716,646	4,325,863	15,042,509	-	15,042,509
Licenses and permits	911,584	-	911,584	-	911,584
Use of money and property	706,184	7,920	714,104	86,319	627,785
Intergovernmental	13,604,910	85,955	13,690,865	-	13,690,865
Charges for service	3,426,504	7,032,274	10,458,778	-	10,458,778
Special and drainage assessments	3,791	-	3,791	-	3,791
Miscellaneous	12,394,829	977,226	13,372,055	272,960	13,099,095
Total receipts	66,196,966	12,429,238	78,626,204	359,279	78,266,925
Disbursements:					
Public safety	20,500,827	-	20,500,827	-	20,500,827
Public works	6,976,974	-	6,976,974	-	6,976,974
Health and social services	1,150,516	-	1,150,516	-	1,150,516
Culture and recreation	5,497,899	-	5,497,899	-	5,497,899
Community and economic development	2,548,501	-	2,548,501	-	2,548,501
General government	4,274,085	-	4,274,085	-	4,274,085
Debt service	11,747,886	-	11,747,886	-	11,747,886
Capital projects	21,811,008	-	21,811,008	-	21,811,008
Business type activities	56,671	13,516,176	13,572,847	-	13,572,847
Non-program	295,979	-	295,979	295,979	-
Total disbursements	74,860,346	13,516,176	88,376,522	295,979	88,080,543
Deficiency of receipts under disbursements	(8,663,380)	(1,086,938)	(9,750,318)	63,300	(9,813,618)
Other financing sources, net	5,141,586	452,387	5,593,973	-	5,593,973
Deficiency of receipts and other financing sources under disbursements and other financing uses	(3,521,794)	(634,551)	(4,156,345)	63,300	(4,219,645)
Balance beginning of year, as restated	25,114,002	5,044,445	30,158,447	1,324,347	28,834,100
Balance end of year	\$ 21,592,208	4,409,894	26,002,102	1,387,647	24,614,455

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net Variance
23,240,667	23,240,667	232,045
952,567	952,567	7,239
10,029,081	10,029,081	5,013,428
957,695	957,695	(46,111)
1,215,700	1,215,700	(587,915)
16,993,865	17,174,615	(3,483,750)
10,548,450	10,548,450	(89,672)
85,154	85,154	(81,363)
9,553,356	13,388,356	(289,261)
<u>73,576,535</u>	<u>77,592,285</u>	<u>674,640</u>
19,259,943	19,344,193	(1,156,634)
6,275,028	6,297,278	(679,696)
510,812	720,812	(429,704)
4,604,603	5,371,603	(126,296)
2,907,586	3,314,353	765,852
4,656,258	4,656,258	382,173
8,882,842	10,532,715	(1,215,171)
24,808,000	21,503,000	(308,008)
7,698,850	15,699,210	2,126,363
-	-	-
<u>79,603,922</u>	<u>87,439,422</u>	<u>(641,121)</u>
(6,027,387)	(9,847,137)	33,519
-	5,620,000	(26,027)
(6,027,387)	(4,227,137)	7,492
<u>34,779,001</u>	<u>28,680,509</u>	<u>153,591</u>
<u>28,751,614</u>	<u>24,453,372</u>	<u>161,083</u>

City of Council Bluffs

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2003

	Governmental Funds		
	Cash	Accrual	Modified
	Basis	Adjust- ments	Accrual Basis
Revenues	\$ 66,196,966	(3,023,056)	63,173,910
Expenditures	74,860,346	(2,354,055)	72,506,291
Net	(8,663,380)	(669,001)	(9,332,381)
Other financing sources (uses)	5,141,586	706,856	5,848,442
Beginning fund balances, as restated	25,114,002	2,022,942	27,136,944
Increase (decrease) in reserve for:			
Inventories	-	143,470	143,470
Prepaid insurance	-	(60,647)	(60,647)
Ending fund balances	<u>\$ 21,592,208</u>	<u>2,143,620</u>	<u>23,735,828</u>
	Proprietary Funds		
	Enterprise		
	Cash	Accrual	Accrual
	Basis	Adjust- ments	Basis
Revenues	\$ 12,429,238	1,826,491	14,255,729
Expenses	13,516,176	(4,588,673)	8,927,503
Net	(1,086,938)	6,415,164	5,328,226
Other financing sources (uses)	452,387	22,345	474,732
Beginning net assets, as restated	5,044,445	54,238,062	59,282,507
Ending net assets	<u>\$ 4,409,894</u>	<u>60,675,571</u>	<u>65,085,465</u>

See accompanying independent auditor's report.

City of Council Bluffs

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2003

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, Internal Service Funds, Fiduciary Funds and Agency Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized and appropriations as adopted and amended lapse at the end of the fiscal year.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, a budget amendment increased budgeted disbursements by \$7,835,500. The amendment was made to include the additional construction costs of the Veterans' Plaza, furnishing the Mid-American Convention Center, and the early retirement of general obligation debt. This budget amendment is reflected in the final budgeted amounts.

The City of Council Bluffs prepares its budget on the cash basis. The Budgetary Comparison Schedule is a comparison of the cash basis receipts and disbursements with the budget adopted and amended by the City Council.

During the year ended June 30, 2003, disbursements exceeded the amounts budgeted in the public safety, public works, health and social services, culture and recreation, debt service, and capital projects functions.

Financial Statements

Other Supplementary Information

City of Council Bluffs
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003

	Special Revenue Funds		
	Road Use Tax	Emergency Levy	CDBG Grant
Assets			
Cash and pooled investments	\$ 1,252,366	-	-
Receivables:			
Property tax:			
Delinquent	-	11,372	-
Succeeding year	-	402,000	-
Tax increment financing	-	-	-
Accounts	-	-	895,568
Special and drainage assessments	3,036	-	-
Due from other governments	356,771	-	41,394
Inventories	644,418	-	-
	Total assets	413,372	936,962
	\$ 2,256,591		
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 141,252	-	172,804
Salaries and benefits payable	88,796	-	11,419
Due to other funds	-	-	361,689
Due to other governments	938	-	-
Deferred revenue:			
Succeeding year property tax	-	402,000	-
Other	3,036	4,672	-
Total liabilities	234,022	406,672	545,912
Fund balances:			
Reserved for:			
Inventories	644,418	-	-
Encumbrances	300	-	300
Endowments	-	-	-
Unreserved	1,377,851	6,700	390,750
Total fund balances	2,022,569	6,700	391,050
	Total liabilities and fund balances	413,372	936,962
	\$ 2,256,591		

Special Revenue Funds							
HOME Program	CDBG Loan Escrow	CEBA Grants	Forfeited Assets	City Local Option Sales Tax	City Insurance	Employees' Retirement	
84,500	8,859	3,333	33,744	2,568,427	100,633	96,644	
-	-	-	-	-	45,470	26,571	
-	-	-	-	-	2,283,000	849,000	
-	-	-	-	-	-	-	
-	-	-	-	108,171	-	-	
-	-	-	-	-	-	-	
-	-	-	42,468	197,808	-	-	
-	-	-	-	-	-	-	
84,500	8,859	3,333	33,744	2,676,598	2,429,103	972,215	
-	407	-	-	380,254	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	2,283,000	849,000	
-	-	-	-	-	13,524	13,524	
-	407	-	-	380,254	2,296,524	862,524	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
84,500	8,452	3,333	76,212	2,494,152	132,579	109,691	
84,500	8,452	3,333	76,212	2,494,152	132,579	109,691	
84,500	8,859	3,333	76,212	2,874,406	2,429,103	972,215	

City of Council Bluffs
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003

	Special Revenue Funds			
	Workers' Compen- sation	Unemploy- ment Compen- sation	Fire and Police Retire- ment	Mosquito Creek #22
Assets				
Cash and pooled investments	52,119	30,080	309,022	186,973
Receivables:				
Property tax:				
Delinquent	25,006	-	57,837	-
Succeeding year	731,000	-	2,055,000	-
Tax increment financing Accounts	-	-	-	-
Special and drainage assessments	-	-	-	-
Due from other governments	-	-	-	-
Inventories	-	-	-	-
Total assets	808,125	30,080	2,421,859	186,973
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	-	-	-	-
Salaries and benefits payable	-	-	-	1,513
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Deferred revenue:				
Succeeding year property tax	731,000	-	2,055,000	-
Other	13,524	-	27,048	-
Total liabilities	744,524	-	2,082,048	1,513
Fund balances:				
Reserved for:				
Inventories	-	-	-	-
Encumbrances	-	-	-	-
Endowments	-	-	-	-
Unreserved	63,601	30,080	339,811	185,460
Total fund balances	63,601	30,080	339,811	185,460
Total liabilities and fund balances	808,125	30,080	2,421,859	186,973

Special Revenue Funds								
Drainage Districts								
Sieck #32	West Lewis #35	Lake Manawa SSMID	East Broadway Tax Increment Financing	Madison Rue 1998 Urban Renewal	INRIP	Bennet Avenue TIF	Featherstone TIF	
67,946	103,715	41,230	-	-	303,854	-	-	
-	-	-	-	-	-	-	-	-
-	-	-	34,000	140,000	-	215,000	26,000	
-	-	-	261	-	-	-	-	
-	273	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
67,946	103,988	41,230	34,261	140,000	303,854	215,000	26,000	
-	100	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	34,000	140,000	-	215,000	26,000	
-	-	-	-	-	-	-	-	
-	100	-	34,000	140,000	-	215,000	26,000	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
67,946	103,888	41,230	261	-	303,854	-	-	
67,946	103,888	41,230	261	-	303,854	-	-	
67,946	103,988	41,230	34,261	140,000	303,854	215,000	26,000	

City of Council Bluffs
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003

	Special Revenue Funds				
	U.S. Savings Bond	Library Building	Animal Control	Friends of the Public Library	Library Grants
Assets					
Cash and pooled investments	288	21,480	6,347	27,777	-
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Tax increment financing Accounts	339	-	-	-	-
Special and drainage assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Inventories	-	-	-	-	-
Total assets	627	21,480	6,347	27,777	-
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	-	-	-	-	-
Salaries and benefits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Deferred revenue:					
Succeeding year property tax	-	-	-	-	-
Other	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund balances:					
Reserved for:					
Inventories	-	-	-	-	-
Encumbrances	-	-	-	-	-
Endowments	-	-	-	-	-
Unreserved	627	21,480	6,347	27,777	-
Total fund balances	627	21,480	6,347	27,777	-
Total liabilities and fund balances	627	21,480	6,347	27,777	-

See accompanying independent auditor's report.

<u>Special Revenue Funds</u>						<u>Permanent Fund</u>	
Library Memorials and Gifts	Public Library Foundation	Dodge Soldiers' Investment	4th Street Parking Garage Investment	Miscellaneous	Total Special Revenue	Fairview Cemetery Perpetual Care	Total
185,830	1,359,870	112,388	237,093	363,678	7,558,196	59,105	7,617,301
-	-	-	-	-	166,256	-	166,256
-	-	-	-	-	6,735,000	-	6,735,000
-	-	-	-	-	261	-	261
1,000	-	-	-	238,258	1,243,336	-	1,243,336
-	-	-	-	4,526	7,835	-	7,835
-	-	-	-	8,238	646,679	-	646,679
-	-	-	-	-	644,418	-	644,418
186,830	1,359,870	112,388	237,093	614,700	17,001,981	59,105	17,061,086
5,966	-	-	-	222,631	923,414	-	923,414
-	-	-	-	-	101,728	-	101,728
-	-	-	-	-	361,689	-	361,689
25	-	-	-	12,290	13,253	-	13,253
-	-	-	-	-	-	-	-
-	-	-	-	-	6,735,000	-	6,735,000
-	-	-	-	111,418	186,746	-	186,746
5,991	-	-	-	346,339	8,321,830	-	8,321,830
-	-	-	-	-	644,418	-	644,418
1,575	-	-	-	-	2,175	-	2,175
-	-	-	-	-	-	59,105	59,105
179,264	1,359,870	112,388	237,093	268,361	8,033,558	-	8,033,558
180,839	1,359,870	112,388	237,093	268,361	8,680,151	59,105	8,739,256
186,830	1,359,870	112,388	237,093	614,700	17,001,981	59,105	17,061,086

City of Council Bluffs

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Nonmajor Governmental Funds

Year ended June 30, 2003

	<u>Special Revenue Funds</u>			
	Road Use Tax	Emergency Levy	CDBG Grant	HOME Program
Revenues:				
Property tax	\$ -	385,722	-	-
Other city tax	-	36,205	-	-
Tax increment financing	-	-	-	-
Licenses and permits	4,165	-	-	-
Use of money and property	56,096	-	-	-
Intergovernmental	4,705,861	-	922,264	288,580
Charges for service	-	-	30	-
Special assessments	1,789	-	-	-
Miscellaneous	53,604	-	731,702	-
Total revenues	<u>4,821,515</u>	<u>421,927</u>	<u>1,653,996</u>	<u>288,580</u>
Expenditures:				
Operating:				
Public safety	-	-	-	-
Public works	5,464,784	-	-	-
Culture and recreation	-	-	-	-
Health and social services	-	-	-	-
Community and economic development	-	-	1,652,270	120,500
General government	-	-	-	-
Non-program	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>5,464,784</u>	<u>-</u>	<u>1,652,270</u>	<u>120,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(643,269)</u>	<u>421,927</u>	<u>1,726</u>	<u>168,080</u>
Other financing sources (uses):				
Operating transfers in (out):				
General	-	(415,227)	-	(100,000)
Special Revenue:				
Road Use Tax	-	-	-	-
City Insurance	501,320	-	-	-
Employees' Retirement	20,168	-	-	-
Workers' Compensation	90,768	-	-	-
Capital Projects	23,416	-	(468,949)	-
Total other financing sources (uses)	<u>635,672</u>	<u>(415,227)</u>	<u>(468,949)</u>	<u>(100,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(7,597)</u>	<u>6,700</u>	<u>(467,223)</u>	<u>68,080</u>
Fund balances beginning of year, as restated	1,904,702	-	858,273	16,420
Increase in reserve for inventories	125,464	-	-	-
Fund balances end of year	<u>\$ 2,022,569</u>	<u>6,700</u>	<u>391,050</u>	<u>84,500</u>

CDBG Installment Loan Escrow	CEBA Grants	Forfeited Assets	City Local Option Sales Tax	City Insurance	Employees' Retire- ment	Workers' Compen- sation	Unemploy- ment Compen- sation
-	-	-	-	2,185,332	812,963	389,536	-
-	-	-	1,846,132	205,881	76,361	36,060	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
69,746	-	72,866	315,825	-	109	-	-
69,746	-	72,866	2,161,957	2,391,213	889,433	425,596	-
-	-	36,120	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
78,090	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	2,217,965	-	-	-	-
78,090	-	36,120	2,217,965	-	-	-	-
(8,344)	-	36,746	(56,008)	2,391,213	889,433	425,596	-
-	-	-	-	(2,056,895)	(820,898)	(333,467)	(4,523)
-	-	-	-	(501,320)	(20,168)	(90,768)	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	108,672	-	-	-	-
-	-	-	108,672	(2,558,215)	(841,066)	(424,235)	(4,523)
(8,344)	-	36,746	52,664	(167,002)	48,367	1,361	(4,523)
16,796	3,333	39,466	2,441,488	299,581	61,324	62,240	34,603
-	-	-	-	-	-	-	-
8,452	3,333	76,212	2,494,152	132,579	109,691	63,601	30,080

City of Council Bluffs

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Nonmajor Governmental Funds

Year ended June 30, 2003

	Special Revenue Funds				
	Fire and Police Retire- ment	Drainage Districts			Lake Manawa SSMID
		Mosquito Creek #22	Sieck #32	West Lewis #35	
Revenues:					
Property tax	1,783,343	-	-	-	-
Other city tax	-	-	-	-	-
Tax increment financing	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Use of money and property	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for service	-	-	-	-	-
Special assessments	-	-	-	-	-
Miscellaneous	-	35	31	728	-
Total revenues	1,783,343	35	31	728	-
Expenditures:					
Operating:					
Public wafety	-	-	-	-	-
Public works	-	38,829	10,690	694	13,554
Culture and recreation	-	-	-	-	-
Health and social services	-	-	-	-	-
Community and economic development	-	-	-	-	-
General government	-	-	-	-	-
Non-program	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	-	38,829	10,690	694	13,554
Excess (deficiency) of revenues over (under) expenditures	1,783,343	(38,794)	(10,659)	34	(13,554)
Other financing sources (uses):					
Operating transfers in (out):					
General	(1,764,758)	-	-	-	-
Special Revenue:					
Road Use Tax	-	-	-	-	-
City Insurance	-	-	-	-	-
Employees' Retirement	-	-	-	-	-
Workers' Compensation	-	-	-	-	-
Capital Projects	-	-	-	-	-
Total other financing sources (uses)	1,764,758	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	18,585	(38,794)	(10,659)	34	(13,554)
Fund balances beginning of year, as restated	321,226	224,254	78,605	103,854	54,784
Increase in reserve for inventories	-	-	-	-	-
Fund balances end of year	339,811	185,460	67,946	103,888	41,230

East Broadway Tax Increment Financing	Madison Rue 1998 Urban Renewal	INRIP	Bennet Avenue TIF	Featherstone TIF	U.S. Savings Bond	Library Building	Animal Control	Friends of the Public Library	Library Grants
-	-	-	-	-	-	-	-	-	-
51,931	107,059	63,296	216,547	61,420	-	-	-	-	-
-	-	-	-	-	-	408	-	704	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	13,611	-	-	11,881	-	2,000	17,960	18,750
51,931	107,059	76,907	216,547	61,420	11,881	408	2,000	18,664	18,750
-	-	-	-	-	-	-	12,887	-	-
-	-	-	-	-	-	5,178	-	-	14,374
53,658	107,368	-	219,464	61,420	-	-	-	-	-
-	-	-	-	-	11,800	-	-	-	-
-	-	-	-	-	-	-	-	8,495	-
53,658	107,368	-	219,464	61,420	11,800	5,178	12,887	8,495	14,374
(1,727)	(309)	76,907	(2,917)	-	81	(4,770)	(10,887)	10,169	4,376
-	-	-	-	-	(363)	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	(363)	-	-	-	-
(1,727)	(309)	76,907	(2,917)	-	(282)	(4,770)	(10,887)	10,169	4,376
1,988	309	226,947	2,917	-	909	26,250	17,234	17,608	(4,376)
-	-	-	-	-	-	-	-	-	-
261	-	303,854	-	-	627	21,480	6,347	27,777	-

City of Council Bluffs

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Nonmajor Governmental Funds

Year ended June 30, 2003

	Special Revenue Funds			
	Library Memorials and Gifts	Public Library Foundation	Dodge Soldiers' Investment	4th Street Parking Garage Investment
Revenues:				
Property tax	-	-	-	-
Other City tax	-	-	-	-
Tax increment financing	-	-	-	-
Licenses and permits	-	-	-	-
Use of money and property	3,431	85,615	1,912	37,713
Intergovernmental	-	-	-	-
Charges for service	-	-	-	-
Special assessments	-	-	-	-
Miscellaneous	114,104	255,000	-	-
Total revenues	117,535	340,615	1,912	37,713
Expenditures:				
Operating:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	121,215	-	-	-
Health and social services	-	-	-	-
Community and economic development	-	-	-	-
General government	-	-	-	-
Non-program	-	287,484	-	-
Capital projects	-	-	-	-
Total expenditures	121,215	287,484	-	-
Excess (deficiency) of revenues over (under) expenditures	(3,680)	53,131	1,912	37,713
Other financing sources (uses):				
Operating transfers in (out):				
General	-	-	-	-
Special Revenue:				
Road Use Tax	-	-	-	-
City Insurance	-	-	-	-
Employees' Retirement	-	-	-	-
Workers' Compensation	-	-	-	-
Capital Projects	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(3,680)	53,131	1,912	37,713
Fund balances beginning of year, as restated	184,519	1,306,739	110,476	199,380
Increase in reserve for inventories	-	-	-	-
Fund balances end of year	180,839	1,359,870	112,388	237,093

See accompanying independent auditor's report.

Miscel- laneous	Total Special Revenue	Permanent Fund		Total
		Fairview Cemetery Perpetual Care		
-	5,556,896	-	-	5,556,896
-	2,200,639	-	-	2,200,639
-	500,253	-	-	500,253
-	4,165	-	-	4,165
-	185,879	-	-	185,879
169,552	6,086,257	-	-	6,086,257
102,059	102,089	-	-	102,089
-	1,789	-	-	1,789
3,880,491	5,558,443	-	-	5,558,443
4,152,102	20,196,410	-	-	20,196,410
167,389	216,396	-	-	216,396
44,263	5,572,814	-	-	5,572,814
830,526	971,293	-	-	971,293
225,989	225,989	-	-	225,989
84,645	2,377,415	-	-	2,377,415
-	11,800	-	-	11,800
-	295,979	-	-	295,979
3,711,395	5,929,360	-	-	5,929,360
5,064,207	15,601,046	-	-	15,601,046
(912,105)	4,595,364	-	-	4,595,364
67,250	(5,428,881)	-	-	(5,428,881)
-	(612,256)	-	-	(612,256)
-	501,320	-	-	501,320
-	20,168	-	-	20,168
-	90,768	-	-	90,768
(49,356)	(386,217)	-	-	(386,217)
17,894	(5,815,098)	-	-	(5,815,098)
(894,211)	(1,219,734)	-	-	(1,219,734)
1,162,572	9,774,421	59,105	-	9,833,526
-	125,464	-	-	125,464
268,361	8,680,151	59,105	-	8,739,256

City of Council Bluffs
Combining Statement of Net Assets
Internal Service Funds
June 30, 2003

	Payroll Sinking	Graphic Art Revolving	Public Works Equipment Depreciation Revolving	Self Insurance
Assets				
Current assets:				
Cash and pooled investments	\$ 214,099	-	159,108	376,511
Accounts receivable	-	10	-	219,442
Due from other governments	-	247	-	-
Due from other funds	-	-	-	-
Inventories	-	14,116	-	-
Total current assets	214,099	14,373	159,108	595,953
Noncurrent assets:				
Property and equipment, net of accumulated depreciation	-	1,819	-	-
Total assets	214,099	16,192	159,108	595,953
Liabilities				
Current liabilities:				
Accounts payable	-	3,067	740	675,911
Salaries and benefits payable	-	1,235	-	-
Due to other funds	-	15,505	-	-
Due to other governments	-	-	-	88,849
Compensated absences	-	3,199	-	-
Total current liabilities	-	23,006	740	764,760
Net Assets				
Invested in capital assets, net of related debt	-	1,819	-	-
Unrestricted	214,099	(8,633)	158,368	(168,807)
Total net assets	\$ 214,099	(6,814)	158,368	(168,807)

See accompanying independent auditor's report.

Workers' Compensation Self Insurance	411 Benefits (Active)	Miscellaneous	Arena Capital Improvement Depreciation Revolving	Total
615,111	46,952	-	100,000	1,511,781
-	-	-	-	219,452
-	-	-	-	247
-	-	694	-	694
-	-	-	-	14,116
615,111	46,952	694	100,000	1,746,290
-	-	-	-	1,819
615,111	46,952	694	100,000	1,748,109
42,744	23,832	-	-	746,294
-	-	-	-	1,235
-	-	-	-	15,505
-	-	694	-	89,543
-	-	-	-	3,199
42,744	23,832	694	-	855,776
-	-	-	-	1,819
572,367	23,120	-	100,000	890,514
572,367	23,120	-	100,000	892,333

City of Council Bluffs

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

Internal Service Funds

Year ended June 30, 2003

	Payroll Sinking	Graphic Art Revolving	Public Works Equipment Depreciation Revolving
Operating revenues:			
Charges for service:			
Reimbursements from operating funds	\$ 74,856	49,709	300,000
Reimbursements from retired employees	-	-	-
Reimbursements from current employees	-	-	-
	<u>74,856</u>	<u>49,709</u>	<u>300,000</u>
Miscellaneous	-	58,209	-
Total operating revenues	<u>74,856</u>	<u>107,918</u>	<u>300,000</u>
Operating expenses:			
Non-program	-	127,181	256,501
Operating income (loss)	74,856	(19,263)	43,499
Nonoperating revenues:			
Interest on investments	-	-	-
Change in net assets	74,856	(19,263)	43,499
Net assets beginning of year	<u>139,243</u>	<u>12,449</u>	<u>114,869</u>
Net assets end of year	<u>\$ 214,099</u>	<u>(6,814)</u>	<u>158,368</u>

See accompanying independent auditor's report.

Self Insurance	Workers' Compensation Self Insurance	411 Benefits (Active)	Miscel- laneous	Arena Capital Improvement Depreciation Revolving	Total
4,024,770	191,016	275,028	-	100,000	5,015,379
291,786	-	-	-	-	291,786
136,447	-	-	-	-	136,447
4,453,003	191,016	275,028	-	100,000	5,443,612
750,608	72,463	299	4,139	-	885,718
5,203,611	263,479	275,327	4,139	100,000	6,329,330
5,871,728	471,824	271,149	4,139	-	7,002,522
(668,117)	(208,345)	4,178	-	100,000	(673,192)
16,553	14,044	-	-	-	30,597
(651,564)	(194,301)	4,178	-	100,000	(642,595)
482,757	766,668	18,942	-	-	1,534,928
(168,807)	572,367	23,120	-	100,000	892,333

City of Council Bluffs
Combining Statement of Cash Flows
Internal Service Funds
Year ended June 30, 2003

	Payroll Sinking	Graphic Art Revolving	Public Works Equipment Depreciation Revolving
Cash flows from operating activities:			
Cash received from customers and users	\$ 74,856	49,719	300,000
Cash received from other revenues	-	57,952	-
Cash paid for personal services	-	(46,233)	-
Cash paid to suppliers	-	(75,331)	(255,761)
Net cash provided by (used for) operating activities	<u>74,856</u>	<u>(13,893)</u>	<u>44,239</u>
Cash flows from noncapital financing activities:			
Negative cash balance implicitly financed	-	13,893	-
Cash flows from investing activities:			
Interest on investments	-	-	-
Net increase (decrease) in cash and cash equivalents	74,856	-	44,239
Cash and cash equivalents beginning of year	<u>139,243</u>	<u>-</u>	<u>114,869</u>
Cash and cash equivalents end of year	<u>\$ 214,099</u>	<u>-</u>	<u>159,108</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 74,856	(19,263)	43,499
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	-	1,258	-
(Increase) in accounts receivable	-	-	-
(Increase) in due from other governments	-	(247)	-
(Increase) in due from other funds	-	-	-
Decrease in inventories	-	1,973	-
Increase (decrease) in accounts payable	-	778	740
Increase in salaries and benefits payable	-	360	-
Increase (decrease) in due to other governments	-	-	-
Increase in compensated absences	-	1,248	-
Total adjustments	<u>-</u>	<u>5,370</u>	<u>740</u>
Net cash provided by (used for) operating activities	<u>\$ 74,856</u>	<u>(13,893)</u>	<u>44,239</u>

See accompanying independent auditor's report.

Self Insurance	Workers' Compensation Self Insurance	411 Benefits (Active)	Miscel- laneous	Arena CPIMPRV Sinking	Total
4,331,518	191,016	275,327	-	100,000	5,322,436
656,919	72,463	-	3,728	-	791,062
-	-	-	-	-	(46,233)
(5,745,629)	(444,556)	(272,594)	(3,728)	-	(6,797,599)
(757,192)	(181,077)	2,733	-	100,000	(730,334)
-	-	-	-	-	13,893
16,553	14,044	-	-	-	30,597
(740,639)	(167,033)	2,733	-	100,000	(685,844)
1,117,150	782,144	44,219	-	-	2,197,625
376,511	615,111	46,952	-	100,000	1,511,781
(668,117)	(208,345)	4,178	-	100,000	(673,192)
-	-	-	-	-	1,258
(215,174)	-	-	-	-	(215,174)
-	-	-	-	-	(247)
-	-	-	(410)	-	(410)
-	-	-	-	-	1,973
178,180	27,268	(1,445)	-	-	205,521
-	-	-	-	-	360
(52,081)	-	-	410	-	(51,671)
-	-	-	-	-	1,248
(89,075)	27,268	(1,445)	-	-	(57,142)
(757,192)	(181,077)	2,733	-	100,000	(730,334)

Schedule 6

City of Council Bluffs
Combining Statement of Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
June 30, 2003

	Firemen's Pension	411 Benefits	Total
Assets			
Cash and pooled investments	\$ -	101,857	101,857
Property tax:			
Delinquent	129	1,505	1,634
Succeeding year	10,000	114,000	124,000
Total assets	10,129	217,362	227,491
Liabilities			
Accounts payable	158	20,879	21,037
Deferred revenue:			
Succeeding year property tax	10,000	114,000	124,000
Total liabilities	10,158	134,879	145,037
Net assets held in trust for employee benefits	\$ (29)	82,483	82,454

See accompanying independent auditor's report.

City of Council Bluffs
Combining Statement of Changes in Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
Year ended June 30, 2003

	Firemen's Pension	411 Benefits	Total
Additions:			
Property tax	\$ 9,219	90,202	99,421
Other city tax:			
Utility tax replacement excise tax	870	8,484	9,354
	10,089	98,686	108,775
Miscellaneous	-	13,563	13,563
Total additions	10,089	112,249	122,338
Deductions:			
Benefits and refunds paid to plan members	10,371	104,370	114,741
Administrative expenses	-	16,113	16,113
Total deductions	10,371	120,483	130,854
Change in net assets held in trust for employee benefits	(282)	(8,234)	(8,516)
Net assets held in trust for employee benefits beginning of year	253	90,717	90,970
Net assets held in trust for employee benefits end of year	\$ (29)	82,483	82,454

See accompanying independent auditor's report.

Schedule 8

City of Council Bluffs

Combining Statement of Fiduciary Net Assets

Agency Funds

June 30, 2003

	Section 8	Municipal Housing Agency	Total
Assets			
Due from other governments	\$ 31,752	52,451	84,203
Liabilities			
Liabilities:			
Accounts payable	21,752	42,451	64,203
Salaries and benefits payable	5,668	9,327	14,995
Trusts payable	4,332	673	5,005
Total liabilities	\$ 31,752	52,451	84,203

See accompanying independent auditor's report.

City of Council Bluffs

Combining Statement of Changes in Trusts Payable

Agency Funds

Year ended June 30, 2003

	Section 8	Municipal Housing Agency	Total
Additions:			
Trusts received	\$ 202,917	330,334	533,251
Deductions:			
Agency remittances:			
Trusts paid out	202,230	332,261	534,491
Change in net assets	687	(1,927)	(1,240)
Balances beginning of year	3,645	2,600	6,245
Balances end of year	\$ 4,332	673	5,005

See accompanying independent auditor's report.

City of Council Bluffs
Schedule of Indebtedness
Year ended June 30, 2003

Obligation	Date of Issue	Interest Rates	Amount of Original Issue
General obligation bonds:			
Essential corporate purpose	Sep 1, 1990	6.250-6.850%	\$ 5,000,000
Essential corporate purpose	Dec 1, 1991	5.000-7.000	4,040,000
Essential corporate purpose	Jul 7, 2001	3.500-4.125	8,700,000
Essential corporate purpose	May 29, 2003	3.000-3.875	5,620,000
Total			
General obligation capital loan notes:			
Essential corporate purpose	May 1, 1993	2.750-5.200%	\$ 6,130,000
Essential corporate purpose	Dec 1, 1993	4.300-4.650	3,850,000
Essential corporate purpose	Dec 1, 1994	4.900-6.100	4,600,000
Essential corporate purpose	Dec 1, 1995	4.100-5.050	4,500,000
Essential corporate purpose	Aug 1, 1996	5.000-5.050	8,900,000
Essential corporate purpose	Oct 15, 1996	5.000-5.350	800,000
General corporate purpose	May 15, 1997	5.910	1,700,000
Essential corporate purpose	Aug 1, 1997	4.200-4.750	6,350,000
Essential corporate purpose	Feb 1, 1999	3.950-4.000	6,500,000
Essential corporate purpose	Mar 1, 2000	5.250-5.500	4,950,000
Essential corporate purpose	Nov 1, 2000	4.700-5.050	5,000,000
Essential corporate purpose	Apr 1, 2002	4.000-4.500	4,100,000
Total			

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
1,400,000	-	1,400,000	-	47,950
2,575,000	-	220,000	2,355,000	152,255
8,700,000	-	-	8,700,000	338,647
-	5,620,000	-	5,620,000	-
<u>\$ 12,675,000</u>	<u>5,620,000</u>	<u>1,620,000</u>	<u>16,675,000</u>	<u>538,852</u>
1,335,000	-	1,335,000	-	67,043
3,600,000	-	2,000,000	1,600,000	164,400
2,175,000	-	2,175,000	-	87,060
4,375,000	-	35,000	4,340,000	219,017
8,900,000	-	-	8,900,000	446,413
450,000	-	100,000	350,000	23,975
1,304,389	-	1,304,389	-	48,915
6,050,000	-	250,000	5,800,000	284,350
6,200,000	-	50,000	6,150,000	245,825
4,950,000	-	-	4,950,000	263,575
5,000,000	-	-	5,000,000	248,025
4,100,000	-	-	4,100,000	205,479
<u>\$ 48,439,389</u>	<u>-</u>	<u>7,249,389</u>	<u>41,190,000</u>	<u>2,304,077</u>

City of Council Bluffs
 Bond and Note Maturities
 June 30, 2003

Year Ending June 30,	General Obligation Bonds					
	Essential Corporate Purpose					
	Issued Dec 1, 1991		Issued July 1, 2001		Issued May 29, 2003	
	Interest		Interest		Interest	
	Rates	Amount	Rates	Amount	Rates	Amount
2004	7.00%	230,000	3.50%	\$ 975,000	3.00%	1,165,000
2005	6.20	245,000	3.60	1,125,000	3.00	255,000
2006	6.30	265,000	3.80	1,175,000	3.00	100,000
2007	6.40	280,000	3.90	1,240,000	3.00	100,000
2008	6.40	300,000	4.00	1,295,000	3.00	100,000
2009	5.00	320,000	4.125	1,360,000	3.25	100,000
2010	5.00	345,000	4.125	1,530,000	3.25	100,000
2011	5.00	370,000		-	3.25	400,000
2012		-		-	3.35	415,000
2013		-		-	3.45	430,000
2014		-		-	3.55	450,000
2015		-		-	3.55	470,000
2016		-		-	3.65	490,000
2017		-		-	3.75	510,000
2018		-		-	3.875	535,000
Total		<u>\$ 2,355,000</u>		<u>\$ 8,700,000</u>		<u>\$ 5,620,000</u>

Year Ending June 30,	General Obligation Capital Loan Notes					
	Essential Corporate Purpose			General Corporate Purpose		
	Issued Aug 1, 1996		Issued Oct 15, 1996		Issued Aug 1, 1997	
	Interest		Interest		Interest	
	Rates	Amount	Rates	Amount	Rates	Amount
2004	5.00%	\$ 1,075,000	5.35%	\$ 350,000	4.60%	\$ 700,000
2005	5.00	2,500,000		-	4.70	2,700,000
2006	5.00	1,500,000		-	4.75	2,400,000
2007	5.00	1,000,000		-		-
2008	5.05	2,825,000		-		-
2009		-		-		-
2010		-		-		-
2011		-		-		-
2012		-		-		-
2013		-		-		-
2014		-		-		-
2015		-		-		-
2016		-		-		-
2017		-		-		-
2018		-		-		-
Total		<u>\$ 8,900,000</u>		<u>\$ 350,000</u>		<u>\$ 5,800,000</u>

See accompanying independent auditor's report.

General Obligation Capital Loan Notes				
Essential Corporate Purpose				
Year Ending June 30,	Issued Dec 1, 1993		Issued Dec 1, 1995	
	Interest Rates	Amount	Interest Rates	Amount
2004	4.65%	\$ 1,600,000	4.75%	\$ 50,000
2005		-	4.85	40,000
2006		-	4.95	1,550,000
2007		-	5.05	2,700,000
2008		-		-
2009		-		-
2010		-		-
2011		-		-
2012		-		-
2013		-		-
2014		-		-
2015		-		-
2016		-		-
2017		-		-
2018		-		-
		<u>\$ 1,600,000</u>		<u>\$ 4,340,000</u>

General Obligation Capital Loan Notes									
Essential Corporate Purpose									
Year Ending June 30,	Issued Feb 1, 1999		Issued Mar 1, 2000		Issued Nov 1, 2000		Issued April 1, 2002		
	Interest Rates	Amount	Rates	Amount	Rates	Amount	Interest Rates	Amount	Total
2004	3.95%	\$ 100,000			4.70%	\$ 700,000		\$ -	6,945,000
2005	3.95	50,000			5.00	25,000		-	6,940,000
2006	3.95	50,000			5.00	25,000	4.00%	75,000	7,140,000
2007	3.95	1,350,000			5.00	25,000	4.00	750,000	7,445,000
2008	3.95	2,750,000			5.00	25,000	4.15	500,000	7,795,000
2009	4.00	1,850,000	5.25%	\$ 2,000,000	4.95	1,250,000	4.30	1,250,000	8,130,000
2010		-	5.35	2,450,000	5.00	1,450,000	4.50	1,525,000	7,400,000
2011		-	5.30	500,000	5.05	1,500,000		-	2,770,000
2012		-		-		-		-	415,000
2013		-		-		-		-	430,000
2014		-		-		-		-	450,000
2015		-		-		-		-	470,000
2016		-		-		-		-	490,000
2017		-		-		-		-	510,000
2018		-		-		-		-	535,000
		<u>\$ 6,150,000</u>		<u>\$ 4,950,000</u>		<u>\$ 5,000,000</u>		<u>\$ 4,100,000</u>	<u>\$ 57,865,000</u>

Schedule 12

City of Council Bluffs

Schedule of Revenues By Source and Expenditures By Function

All Governmental Funds

Year ended June 30, 2003

	<u>Modified Accrual Basis 2003</u>
Revenues:	
Property tax	\$ 23,656,726
Other city tax	10,537,000
Tax increment financing	970,564
Intergovernmental	6,509,600
Licenses and permits	1,080,268
Special assessments	6,086,257
Charges for service	3,352,793
Use of money and property	559,049
Miscellaneous	<u>10,421,653</u>
Total	<u>\$ 63,173,910</u>
Expenditures:	
Operating:	
Public safety	\$ 20,553,454
Public works	7,063,654
Culture and recreation	5,541,315
Health and social services	1,212,027
Community and economic development	2,732,121
General government	4,323,001
Non-program	295,979
Debt service	10,535,859
Capital projects	<u>20,248,881</u>
Total	<u>\$ 72,506,291</u>

See accompanying independent auditor's report.

City of Council Bluffs

Schedule of Expenditures of Federal Awards

Year ended June 30, 2003

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Housing and Urban Development:			
Community Development Block Grant Program/Entitlement Grants	14.218	B02-MC-19-0005	\$ 785,243
Community Development Block Grant Program/Entitlement Grants	14.218	B03-MC-19-0005	<u>131,227</u>
			<u>916,470</u>
U.S. Department of Housing and Urban Development:			
Community Development Block Grant Program/Economic Development Initiative	14.246	B-02-SP-IA-0168	<u>500,000</u>
U.S. Department of Justice:			
Local Law Enforcement Block Grants	16.592	2002-LB-BX-0424	<u>71,431</u>
U.S. Department of Justice/Office of Community Oriented Policing Services:			
Public Safety Partnership and Community Policing Grants	16.710	95CCWX0482	<u>37,688</u>
National Endowment for the Humanities:			
Promotion of the Humanities Public Programs	45.164	GL-50275-03	<u>1,000</u>
Federal Emergency Management Agency:			
Public Assistance Grants	83.544	EMK-2001-GR-0031	<u>120,102</u>
Assistance to Firefighters Grant	83.554	EMV-2001-FG-02524	<u>1,103</u>
Total direct			<u>1,647,794</u>

Schedule 13

City of Council Bluffs

Schedule of Expenditures of Federal Awards

Year ended June 30, 2003

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Emergency Shelter Grants Program	14.231	02-ES-007	<u>125,990</u>
City of Omaha, Nebraska:			
Home Investment Partnership Program	14.239	FY1999	45,010
Home Investment Partnership Program	14.239	FY2000	51,000
Home Investment Partnership Program	14.239	FY2001	52,500
Home Investment Partnership Program	14.239	FY2002	<u>67,500</u>
			<u>216,010</u>
U.S. Department of Justice:			
Governor's Office on Drug Control Policy:			
Byrne Formula Grant Program	16.579	01A-0207	8,151
Byrne Formula Grant Program	16.579	02A-0206	<u>77,968</u>
			<u>86,119</u>
Pottawattamie County:			
Violence Against Women Formula Grants	16.588	VW-02-0228A	<u>39,350</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-U-1642(17)--7078	19,780
Highway Planning and Construction	20.205	BHM-1642(15)--8K-78	29,979
Highway Planning and Construction	20.205	UST-80-1(245)--4A-78	6,775
Highway Planning and Construction	20.205	STP-U-1642(22)--70-78	598,905
Highway Planning and Construction	20.205	BRM-1642(624)--8J-78	54,586
Highway Planning and Construction	20.205	BROS-1642(628)--8J-78	383,574
Highway Planning and Construction	20.205	STP-ES-1642(629)--81-78	200,000
Highway Planning and Construction	20.205	STP-ES-1642(627)--81-78	290,000
Highway Planning and Construction	20.205	STP-ES-1642(630)--81-78	190,000
Highway Planning and Construction	20.205	STP-ES-1642(632)--8V-78	<u>301,295</u>
			<u>2,074,894</u>
Metro Area Transit of Omaha, Nebraska:			
Federal Transit Capital and Operating Assistance Formula Grants	20.507	FY03	<u>172,880</u>

City of Council Bluffs
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2003

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Transportation:			
State Planning and Research	20.515	FY02	<u>27,464</u>
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP 20-02	3,341
State and Community Highway Safety	20.600	PAP 02-164	26,581
State and Community Highway Safety	20.600	PAP 03-02	<u>18,136</u>
			<u>48,058</u>
Federal Emergency Management Agency:			
Iowa Department of Public Defense:			
Emergency Management Division:			
Public Assistance Grants	83.544	155-16860-00	<u>21,430</u>
U.S. Department of Health and Human Services:			
Iowa Department of Health:			
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	5882AP07	19,790
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	5883AP07	<u>17,676</u>
			<u>37,466</u>
Immunization Grants	93.268	5883I420	16,806
Immunization Grants	93.268	5882I420	<u>24,157</u>
			<u>40,963</u>
Centers for Disease Control and Prevention			
Investigations and Technical Assistance	93.283	MOU-2003-ELC08	<u>909</u>
Preventive Health and Health Services			
Block Grant	93.991	5882AS07	<u>180</u>
Total indirect			<u>2,891,713</u>
Total			<u>\$ 4,539,507</u>

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Council Bluffs and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

City of Council Bluffs

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

City of Council Bluffs



**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 Council Bluffs, Iowa, as of and for the year ended June 30, 2003, and have issued our report thereon dated November 5, 2003. 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 Council Bluffs' 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.

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 items IV-B-03 and IV-I-03.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Council Bluffs' 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Council Bluffs' ability to record process summarize and report financial data consistent with the assertions of management in the financial statements.

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. The prior year reportable condition has not been resolved and is restated as item II-A-03.

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 Council Bluffs and other parties to whom the City of Council Bluffs 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 Council Bluffs 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.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 5, 2003

**Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control over Compliance**

City of Council Bluffs



**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 with Requirements Applicable
to Each Major Program and Internal Control over Compliance

To the Honorable Mayor and
Members of the City Council:

Compliance

We have audited the compliance of the City of Council Bluffs with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2003. The City's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Council Bluffs complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the City of Council Bluffs is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance 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 non-compliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance 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 Council Bluffs and other parties to whom the City of Council Bluffs may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 5, 2003

City of Council Bluffs

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

Part I: Summary of the Independent Auditor's Results:

- (a) An unqualified opinion was issued on the financial statements.
- (b) A reportable condition in internal control over financial reporting was disclosed by the audit of the financial statements, which is not considered to be a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 14.218 - Community Development Block Grant Program/Entitlement Grants
 - CFDA Number 20.205 - Highway Planning and Construction Grants
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Council Bluffs did not qualify as a low-risk auditee.

City of Council Bluffs

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITION:

II-A-03 Capital Asset Records - The Enterprise Fund property and equipment records are not adjusted for removal of sewer system infrastructure and related accumulated depreciation when a construction project replaces existing sections of the system.

Recommendation - The cost and related accumulated depreciation of sewer system infrastructure assets disposed of or replaced should be removed from the property and equipment records.

Response - The City is working on incorporating procedures to improve asset tracking to insure the removal of infrastructure is accounted for.

Conclusion - Response accepted.

City of Council Bluffs
Schedule of Findings and Questioned Costs
Year ended June 30, 2003

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No material weaknesses in internal control over major programs were noted.

City of Council Bluffs

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-03 Official Depositories – A resolution naming official depositories has been adopted by the Council. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2003.
- IV-B-03 Certified Budget – Disbursements during the year ended June 30, 2003 exceeded the amount budgeted in the public safety, public works, health and social services, culture and recreation, 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 sufficient amounts in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.
- Response – We will monitor this more closely, in the future, and will amend the budget as required, if necessary.
- Conclusion – Response accepted.
- IV-C-03 Questionable Expenditures – No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-D-03 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- IV-E-03 Business Transactions – No business transactions between the City and City officials or employees were noted.
- IV-F-03 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 the coverage is adequate for current operations.
- IV-G-03 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- IV-H-03 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

City of Council Bluffs

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

IV-I-03 Financial Condition - At June 30, 2003, the following funds had deficit balances.

Fund	June 30, 2003 Balance
Internal Service:	
Graphic Art Revolving	(6,814)
Self Insurance	(168,807)
Pension and Other Employee Benefits Trust:	
Firemen's Pension	(29)

Recommendation - The City should investigate alternatives to eliminate these deficits in order to return these accounts to a sound financial position.

Response - The City plans to eliminate the deficit fund balances upon receipt of future grants and other receipts.

Conclusion - Response accepted.

City of Council Bluffs

Staff

This audit was performed by:

Ronald D. Swanson, CPA, Manager
Katherine L. Rupp, CPA, Senior Auditor II
Nicholas A. Freymann, CGFM, Senior Auditor
Tammy L. Mason, CPA, Senior Auditor
Jill M. Bergantzel, CPA, Staff Auditor
Sheila M. Jensen, Staff Auditor
Ryan J. Johnson, Assistant Auditor
Stephanie Bernard, Assistant Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State