



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

David A. Vaudt, CPA  
Auditor of State

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Des Moines, Iowa 50319-0004

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**NEWS RELEASE**

FOR RELEASE February 23, 2004

Contact: Andy Nielsen  
515/281-5834

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

The City's receipts totaled \$5,067,678 for the year ended June 30, 2003, a 13 percent decrease from 2002. The receipts included \$1,854,448 in property tax, \$519,558 in tax increment financing collections, \$523,997 in other city tax, \$1,109,095 from other governments, and \$24,705 in interest on investments.

Disbursements for the year totaled \$4,987,154, a 20 percent decrease from the prior year, and included \$1,231,143 for public safety, \$859,204 for capital projects and \$855,477 for public works.

The significant decrease in receipts was due to grant proceeds and contributions received for the Weir and child care projects during the prior year. The significant decrease in disbursements was due primarily to the completion of those projects in the prior year.

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

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**CITY OF DENISON**

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

**JUNE 30, 2003**

## Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-6
Financial Statements:	<u>Exhibit</u>	
Combined Statement of Cash Transactions – All Fund Types	A	8-9
Comparison of Receipts, Disbursements and Changes in Balances – Actual to Budget	B	11
Statement of Indebtedness	C	12-13
Notes to Financial Statements		14-20
Supplemental Information:	<u>Schedule</u>	
Combining and Individual Schedules of Cash Transactions:		
General Fund	1	22-29
Special Revenue Funds	2	30-34
Debt Service Fund	3	35
Capital Projects Funds	4	36-43
Enterprise Funds	5	44
Trust Funds	6	45
Note Maturities	7	46-47
Comparison of Taxes and Intergovernmental Receipts	8	48
Schedule of Expenditures of Federal Awards	9	49
Independent Auditor’s Report on Compliance and on Internal Control over Financial Reporting		51-52
Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance		53-54
Schedule of Findings and Questioned Costs		55-60
Staff		61

**City of Denison**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ken Livingston	Mayor	Jan 2004
Jean Heiden	Council Member	Jan 2004
Earl McCollough	Council Member	Jan 2004
Keith Greder	Council Member	Jan 2006
Garry Chapman	Council Member	Jan 2006
Dan Leinen	Council Member	Jan 2006
Al Rhoder	City Manager	Indefinite
Marcia L. Bretey	Clerk	Indefinite
Rick Franck	Attorney	Jan 2004

**City of Denison**



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Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

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

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, the primary government financial statements present fairly, in all material respects, the results of the cash transactions of the funds of the primary government of the City of Denison as of and for the year ended June 30, 2003, and its indebtedness at June 30, 2003, on the basis of accounting described in note 1.

However, the primary government financial statements, because they do not include the financial data of the component unit of the City of Denison identified in note 1, do not purport to, and do not present fairly the results of the cash transactions of the funds of the City of Denison as of and for the year ended June 30, 2003, and its indebtedness at June 30, 2003, on the basis of accounting described in note 1.

As discussed in note 11, the City of Denison intends to implement Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures, for the year ending June 30, 2004. The effects of these statements are expected to significantly impact the presentation of the City's financial statements and related notes in the year of implementation. The revised requirements include an analytical overview of the City's financial activities in the Management's Discussion and Analysis introduction to the financial statements.

In accordance with Government Auditing Standards, we have also issued our reports dated December 16, 2003 on our consideration of the City of Denison's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the aforementioned primary government financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2002 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 9, 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 financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the aforementioned financial statements taken as a whole.

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

December 16, 2003



## **Financial Statements**

City of Denison  
 Combined Statement of Cash Transactions

All Fund Types

Year ended June 30, 2003

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Receipts:				
Property tax	\$ 1,066,993	560,209	227,246	-
Tax increment financing collections	-	517,230	2,328	-
Other city tax	28,246	495,300	451	-
Licenses and permits	32,810	-	-	-
Use of money and property	46,290	-	-	-
Intergovernmental	276,300	597,491	-	235,304
Charges for service	411,741	-	-	-
Miscellaneous	99,889	-	-	28,171
Total receipts	<u>1,962,269</u>	<u>2,170,230</u>	<u>230,025</u>	<u>263,475</u>
Disbursements:				
Public safety	968,139	263,004	-	-
Public works	135,229	720,248	-	-
Health and social services	10,854	538	-	-
Culture and recreation	435,656	97,737	-	-
Community and economic development	7,635	68,391	-	-
General government	482,286	62,064	-	-
Debt service	-	-	495,734	-
Capital projects	-	-	-	859,204
Business type activities	-	-	-	-
Total disbursements	<u>2,039,799</u>	<u>1,211,982</u>	<u>495,734</u>	<u>859,204</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(77,530)</u>	<u>958,248</u>	<u>(265,709)</u>	<u>(595,729)</u>
Other financing sources (uses):				
Sale of property	15,978	-	-	-
Operating transfers in	173,373	10,054	316,859	1,145,009
Operating transfers out	(66,871)	(387,409)	-	(59,817)
Total other financing sources (uses)	<u>122,480</u>	<u>(377,355)</u>	<u>316,859</u>	<u>1,085,192</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	44,950	580,893	51,150	489,463
Balance beginning of year	<u>318,847</u>	<u>2,030,115</u>	<u>(50,558)</u>	<u>(1,549,905)</u>
Balance end of year	<u>\$ 363,797</u>	<u>2,611,008</u>	<u>592</u>	<u>(1,060,442)</u>

See notes to financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
Enterprise	Trust	
-	-	1,854,448
-	-	519,558
-	-	523,997
-	-	32,810
-	1,057	47,347
-	-	1,109,095
368,694	-	780,435
23,561	48,367	199,988
<u>392,255</u>	<u>49,424</u>	<u>5,067,678</u>
-	-	1,231,143
-	-	855,477
-	-	11,392
-	6,927	540,320
-	-	76,026
-	-	544,350
-	-	495,734
-	-	859,204
373,508	-	373,508
<u>373,508</u>	<u>6,927</u>	<u>4,987,154</u>
18,747	42,497	80,524
-	-	15,978
-	-	1,645,295
(25,000)	(1,106,198)	(1,645,295)
<u>(25,000)</u>	<u>(1,106,198)</u>	<u>15,978</u>
(6,253)	(1,063,701)	96,502
124,536	1,201,163	2,074,198
<u>118,283</u>	<u>137,462</u>	<u>2,170,700</u>

**City of Denison**

City of Denison

Comparison of Receipts, Disbursements and Changes in Balances

Actual to Budget

Year ended June 30, 2003

	Actual	Budget	Variance Favorable (Unfavorable)	Actual as % of Budget
<b>Receipts:</b>				
Property tax	\$ 1,854,448	1,869,684	(15,236)	99%
Tax increment financing collections	519,558	600,000	(80,442)	87%
Other city tax	523,997	432,188	91,809	121%
Licenses and permits	32,810	23,800	9,010	138%
Use of money and property	47,347	54,680	(7,333)	87%
Intergovernmental	1,109,095	8,222,292	(7,113,197)	13%
Charges for service	780,435	556,263	224,172	140%
Miscellaneous	199,988	197,550	2,438	101%
Total receipts	<u>5,067,678</u>	<u>11,956,457</u>	<u>(6,888,779)</u>	<u>42%</u>
<b>Disbursements:</b>				
Public safety	1,231,143	1,529,415	298,272	80%
Public works	855,477	1,522,094	666,617	56%
Health and social services	11,392	8,000	(3,392)	142%
Culture and recreation	540,320	877,381	337,061	62%
Community and economic development	76,026	143,079	67,053	53%
General government	544,350	291,729	(252,621)	187%
Debt service	495,734	508,009	12,275	98%
Capital projects	859,204	7,803,900	6,944,696	11%
Business type activities	373,508	-	(373,508)	
Total disbursements	<u>4,987,154</u>	<u>12,683,607</u>	<u>7,696,453</u>	<u>39%</u>
Excess (deficiency) of receipts over (under) disbursements	80,524	(727,150)		
Other financing sources, net	<u>15,978</u>	<u>1,030,000</u>		
Excess of receipts and other financing sources over disbursements and other financing uses	96,502	302,850		
Balance beginning of year	<u>2,074,198</u>	<u>2,368,593</u>		
Balance end of year	<u>\$ 2,170,700</u>	<u>2,671,443</u>		

See notes to financial statements.

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

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes:			
Corporate purpose	Dec 1, 1993	4.15-5.80%	\$ 1,545,000
Corporate purpose - refunding	May 1, 1996	4.75-5.20	535,000
Economic development	Aug 5, 1996	5.00	Up to 600,000
Corporate purpose	Dec 1, 1997	4.20-4.80	830,000
Corporate purpose	May 1, 2000	5.00-5.60	1,020,000
Total			
Revenue notes:			
Childhood Center	Jul 1, 2001	4.75-5.70%	\$ 350,000
Loan agreement:			
Denison Municipal Utilities loan	Apr 29, 2002	0.00%	\$ 50,000

See notes to financial statements.

Balance Beginning of Year	Redeemed During Year	Balance End of Year	Interest Paid
965,000	85,000	880,000	53,177
160,000	75,000	85,000	8,245
257,048	18,241	238,807	12,266
540,000	80,000	460,000	25,058
875,000	90,000	785,000	47,547
<u>\$ 2,797,048</u>	<u>348,241</u>	<u>2,448,807</u>	<u>146,293</u>
<u>345,000</u>	<u>5,000</u>	<u>340,000</u>	<u>18,561</u>
<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>

City of Denison

Notes to Financial Statements

June 30, 2003

**(1) Summary of Significant Accounting Policies**

The City of Denison is a political subdivision of the State of Iowa located in Crawford County. It was first incorporated in 1875 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, culture, recreation, public improvements and general administrative services.

A. Reporting Entity

For financial reporting purposes, the City of Denison 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 Denison (the primary government) and exclude all component units. The component unit discussed below is an entity which is legally separate from the City, but is so intertwined with the City that it is, in substance, part of the City. However, the financial transactions of this component unit have not been displayed because it uses a different basis of accounting.

Excluded Component Unit – The Denison Municipal Utilities Board, which was established under Chapter 388 of the Code of Iowa, is legally separate from the City, but has the potential to provide specific benefits to, or impose specific burdens on the City. The Municipal Utilities is governed by a five-member board appointed by the Mayor and approved by the City Council. The Denison Municipal Utilities has been audited separately and the report is filed under separate cover. The financial statements have not been reported as part of the City because they use a different basis of accounting. Complete financial statements can be obtained from the Municipal Utilities administrative office.



Jointly Governed Organizations – The City also participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Crawford County Assessor's Conference Board, Crawford County Joint E911 Service Board, Crawford County Area Solid Waste Commission, and Crawford County Emergency Management Services Commission.

B. Fund Accounting

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

Governmental Funds

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

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

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

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

Proprietary Fund

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

Fiduciary Funds

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

C. Basis of Accounting

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

D. Budgets and Budgetary Accounting

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

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

E. Total (Memorandum Only)

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

**(2) Cash and Pooled Investments**

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

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

The City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,433,786 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

### (3) Notes Payable

Annual debt service requirements to maturity for general obligation and revenue note indebtedness are as follows:

Year Ending June 30,	General Obligation Notes		Revenue Notes	
	Principal	Interest	Principal	Interest
2004	\$ 373,850	129,328	\$ 10,000	18,261
2005	394,804	110,328	10,000	17,776
2006	410,807	89,937	15,000	17,219
2007	426,860	68,304	15,000	16,461
2008	452,967	45,337	15,000	15,694
2009	149,129	20,595	15,000	14,922
2010	155,351	12,435	15,000	14,144
2011	26,634	3,872	15,000	13,362
2012	27,983	2,524	20,000	12,500
2013	30,422	1,107	20,000	11,428
2014	-	-	20,000	10,345
2015	-	-	25,000	9,184
2016	-	-	25,000	7,806
2017	-	-	25,000	6,418
2018	-	-	25,000	5,021
2019	-	-	25,000	3,618
2020	-	-	25,000	2,206
2021	-	-	20,000	855
Total	\$ 2,448,807	483,767	\$ 340,000	197,220

During the year ended June 30, 2003, \$348,241 of general obligation notes and \$5,000 of revenue notes were retired.

#### General Obligation Economic Development Note

On August 5, 1996, the City entered into a loan agreement with the Crawford County Trust and Savings Bank in Denison for a bank loan up to \$600,000 to carry out a project in the Denison Urban Renewal Area for an economic development grant to the Crawford County Development Corporation for a Speculation Building. Interest is currently five percent per annum on the unpaid balance. The interest rate will be adjusted on June 1, 2008 to two percentage points below the highest prime rate published on January 1, 2008. During the year ended June 30, 2003, the City paid loan principal of \$18,241 and interest of \$12,266. The balance outstanding on the loan at June 30, 2003 was \$238,807.

#### Childhood Center Revenue Notes

On July 1, 2001, the City entered into a loan agreement with United Bank of Iowa in Ida Grove for a loan of \$350,000 to construct a building to be leased to the Crawford County Early Childhood Center. The resolution providing for the issuance of the revenue notes includes the following provisions:

1. The notes will only be redeemed from the revenues received by the City from the Crawford County Early Childhood Center (Childhood Center) and the note holder holds a lien on the future earnings of the Childhood Center.
2. Sufficient amounts shall be set aside in a separate revenue note sinking account for the purpose of making the note principal and interest payments when due.

Crawford County Fair Association Loan Guarantee

On May 6, 2002, the City entered into an agreement with Wells Fargo Bank Iowa, N.A. (the lender) to guarantee a \$150,900 loan from the lender to the Crawford County Fair Association. The loan is to be paid by the Association to the lender under the conditions of a promissory note with an interest rate of 7.75% per annum and a final maturity of December 31, 2007. In the event the Association is unable to pay the lender, the City guarantees payment from incremental property taxes generated from the Denison Urban Renewal Area. During the year ended June 30, 2003, the City made no payments on the loan. On September 9, 2002, the City further agreed that when the loan reaches a principal amount of \$70,000, the City would be dismissed of any liability.

Denison Municipal Utilities Loan

On May 7, 2002, the City entered into a loan agreement with the Denison Municipal Utilities (Utilities) for \$50,000 to be used for completion of construction of the Early Childhood Center. The loan was interest free unless it was not paid by December 31, 2002. The loan was repaid in December 2002.

**(4) Pension and Retirement Benefits**

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

Plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll except for police employees, in which case the percentages are 6.04% and 9.07%, respectively. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2003, 2002, and 2001 were \$78,316, \$75,618, and \$74,633, respectively, equal to the required contributions for each year.

**(5) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation, compensatory time, and sick leave hours for subsequent use or for payment upon termination, retirement or death. Employees who have accumulated at least 90 days of sick leave may elect to convert earned sick leave above 90 days to cash at one-half of their rate of pay or may elect to convert sick leave to additional vacation time at a rate of one-half day of vacation time for each day of sick leave converted.

These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned compensated absences payable to employees at June 30, 2003, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 80,000
Compensatory time	22,000
Sick leave	<u>314,000</u>
Total	<u>\$ 416,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2003.

**(6) Conduit Debt**

As required by Chapter 147(f) of the Internal Revenue Code, in a prior year the City held a public hearing for the issuance of up to \$9,500,000 of Colorado Health Facilities Authority Revenue Bonds. The bond proceeds were used to finance and refinance health care related facilities owned by the Martin Luther Home Society, Inc. The bonds and related interest are payable solely from the revenues derived from the loan agreement, and the bond principal and interest do not constitute liabilities of the City.

**(7) Construction Commitments**

The City entered into construction contracts for building, street and storm sewer projects during the fiscal year. The unpaid contract balances at June 30, 2003 totaled approximately \$1,377,000, which will be paid as work on the projects progresses.

**(8) Risk Management**

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

**(9) Deficit Balances**

The various accounts within the Capital Projects Fund had a cumulative deficit balance totaling \$1,060,442 at June 30, 2003. The deficit balances were a result of project costs incurred prior to availability of funds. The deficits will be eliminated upon receipt of federal grant monies, note proceeds and urban renewal tax increment financing collections.

**(10) Budget Overexpenditure**

Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the function level. During the year ended June 30, 2003, disbursements in the health and social services, general government and business type activities functions exceeded amounts budgeted.

**(11) Prospective Accounting Change**

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

**(12) Subsequent Events**

On July 15, 2003, the City issued \$3,740,000 of general obligation corporate purpose notes to pay for current and future capital projects. On August 18, 2003, the City issued \$825,000 of general obligation refunding notes to refund older general obligation notes.

## **Supplemental Information**

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

	General	Library Special	Fire Station
Receipts:			
Property tax	\$ 1,066,993	-	-
Other city tax:			
Mobile home tax	4,370	-	-
Utility tax replacement excise tax	2,123	-	-
Cable television franchise fees	21,753	-	-
	<u>28,246</u>	-	-
Licenses and permits:			
Beer and liquor	13,973	-	-
Cigarette	1,950	-	-
Building	6,231	-	-
Plumbing	2,884	-	-
Electric	1,323	-	-
Miscellaneous	6,449	-	-
	<u>32,810</u>	-	-
Use of money and property:			
Interest on investments	23,201	-	305
Community room rent	3,000	-	-
Senior center rent	1,375	-	-
Airport hangar rent	10,715	-	-
Airport land rent	7,552	-	-
	<u>45,843</u>	-	305
Intergovernmental:			
State allocation	105,748	-	-
Bank franchise tax	18,235	-	-
Federal Emergency Management Agency fire equipment grant	-	-	147,357
State library program	-	281	-
Enrich Iowa grant	-	4,093	-
Library open access program	-	586	-
	<u>123,983</u>	<u>4,960</u>	<u>147,357</u>
Charges for service:			
County library	39,250	-	-
Library fines and fees	1,255	10,076	-
Park and recreation fees	5,090	-	-
Aquatic recreation fees	104,214	-	-
Miniature golf fees	3,248	-	-
Police services	300	-	-
Township fire allocation	-	-	29,804
Taxi tickets	13,020	-	-
Municipal utility services	205,484	-	-
	<u>371,861</u>	<u>10,076</u>	<u>29,804</u>



Drug Abuse Resistance Education	Police Investi- gations	Capital Equipment and Improvement	Federal Forfeiture	Total
-	-	-	-	1,066,993
-	-	-	-	4,370
-	-	-	-	2,123
-	-	-	-	21,753
-	-	-	-	28,246
-	-	-	-	13,973
-	-	-	-	1,950
-	-	-	-	6,231
-	-	-	-	2,884
-	-	-	-	1,323
-	-	-	-	6,449
-	-	-	-	32,810
-	61	-	81	23,648
-	-	-	-	3,000
-	-	-	-	1,375
-	-	-	-	10,715
-	-	-	-	7,552
-	61	-	81	46,290
-	-	-	-	105,748
-	-	-	-	18,235
-	-	-	-	147,357
-	-	-	-	281
-	-	-	-	4,093
-	-	-	-	586
-	-	-	-	276,300
-	-	-	-	39,250
-	-	-	-	11,331
-	-	-	-	5,090
-	-	-	-	104,214
-	-	-	-	3,248
-	-	-	-	300
-	-	-	-	29,804
-	-	-	-	13,020
-	-	-	-	205,484
-	-	-	-	411,741

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

	General	Library Special	Fire Station
<b>Receipts (continued):</b>			
Miscellaneous:			
Fines:			
Court	1,919	-	-
Parking	18	-	-
Animal control fees	5,010	-	-
Refunds and reimbursements	8,773	-	-
Gates Foundation computer grant	-	-	-
Donations	-	-	5,759
Miscellaneous	15,116	-	-
	<u>30,836</u>	<u>-</u>	<u>5,759</u>
Total receipts	<u>1,700,572</u>	<u>15,036</u>	<u>183,225</u>
<b>Disbursements:</b>			
Public safety:			
Police:			
Personal services	541,069	-	-
Services and commodities	89,267	-	-
Capital outlay	52,832	-	-
	<u>683,168</u>	<u>-</u>	<u>-</u>
Fire:			
Personal services	43,441	-	-
Services and commodities	54,362	-	-
Capital outlay	-	-	146,583
	<u>97,803</u>	<u>-</u>	<u>146,583</u>
Building inspection:			
Services and commodities	2,797	-	-
Animal control:			
Services and commodities	11,870	-	-
	<u>795,638</u>	<u>-</u>	<u>146,583</u>
Public works:			
Streets:			
Services and commodities	35,697	-	-
Street lighting:			
Services and commodities	30,964	-	-
Traffic lights:			
Services and commodities	1,622	-	-
Airport:			
Services and commodities	49,553	-	-
	<u>117,836</u>	<u>-</u>	<u>-</u>

Drug Abuse Resistance Education	Police Investi- gations	Capital Equipment and Improvement	Federal Forfeiture	Total
-	-	-	-	1,919
-	-	-	-	18
-	-	-	-	5,010
-	-	18,523	-	27,296
-	-	17,171	-	17,171
600	-	27,000	-	33,359
-	-	-	-	15,116
600	-	62,694	-	99,889
600	61	62,694	81	1,962,269
-	-	-	-	541,069
812	2,000	-	-	92,079
-	-	22,107	-	74,939
812	2,000	22,107	-	708,087
-	-	-	-	43,441
-	-	-	-	54,362
-	-	999	-	147,582
-	-	999	-	245,385
-	-	-	-	2,797
-	-	-	-	11,870
812	2,000	23,106	-	968,139
-	-	17,393	-	53,090
-	-	-	-	30,964
-	-	-	-	1,622
-	-	-	-	49,553
-	-	17,393	-	135,229

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

	General	Library Special	Fire Station
Disbursements (continued):			
Health and social services:			
Senior citizens:			
Personal services	4,017	-	-
Services and commodities	4,345	-	-
	<u>8,362</u>	-	-
Culture and recreation:			
Library:			
Personal services	113,791	-	-
Services and commodities	33,511	1,197	-
Capital outlay	28,317	8,967	-
	<u>175,619</u>	<u>10,164</u>	-
Northside recreation:			
Services and commodities	13,976	-	-
Parks and recreation:			
Personal services	6,783	-	-
Capital outlay	-	-	-
	<u>6,783</u>	-	-
Aquatic recreation center:			
Personal services	123,133	-	-
Services and commodities	56,573	-	-
Capital outlay	3,480	-	-
	<u>183,186</u>	-	-
	<u>379,564</u>	<u>10,164</u>	-
Community and economic development:			
Economic development programs:			
Chamber programs	135	-	-
Economic development	7,500	-	-
	<u>7,635</u>	-	-
General government:			
Mayor and council:			
Personal services	5,475	-	-
Administration:			
Personal services	129,739	-	-
Services and commodities	310,617	-	-
Capital outlay	-	-	-
	<u>440,356</u>	-	-

Drug Abuse Resistance Education	Police Investi- gations	Capital Equipment and Improvement	Federal Forfeiture	Total
-	-	-	-	4,017
-	-	2,492	-	6,837
-	-	2,492	-	10,854
-	-	-	-	113,791
-	-	-	-	34,708
-	-	17,857	-	55,141
-	-	17,857	-	203,640
-	-	-	-	13,976
-	-	-	-	6,783
-	-	27,000	-	27,000
-	-	27,000	-	33,783
-	-	-	-	123,133
-	-	-	-	56,573
-	-	1,071	-	4,551
-	-	1,071	-	184,257
-	-	45,928	-	435,656
-	-	-	-	135
-	-	-	-	7,500
-	-	-	-	7,635
-	-	-	-	5,475
-	-	-	-	129,739
-	-	-	-	310,617
-	-	18,772	-	18,772
-	-	18,772	-	459,128

City of Denison  
Combining Schedule of Cash Transactions

General Fund

Year ended June 30, 2003

	General	Library Special	Fire Station
Disbursements (continued):			
General government:			
Taxi program:			
Services and commodities	17,683	-	-
	<u>463,514</u>	-	-
Total disbursements	<u>1,772,549</u>	<u>10,164</u>	<u>146,583</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(71,977)</u>	<u>4,872</u>	<u>36,642</u>
Other financing sources (uses):			
Sale of property	-	-	-
Operating transfers in (out):			
General:			
General	-	-	-
Capital Equipment and Improvement	(39,074)	-	-
Special Revenue:			
Emergency	30,485	-	-
Debt Service	-	-	(4,797)
Capital Projects:			
Bonding Interim	-	-	-
Child Care Facility	50,000	-	-
24th Street Development	(3,400)	-	-
Enterprise:			
Solid Waste	25,000	-	-
Total other financing sources (uses)	<u>63,011</u>	<u>-</u>	<u>(4,797)</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>(8,966)</u>	<u>4,872</u>	<u>31,845</u>
Balance beginning of year	<u>162,831</u>	<u>25,300</u>	<u>25,015</u>
Balance end of year	<u>\$ 153,865</u>	<u>30,172</u>	<u>56,860</u>

See accompanying independent auditor's report.

Drug Abuse Resistance Education	Police Investi- gations	Capital Equipment and Improvement	Federal Forfeiture	Total
-	-	-	-	17,683
-	-	18,772	-	482,286
812	2,000	107,691	-	2,039,799
(212)	(1,939)	(44,997)	81	(77,530)
-	-	15,978	-	15,978
-	-	39,074	-	39,074
-	-	-	-	(39,074)
-	-	-	-	30,485
-	-	-	-	(4,797)
-	-	9,214	-	9,214
-	-	-	-	50,000
-	-	-	-	(3,400)
-	-	-	-	25,000
-	-	64,266	-	122,480
(212)	(1,939)	19,269	81	44,950
4,117	6,154	86,738	8,692	318,847
3,905	4,215	106,007	8,773	363,797

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

	Road Use Tax	Employees' Retirement
Receipts:		
Property tax	\$ -	529,911
Tax increment financing collections	-	-
Other city tax:		
Local option sales tax	-	-
Hotel/motel tax	-	-
Utility tax replacement excise tax	-	1,052
	-	1,052
Intergovernmental:		
Road use tax allocation	597,491	-
Total receipts	597,491	530,963
Disbursements:		
Public safety:		
Police:		
Personal services	-	205,065
Fire:		
Personal services	-	16,746
Services and commodities	-	-
	-	221,811
Public works:		
Streets:		
Personal services	325,786	109,259
Services and commodities	119,985	-
Capital outlay	113,887	-
	559,658	109,259
Airport:		
Personal services	-	117
Services and commodities	-	-
	-	117
	559,658	109,376
Health and social services:		
Senior citizens:		
Personal services	-	538
Culture and recreation:		
Library:		
Personal services	-	47,384
Parks and recreation:		
Personal services	-	488
Aquatic recreation center:		
Personal services	-	26,158
Services and commodities	-	-
	-	74,030



Local Option Sales Tax	Tourism Hotel/Motel Tax	Emergency	Urban Renewal Tax Increment	Total
-	-	30,298	-	560,209
-	-	-	517,230	517,230
427,815	-	-	-	427,815
-	66,373	-	-	66,373
-	-	60	-	1,112
427,815	66,373	60	-	495,300
-	-	-	-	597,491
427,815	66,373	30,358	517,230	2,170,230
-	-	-	-	205,065
-	-	-	-	16,746
41,193	-	-	-	41,193
41,193	-	-	-	263,004
-	-	-	-	435,045
21,503	-	-	-	141,488
-	-	-	-	113,887
21,503	-	-	-	690,420
-	-	-	-	117
29,711	-	-	-	29,711
29,711	-	-	-	29,828
51,214	-	-	-	720,248
-	-	-	-	538
-	-	-	-	47,384
-	-	-	-	488
-	-	-	-	26,158
23,707	-	-	-	23,707
23,707	-	-	-	97,737

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

	Road Use Tax	Employees' Retirement
Disbursements (continued):		
Community and economic development:		
Services and commodities	-	-
Capital outlay	-	-
General government:		
Personal services	-	56,868
Services and commodities	-	-
Total disbursements	559,658	462,623
Excess of receipts over disbursements	37,833	68,340
Other financing sources (uses):		
Operating transfers in (out):		
General:		
General	-	-
Special Revenue:		
Local Option Sales Tax	-	-
Tourism Hotel/Motel Tax	-	-
Debt Service	-	-
Capital Projects:		
Flood Warning System	-	-
Avenue C Railroad Bridge	-	-
South 8th Street	-	-
Watershed Development	-	-
RISE/RED Grants	-	-
Project Impact	-	-
Total other financing sources (uses)	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	37,833	68,340
Balance beginning of year	374,407	471,701
Balance end of year	\$ 412,240	540,041

See accompanying independent auditor's report.

Local Option Sales Tax	Tourism Hotel/Motel Tax	Emergency	Urban Renewal Tax Increment	Total
-	13,629	-	1,481	15,110
-	48,257	-	5,024	53,281
-	61,886	-	6,505	68,391
-	-	-	-	56,868
5,196	-	-	-	5,196
5,196	-	-	-	62,064
121,310	61,886	-	6,505	1,211,982
306,505	4,487	30,358	510,725	958,248
-	-	(30,485)	-	(30,485)
-	(10,054)	-	-	(10,054)
10,054	-	-	-	10,054
(100,000)	-	-	(212,062)	(312,062)
(4,276)	-	-	-	(4,276)
-	-	-	(6,169)	(6,169)
-	-	-	(5,728)	(5,728)
(1,979)	-	-	-	(1,979)
-	-	-	(7,377)	(7,377)
(9,279)	-	-	-	(9,279)
(105,480)	(10,054)	(30,485)	(231,336)	(377,355)
201,025	(5,567)	(127)	279,389	580,893
427,124	18,707	206	737,970	2,030,115
628,149	13,140	79	1,017,359	2,611,008

**City of Denison**

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

Receipts:	
Property tax	\$ 227,246
Tax increment financing collections	2,328
Other city tax:	
Utility tax replacement excise tax	451
Total receipts	<u>230,025</u>
Disbursements:	
Debt service:	
Principal redeemed	348,241
Interest paid	146,293
Registrar fees	1,200
Total disbursements	<u>495,734</u>
Deficiency of receipts under disbursements	<u>(265,709)</u>
Other financing sources:	
Operating transfers in:	
General:	
Fire Station	4,797
Special Revenue:	
Local Option Sales Tax	100,000
Urban Renewal Tax Increment	212,062
Total other financing sources	<u>316,859</u>
Excess of receipts and other financing sources over disbursements	51,150
Balance beginning of year	<u>(50,558)</u>
Balance end of year	<u><u>\$ 592</u></u>

See accompanying independent auditor's report.

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

	Bonding Interim	FAA Grant	North 26th Street Paving
Receipts:			
Intergovernmental:			
Airport improvement program	-	4,728	-
General Aviation Vertical Infrastructure grant	-	22,505	-
Grants for public works and economic development	-	-	-
Community development block grants/ state's program	-	-	-
	-	27,233	-
Miscellaneous:			
Sales tax refund	-	-	2,105
Miscellaneous	-	-	21,025
	-	-	23,130
Total receipts	-	27,233	23,130
Disbursements:			
Capital projects:			
Personal services	-	-	-
Services and commodities	-	22,985	-
Capital outlay	63,838	2,903	153,088
Total disbursements	63,838	25,888	153,088
Excess (deficiency) of receipts over (under) disbursements	(63,838)	1,345	(129,958)

Flood Warning System	Child Care Facility	Housing Project	Avenue C Railroad Bridge	2003 Storm Sewer	Streetscaping
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	3,750
-	-	36,480	-	167,841	-
-	-	36,480	-	167,841	3,750
-	-	-	-	-	-
-	5,041	-	-	-	-
-	5,041	-	-	-	-
-	5,041	36,480	-	167,841	3,750
-	-	-	-	-	-
4,194	1,875	-	553	-	-
-	-	42,700	-	326,969	45,942
4,194	1,875	42,700	553	326,969	45,942
(4,194)	3,166	(6,220)	(553)	(159,128)	(42,192)

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

	24th Street Develop- ment	16th Street	Conference Center	7th Street Widening	2003 Street Improvement
Receipts:					
Intergovernmental:					
Airport improvement program	-	-	-	-	-
General Aviation Vertical Infrastructure grant	-	-	-	-	-
Grants for public works and economic development	-	-	-	-	-
Community development block grants/ state's program	-	-	-	-	-
	-	-	-	-	-
Miscellaneous:					
Sales tax refund	-	-	-	-	-
Miscellaneous	-	-	-	-	-
	-	-	-	-	-
Total receipts	-	-	-	-	-
Disbursements:					
Capital projects:					
Personal services	-	-	-	-	-
Services and commodities	-	-	1,855	-	-
Capital outlay	15,068	6,136	-	-	50,753
Total disbursements	15,068	6,136	1,855	-	50,753
Excess (deficiency) of receipts over (under) disbursements	(15,068)	(6,136)	(1,855)	-	(50,753)



Watershed Develop- ment	Levee Project	RISE/RED Grants	Project Impact	Speculation Building	24th Street Widening	South 8th Street	Recreation Fields	Total
-	-	-	-	-	-	-	-	4,728
-	-	-	-	-	-	-	-	22,505
-	-	-	-	-	-	-	-	3,750
-	-	-	-	-	-	-	-	204,321
-	-	-	-	-	-	-	-	235,304
-	-	-	-	-	-	-	-	2,105
-	-	-	-	-	-	-	-	26,066
-	-	-	-	-	-	-	-	28,171
-	-	-	-	-	-	-	-	263,475
-	8,008	-	-	-	-	-	-	8,008
1,979	1,313	-	271	-	-	-	-	35,025
-	-	2,272	-	-	102,111	2,952	1,439	816,171
1,979	9,321	2,272	271	-	102,111	2,952	1,439	859,204
(1,979)	(9,321)	(2,272)	(271)	-	(102,111)	(2,952)	(1,439)	(595,729)

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

	Bonding Interim	FAA Grant	North 26th Street Paving
Other financing sources (uses):			
Operating transfers in (out):			
General:			
General	-	-	-
Capital Equipment and Improvement	(9,214)	-	-
Special Revenue:			
Local Option Sales Tax	-	-	-
Urban Renewal Tax Increment	-	-	-
Capital Projects:			
24th Street Development	-	-	-
24th Street Widening	-	-	-
Trust:			
Child Care Trust	-	-	-
Total other financing sources (uses)	(9,214)	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(73,052)	1,345	(129,958)
Balance beginning of year	-	(33,219)	(33,955)
Balance end of year	\$ (73,052)	(31,874)	(163,913)

Flood Warning System	Child Care Facility	Housing Project	Avenue C Railroad Bridge	2003 Storm Sewer	Streetscaping
-	(50,000)	-	-	-	-
-	-	-	-	-	-
4,276	-	-	-	-	-
-	-	-	6,169	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,106,198	-	-	-	-
4,276	1,056,198	-	6,169	-	-
82	1,059,364	(6,220)	5,616	(159,128)	(42,192)
(334)	(1,059,364)	(25,404)	(5,616)	(176,415)	-
(252)	-	(31,624)	-	(335,543)	(42,192)

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

	24th Street Develop- ment	16th Conference Street Center	7th Street Widening	2003 Street Improvement
Other financing sources (uses):				
Operating transfers in (out):				
General:				
General	3,400	-	-	-
Capital Equipment and Improvement	-	-	-	-
Special Revenue:				
Local Option Sales Tax	-	-	-	-
Urban Renewal Tax Increment	-	-	-	-
Capital Projects:				
24th Street Development	-	-	-	-
24th Street Widening	4,003	-	-	-
Trust:				
Child Care Trust	-	-	-	-
Total other financing sources (uses)	7,403	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(7,665)	(6,136)	(1,855)	(50,753)
Balance beginning of year	7,665	-	(9,293)	-
Balance end of year	-	(6,136)	(1,855)	(9,293)

See accompanying independent auditor's report.

Watershed Develop- ment	Levee Project	RISE/RED Grants	Project Impact	Speculation Building	24th Street Widening	South 8th Street	Recreation Fields	Total
-	-	-	-	-	-	-	-	(46,600)
-	-	-	-	-	-	-	-	(9,214)
1,979	-	-	9,279	-	-	-	-	15,534
-	-	7,377	-	-	-	5,728	-	19,274
-	-	-	-	-	(4,003)	-	-	(4,003)
-	-	-	-	-	-	-	-	4,003
-	-	-	-	-	-	-	-	1,106,198
1,979	-	7,377	9,279	-	(4,003)	5,728	-	1,085,192
-	(9,321)	5,105	9,008	-	(106,114)	2,776	(1,439)	489,463
-	(167,595)	(5,105)	(9,053)	(279)	(27,358)	(2,776)	(1,804)	(1,549,905)
-	(176,916)	-	(45)	(279)	(133,472)	-	(3,243)	(1,060,442)

**Schedule 5**

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

	Solid Waste	Child Care Sinking	Aquatic Center Concessions	Total
Receipts:				
Charges for service:				
Solid waste fees	\$ 347,397	-	-	347,397
Sales	-	-	21,297	21,297
	<u>347,397</u>	<u>-</u>	<u>21,297</u>	<u>368,694</u>
Miscellaneous:				
Reimbursements	-	23,561	-	23,561
Total receipts	<u>347,397</u>	<u>23,561</u>	<u>21,297</u>	<u>392,255</u>
Disbursements:				
Business type activities:				
Aquatic center concessions:				
Services and commodities	-	-	19,785	19,785
Solid waste:				
Personal services	21,153	-	-	21,153
Employee benefits	12,156	-	-	12,156
Services and commodities	296,853	-	-	296,853
	<u>330,162</u>	<u>-</u>	<u>-</u>	<u>330,162</u>
Debt service:				
Principal redeemed	-	5,000	-	5,000
Interest paid	-	18,561	-	18,561
	<u>-</u>	<u>23,561</u>	<u>-</u>	<u>23,561</u>
Total disbursements	<u>330,162</u>	<u>23,561</u>	<u>19,785</u>	<u>373,508</u>
Excess of receipts over disbursements	17,235	-	1,512	18,747
Other financing uses:				
Operating transfers out:				
General:				
General	(25,000)	-	-	(25,000)
Excess (deficiency) of receipts over (under) disbursements and other financing uses	(7,765)	-	1,512	(6,253)
Balance beginning of year	<u>69,626</u>	<u>-</u>	<u>54,910</u>	<u>124,536</u>
Balance end of year	<u>\$ 61,861</u>	<u>-</u>	<u>56,422</u>	<u>118,283</u>

See accompanying independent auditor's report.

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

	Expendable Trust Funds				Total
	Library Trust	Aquatic Trust	Northside Recreation Trust	Child Care Trust	
Receipts:					
Use of money and property:					
Interest on investments	\$ 1,057	-	-	-	1,057
Miscellaneous:					
Donations and fund raisers	406	320	-	47,641	48,367
Total receipts	<u>1,463</u>	<u>320</u>	<u>-</u>	<u>47,641</u>	<u>49,424</u>
Disbursements:					
Culture and recreation:					
Services and commodities	4,246	-	-	2,681	6,927
Excess (deficiency) of receipts over (under) disbursements	(2,783)	320	-	44,960	42,497
Other financing uses:					
Operating transfers out:					
Capital Projects:					
Child Care Facility	-	-	-	(1,106,198)	(1,106,198)
Excess (deficiency) of receipts over (under) disbursements and other financing uses	(2,783)	320	-	(1,061,238)	(1,063,701)
Balance beginning of year	101,893	3,633	12,582	1,083,055	1,201,163
Balance end of year	<u>\$ 99,110</u>	<u>3,953</u>	<u>12,582</u>	<u>21,817</u>	<u>137,462</u>

See accompanying independent auditor's report.

City of Denison

Note Maturities

June 30, 2003

Year Ending June 30,	General Obligation Notes					
	Corporate Purpose		Corporate Purpose - Refunding		Economic Development	
	Issued Dec 1, 1993		Issued May 1, 1996		Issued Aug 5, 1996	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2004	5.25%	\$ 90,000	5.20%	\$ 85,000	5.00%	\$ 18,850
2005	5.35	185,000	-	-	5.00	19,804
2006	5.50	195,000	-	-	5.00	20,807
2007	5.70	200,000	-	-	5.00	21,860
2008	5.80	210,000	-	-	5.00	22,967
2009	-	-	-	-	5.00	24,129
2010	-	-	-	-	5.00	25,351
2011	-	-	-	-	5.00	26,634
2012	-	-	-	-	5.00	27,983
2013	-	-	-	-	5.00	30,422
Total		<u>\$ 880,000</u>		<u>\$ 85,000</u>		<u>\$ 238,807</u>

Year Ending June 30,	Childhood Center Revenue Notes	
	Interest Rates	Amount
2004	4.80-4.85%	\$ 10,000
2005	4.90-4.95	10,000
2006	5.00-5.05	15,000
2007	5.10	15,000
2008	5.15	15,000
2009	5.15-5.20	15,000
2010	5.20	15,000
2011	5.25-5.30	15,000
2012	5.35	20,000
2013	5.40	20,000
2014	5.45	20,000
2015	5.50	25,000
2016	5.55	25,000
2017	5.55-5.60	25,000
2018	5.60	25,000
2019	5.65	25,000
2020	5.65-5.70	25,000
2021	5.70	20,000
Total		<u>\$ 340,000</u>

See accompanying independent auditor's report.



Corporate Purpose Issued Dec 1, 1997		Corporate Purpose Issued May 1, 2000		Total
Interest Rates	Amount	Interest Rates	Amount	
4.55%	\$ 85,000	5.30%	\$ 95,000	\$ 373,850
4.60	90,000	5.35	100,000	394,804
4.65	90,000	5.40	105,000	410,807
4.70	95,000	5.45	110,000	426,860
4.80	100,000	5.50	120,000	452,967
	-	5.55	125,000	149,129
	-	5.60	130,000	155,351
	-		-	26,634
	-		-	27,983
	-		-	30,422
	<u>\$ 460,000</u>		<u>\$ 785,000</u>	<u>\$ 2,448,807</u>

**Schedule 8**

## City of Denison

## Comparison of Taxes and Intergovernmental Receipts

	Years ended June 30,			
	2003	2002	2001	2000
Property tax	\$ 1,854,448	1,744,591	1,688,957	1,632,571
Tax increment financing collections	519,558	717,096	649,007	294,002
Other city tax:				
Local option sales tax	427,815	393,919	417,530	385,770
Hotel/motel tax	66,373	53,184	-	-
Utility tax replacement excise tax	3,686	3,550	2,228	-
Mobile home tax	4,370	3,622	3,737	3,369
Cable television franchise fees	21,753	19,703	19,310	20,066
	523,997	473,978	442,805	409,205
Intergovernmental:				
State allocation	105,748	111,492	112,004	112,334
Road use tax	597,491	587,836	543,588	535,683
Grants	386,754	893,932	292,026	2,236,231
Bank franchise tax	18,235	23,359	20,236	22,976
Other	867	121,105	17,128	26,196
	1,109,095	1,737,724	984,982	2,933,420
Total	\$ 4,007,098	4,673,389	3,765,751	5,269,198

See accompanying independent auditor's report.

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

Grantor/Program	CFDA Number	Grant Number	Program Expend- itures
Direct:			
U.S. Department of Transportation:			
Federal Aviation Administration, Airports Division:			
Airport Improvement Program	20.106	DTFA09-01-A-40027	\$ 20,687
Federal Emergency Management Agency:			
Assistance to Firefighters Grant	83.554	EMW-2002-FG-19886	<u>121,192</u>
Total direct			<u>141,879</u>
Indirect:			
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Home Investment Partnerships Program	14.239	00-HM-107-65	30,071
Community Development Block Grants/ State's Program:			
Storm Sewer Improvements	14.228	02-CF-010	<u>149,602</u>
Total indirect			<u>179,673</u>
Total			<u><u>\$ 321,552</u></u>

**Basis of Presentation** – The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Denison and is presented in conformity with an other comprehensive 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 Denison**



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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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 primary government financial statements of the City of Denison, Iowa, as of and for the year ended June 30, 2003, and have issued our report thereon dated December 16, 2003. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Denison's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Denison and other parties to whom the City of Denison 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 Denison 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

December 16, 2003



**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 Denison, Iowa, 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 program for the year ended June 30, 2003. The City of Denison's major federal program is 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 program is the responsibility of the City of Denison's management. Our responsibility is to express an opinion on the City of Denison'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 of Denison'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 of Denison's compliance with those requirements.

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

Internal Control Over Compliance

The management of the City of Denison 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 of Denison'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.

We noted a matter involving the internal control over compliance and its operation that we consider to be reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City of Denison's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described as item III-A-03 in the accompanying Schedule of Findings and Questioned Costs.

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. Our consideration of the internal control over compliance 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. However, we do not believe the reportable condition described above is a material weakness.

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 Denison and other parties to whom the City of Denison 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

December 16, 2003



City of Denison  
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 which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) No material weaknesses in internal control over financial reporting were noted.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A reportable condition in internal control over the major program was disclosed by the audit of the financial statements. The reportable condition was not considered to be a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 83.554 – Assistance to Firefighters Grant
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Denison qualified as a low-risk auditee.

City of Denison

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 CONDITIONS:**

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

City of Denison

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 CONDITION:**

**CFDA Number 83.554: Assistance to Firefighters Grant  
Federal Award Year: 2002  
Federal Emergency Management Agency**

III-A-03 Cash Management – Per Office of Management and Budget (OMB) Circular A-133, “recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement.” Funds drawn down in January 2003 were not fully expended until May 2003.

Recommendation – The City should develop procedures to minimize the time elapsing between the receipt and disbursement of grant funds.

Response – The Federal Emergency Management Agency (FEMA) Agreement Articles for the Assistance to Firefighters Grant Program does not state when funds are to be drawn. Under Article V-Requests for Advances or Reimbursements it states: “Grant payments under the Assistance to Firefighter Grant Program are made on an advance or reimbursable basis for immediate cash needs. When the grantee needs grant funds, the grantee fills out the on-line Request for Advance or Reimbursement.” At a grant workshop, all attendees were instructed to request funds from FEMA when the items were ordered, as it could take three weeks for the direct deposit to take place. By following this practice, the funds from FEMA would arrive approximately at the same time the items were received and payment was required.

The Denison Fire Department requested funds on-line when the order for the equipment was placed. The funds in question were for the purchase of Self-Contained Breathing Apparatus being sold by Fireguard, and manufactured by Mine Safety Appliance (MSA). When the order was placed on December 27, 2002 the delivery date was four to eight weeks, but Fireguard stated the order would actually be received in about four weeks. MSA and Fireguard did not anticipate a massive order of SCBA units to be ordered during the month of December, and the plant was affected by power outages, which put the plant four months behind.

The City of Denison did not anticipate an extended delivery time for these items, and therefore requested funds on January 16, 2003. If the items would have been received in four weeks and the direct deposit request took three weeks, there would not have been such a time lapse between the transfer of funds and the disbursement.

City of Denison

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

In speaking with Aaron Shaw, FEMA Office in Kansas City, this practice had been followed by several grant recipients for the 2002 grant, but the 2003 grant recipients are not requesting funds until the items have arrived because of the reimbursement becoming more efficient.

For the 2003 grant award, the City of Denison Fire Department will not request funds from FEMA until the items have arrived and payment is needed, thereby only holding funds for a few days.

Conclusion – Response accepted.

City of Denison

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 amounts budgeted in the health and social services, general government and business type activities 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. Proprietary fund activity should be budgeted under the business type activities function.

Response – The City of Denison was required to convert our financial reporting from four program areas to nine program areas for financial disclosures. Due to this mandatory transition in reporting systems after our budget was adopted, not all of the programs converted into the same categories as they were originally budgeted. The overall City of Denison budget, including capital projects, did not exceed budget as the expenditures totaled less than 40% of total budget. In future years there will be budget amendments to provide corrective measures.

Conclusion – Response accepted.

IV-C-03 Questionable Disbursements – No disbursements 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 disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-E-03 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Mike McKinnon, Fire Chief, wife owns NRFM	Cleaning services	\$ 720

In accordance with Chapter 362.5(10) of the Code of Iowa, the above transaction does not appear to represent a conflict of interest since the cumulative amount was less than \$1,500 during the fiscal year.

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 ensure the coverage is adequate for current operations.

City of Denison

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

- 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.
- IV-I-03 Revenue Notes – No instances of non-compliance with the provisions of the City's revenue note resolution were noted.

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City of Denison

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager  
Paul F. Kearney, CGFM, Senior Auditor  
Gary D. Van Lengen, CPA, Staff Auditor  
Greg A. Prather, Assistant Auditor

Andrew E. Nielsen, CPA  
Deputy Auditor of State