



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

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

David A. Vaudt, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE _____ February 25, 2003

Contact: Andy Nielsen
515/281-5515

The Office of Auditor of State today released an audit report on the City of Denison, Iowa.

The City's receipts totaled \$5,835,013 for the year ended June 30, 2002, a 16 percent increase from 2001. The receipts included \$1,744,591 in property tax, \$717,096 in tax increment financing collections, \$473,978 in other city tax, \$1,737,724 from federal, state and local governments, and \$45,695 in interest on investments.

Disbursements for the year totaled \$6,270,115, a 26 percent increase from the prior year, and included \$1,100,364 for community protection, \$1,878,659 for human development, \$3,074,102 for home and community environment, and \$216,990 for policy and administration.

The significant increase in receipts and disbursements was due primarily to the construction of the Child Care Facility.

A copy of the audit report is available for review in the office of the 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, 2002

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City of Denison

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2002)		
Loren Schultz	Mayor	Jan 2002
Keith Greder	Council Member	Jan 2002
Leo Remmes	Council Member	Jan 2002
Ronald Henningsen	Council Member	Jan 2002
Jean Heiden	Council Member	Jan 2004
Earl McCollough	Council Member	Jan 2004
(After January 2002)		
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
Marcia L. Bretey	Clerk	Indefinite
Rick Franck	Attorney	Jan 2002

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, 2002. 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.

These financial statements also include financial data only for the primary government. 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. Inclusion of financial data of the City's component units would be required if the City intended to present financial statements in accordance with U.S. generally accepted accounting principles.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the results of the cash transactions of the funds of the City of Denison as of and for the year ended June 30, 2002, and its indebtedness at June 30, 2002, on the basis of accounting described in note 1.

In accordance with Government Auditing Standards, we have also issued our reports dated December 10, 2002 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 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, 2001 (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.

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 10, 2002

Financial Statements

City of Denison
 Combined Statement of Cash Transactions
 All Fund Types
 Year ended June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Receipts:				
Property tax	\$ 991,305	536,068	217,218	-
Tax increment financing collections	-	709,509	7,587	-
Other city tax	25,344	448,193	441	-
Licenses and permits	31,849	-	-	-
Use of money and property	63,163	-	29	-
Intergovernmental	178,702	587,836	-	611,556
Charges for service	389,385	-	-	-
Miscellaneous	114,394	-	-	52,268
Total receipts	<u>1,794,142</u>	<u>2,281,606</u>	<u>225,275</u>	<u>663,824</u>
Disbursements:				
Community Protection Program	843,545	217,936	38,883	-
Human Development Program	609,539	141,987	65,969	1,033,033
Home and Community Environment Program	169,615	913,691	391,032	1,282,020
Policy and Administration Program	165,477	51,513	-	-
Total disbursements	<u>1,788,176</u>	<u>1,325,127</u>	<u>495,884</u>	<u>2,315,053</u>
Excess (deficiency) of receipts over (under) disbursements	<u>5,966</u>	<u>956,479</u>	<u>(270,609)</u>	<u>(1,651,229)</u>
Other financing sources (uses):				
Revenue note proceeds	-	-	-	-
Loan proceeds	-	-	-	-
Sale of property	15,000	-	-	-
Operating transfers in	60,590	5,638	361,754	1,075,795
Operating transfers out	(17,651)	(764,049)	-	(697,077)
Total other financing sources (uses)	<u>57,939</u>	<u>(758,411)</u>	<u>361,754</u>	<u>378,718</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	63,905	198,068	91,145	(1,272,511)
Balance beginning of year	<u>254,942</u>	<u>1,832,047</u>	<u>(141,703)</u>	<u>(277,394)</u>
Balance end of year	<u>\$ 318,847</u>	<u>2,030,115</u>	<u>(50,558)</u>	<u>(1,549,905)</u>

See notes to financial statements.

<u>Proprietary Fund Type</u> Enterprise	<u>Fiduciary Fund Type</u> Trust	Total (Memorandum Only)
-	-	1,744,591
-	-	717,096
-	-	473,978
-	-	31,849
-	4,104	67,296
-	359,630	1,737,724
374,358	-	763,743
-	132,074	298,736
<u>374,358</u>	<u>495,808</u>	<u>5,835,013</u>
-	-	1,100,364
18,415	9,716	1,878,659
317,744	-	3,074,102
-	-	216,990
<u>336,159</u>	<u>9,716</u>	<u>6,270,115</u>
<u>38,199</u>	<u>486,092</u>	<u>(435,102)</u>
-	350,000	350,000
-	50,000	50,000
-	-	15,000
-	-	1,503,777
(25,000)	-	(1,503,777)
<u>(25,000)</u>	<u>400,000</u>	<u>415,000</u>
13,199	886,092	(20,102)
<u>111,337</u>	<u>315,071</u>	<u>2,094,300</u>
<u>124,536</u>	<u>1,201,163</u>	<u>2,074,198</u>

City of Denison

City of Denison

Comparison of Receipts, Disbursements and Changes in Balances

Actual to Budget

Year ended June 30, 2002

	Actual	Budget	Variance Favorable (Unfavorable)	Actual as % of Amended Budget
Receipts:				
Property tax	\$ 1,744,591	1,786,068	(41,477)	98%
Tax increment financing collections	717,096	561,000	156,096	128%
Other city tax	473,978	344,052	129,926	138%
Licenses and permits	31,849	23,510	8,339	135%
Use of money and property	67,296	59,000	8,296	114%
Intergovernmental	1,737,724	9,487,953	(7,750,229)	18%
Charges for service	763,743	577,349	186,394	132%
Miscellaneous	298,736	1,728,150	(1,429,414)	17%
Total receipts	<u>5,835,013</u>	<u>14,567,082</u>	<u>(8,732,069)</u>	<u>40%</u>
Disbursements:				
Community Protection Program	1,100,364	1,538,071	437,707	72%
Human Development Program	1,878,659	3,294,807	1,416,148	57%
Home and Community Environment Program	3,074,102	9,143,256	6,069,154	34%
Policy and Administration Program	216,990	316,654	99,664	69%
Total disbursements	<u>6,270,115</u>	<u>14,292,788</u>	<u>8,022,673</u>	<u>44%</u>
Excess (deficiency) of receipts over (under) disbursements	(435,102)	274,294		
Other financing sources, net	415,000	-		
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(20,102)	274,294		
Balance beginning of year	<u>2,094,300</u>	<u>2,009,583</u>		
Balance end of year	<u>\$ 2,074,198</u>	<u>2,283,877</u>		

See notes to financial statements.

City of Denison
Statement of Indebtedness
Year ended June 30, 2002

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 note:			
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	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
1,045,000	-	80,000	965,000	57,017
235,000	-	75,000	160,000	11,995
272,804	-	15,756	257,048	14,750
615,000	-	75,000	540,000	28,358
960,000	-	85,000	875,000	51,883
\$ 3,127,804	-	330,756	2,797,048	164,003
-	350,000	5,000	345,000	14,756
-	50,000	-	50,000	-

City of Denison

Notes to Financial Statements

June 30, 2002

(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 for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. 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 fund 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, except agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon four major classes of disbursements, known as programs, not by fund. These four programs are community protection, human development, home and community environment and policy and administration.

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, 2002 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 \$1,308,908 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
2003	\$ 347,942	146,593	\$ 5,000	18,561
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	30,721	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	\$ 2,797,048	630,360	\$ 345,000	215,781

During the year ended June 30, 2002, \$335,756 of 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, 2002, the City paid loan principal of \$15,756 and interest of \$14,750. The balance outstanding on the loan at June 30, 2002 was \$257,048.

Childhood Center Revenue Note

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 note 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 and the note holder holds a lien on the future earnings of the 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.

The City has not established the sinking account required by the note resolution.

Crawford County Fair Association Loan Guarantee

On May 6, 2002, the City entered into an agreement with Wells Fargo Bank Iowa, N.A. to guarantee a \$150,900 loan from the lender to the Crawford County Fair Association. The loan will be paid by the Association to the lender under the conditions of a promissory note with an interest rate of 7.75% and a final maturity of December 31, 2007. In the event that 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, 2002, the City made no payments on the loan.

Denison Municipal Utilities Loan

On May 7, 2002, the City entered into a loan agreement with the Denison Municipal Utilities for \$50,000 to be used for completion of construction on the Early Childhood Care Center. The City issued a City loan note to the Utilities which does not bear interest unless it is not paid by December 31, 2002. If not paid, the interest rate will be the maximum warrant rate specified in Chapters 74 and 74A of the Code of Iowa.

(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 6.20% and 9.29%, respectively. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2002, 2001, and 2000, were \$75,618, \$74,633, and \$70,497, 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, 2002, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 47,000
Compensatory time	24,000
Sick leave	<u>320,000</u>
Total	<u>\$ 391,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2002.

(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 street and storm sewer projects during the fiscal year. The unpaid contract balances at June 30, 2002 totaled approximately \$221,800, 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 Debt Service Fund and Capital Projects Fund, FAA Grant, North 26th Street Paving, Flood Warning System, Child Care Facility, Housing Project, Avenue C Railroad Bridge, 7th Street Storm Sewer, 7th Street Widening, Levee Project, RISE/RED Grants, Project Impact, Speculation Building, 24th Street Widening, South 8th Street and Recreation Fields Accounts had deficit balances of \$50,558, \$33,219, \$33,955, \$334, \$1,059,364, \$25,404, \$5,616, \$176,415, \$9,293, \$167,595, \$5,105, \$9,053, \$279, \$27,358, \$2,776 and \$1,804, respectively, at June 30, 2002. 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 and urban renewal tax increment financing collections.

Supplemental Information

City of Denison
Combining Schedule of Cash Transactions
General Fund
Year ended June 30, 2002

	General	Library Special	Fire Station
Receipts:			
Property tax	\$ 991,305	-	-
Other City tax:			
Mobile home tax	3,622	-	-
Utility tax replacement excise tax	2,019	-	-
Cable television franchise fees	19,703	-	-
	<u>25,344</u>	-	-
Licenses and permits:			
Beer and Liquor	15,258	-	-
Cigarette	2,054	-	-
Building	4,616	-	-
Plumbing	3,190	-	-
Electric	1,070	-	-
Miscellaneous	5,661	-	-
	<u>31,849</u>	-	-
Use of money and property:			
Interest on investments	40,596	-	686
Community room rent	3,240	-	-
Senior center rent	1,500	-	-
Airport hangar rent	9,965	-	-
Airport land rent	6,896	-	-
	<u>62,197</u>	-	<u>686</u>
Intergovernmental:			
State allocation	111,492	-	-
Bank franchise tax	23,359	-	-
Department of Justice forfeiture funds	-	-	-
State library program	-	22,947	-
Enrich Iowa grant	-	4,308	-
Library open access program	-	993	-
Miscellaneous	-	-	3,493
	<u>134,851</u>	<u>28,248</u>	<u>3,493</u>
Charges for service:			
County library	12,250	-	-
Library fines and fees	239	-	-
Park and recreation fees	390	-	-
Aquatic recreation fees	111,961	-	-
Miniature golf fees	4,160	-	-
Police services	229	-	-
Township fire allocation	-	-	16,695
Taxi tickets	15,110	-	-
Municipal utility services	228,351	-	-
	<u>372,690</u>	-	<u>16,695</u>

Drug Abuse Resistance Education	Police Investi- gations	Capital Equipment and Improvement	Federal Forfeiture	Total
-	-	-	-	991,305
-	-	-	-	3,622
-	-	-	-	2,019
-	-	-	-	19,703
-	-	-	-	25,344
-	-	-	-	15,258
-	-	-	-	2,054
-	-	-	-	4,616
-	-	-	-	3,190
-	-	-	-	1,070
-	-	-	-	5,661
-	-	-	-	31,849
-	155	-	125	41,562
-	-	-	-	3,240
-	-	-	-	1,500
-	-	-	-	9,965
-	-	-	-	6,896
-	155	-	125	63,163
-	-	-	-	111,492
-	-	-	-	23,359
-	-	-	7,910	7,910
-	-	-	-	22,947
-	-	-	-	4,308
-	-	-	-	993
-	-	4,200	-	7,693
-	-	4,200	7,910	178,702
-	-	-	-	12,250
-	-	-	-	239
-	-	-	-	390
-	-	-	-	111,961
-	-	-	-	4,160
-	-	-	-	229
-	-	-	-	16,695
-	-	-	-	15,110
-	-	-	-	228,351
-	-	-	-	389,385

City of Denison
Combining Schedule of Cash Transactions
General Fund
Year ended June 30, 2002

	General	Library Special	Fire Station
Receipts (continued):			
Miscellaneous:			
Fines:			
Court	2,195	-	-
Parking	64	-	-
Animal control fees	4,956	-	-
Refunds and reimbursements	61,081	-	-
Donations	-	-	3,882
Miscellaneous	13,268	9,700	-
	<u>81,564</u>	<u>9,700</u>	<u>3,882</u>
Total receipts	<u>1,699,800</u>	<u>37,948</u>	<u>24,756</u>
Disbursements:			
Community Protection Program:			
Police:			
Personal services	544,716	-	-
Contractual services	28,536	-	-
Commodities	41,348	-	-
Capital outlay	20,684	-	-
	<u>635,284</u>	<u>-</u>	<u>-</u>
Street lighting	56,983	-	-
	<u>692,267</u>	<u>-</u>	<u>-</u>
Fire:			
Personal services	41,632	-	-
Contractual services	30,413	-	-
Commodities	16,370	-	8,209
Capital outlay	-	-	31,861
	<u>88,415</u>	<u>-</u>	<u>40,070</u>
Traffic light:			
Contractual services	1,045	-	-
	<u>1,045</u>	<u>-</u>	<u>-</u>
	<u>781,727</u>	<u>-</u>	<u>40,070</u>
Human Development Program:			
Animal control:			
Contractual services	9,595	-	-
Commodities	3,291	-	-
	<u>12,886</u>	<u>-</u>	<u>-</u>
Library:			
Personal services	111,897	-	-
Contractual services	31,607	-	-
Commodities	29,315	19,258	-
Capital outlay	1,000	-	-
	<u>173,819</u>	<u>19,258</u>	<u>-</u>

Drug Abuse Resistance Education	Police Investi- gations	Capital Equipment and Improvement	Federal Forfeiture	Total
-	-	-	-	2,195
-	-	-	-	64
-	-	-	-	4,956
-	-	12,513	-	73,594
-	-	-	-	3,882
-	6,735	-	-	29,703
-	6,735	12,513	-	114,394
-	6,890	16,713	8,035	1,794,142
-	-	-	-	544,716
-	-	-	-	28,536
503	-	-	-	41,851
-	4,800	9,756	4,433	39,673
503	4,800	9,756	4,433	654,776
-	-	-	-	56,983
-	-	-	-	41,632
-	-	-	-	30,413
-	-	-	-	24,579
-	-	2,256	-	34,117
-	-	2,256	-	130,741
-	-	-	-	1,045
503	4,800	12,012	4,433	843,545
-	-	-	-	9,595
-	-	-	-	3,291
-	-	-	-	12,886
-	-	-	-	111,897
-	-	-	-	31,607
-	-	-	-	48,573
-	-	7,269	-	8,269
-	-	7,269	-	200,346

City of Denison
Combining Schedule of Cash Transactions
General Fund
Year ended June 30, 2002

	General	Library Special	Fire Station
Disbursements (continued):			
Human Development Program:			
Northside Recreation:			
Contractual services	13,199	-	-
Commodities	115	-	-
	<u>13,314</u>	-	-
Parks and recreation:			
Personal services	6,048	-	-
Capital outlay	-	-	-
	<u>6,048</u>	-	-
Aquatic recreation center:			
Personal services	119,282	-	-
Contractual services	46,938	-	-
Commodities	18,156	-	-
Capital outlay	829	-	-
	<u>185,205</u>	-	-
Municipal utilities services	<u>171,368</u>	-	-
Senior citizens center:			
Personal services	4,017	-	-
Contractual services	5,928	-	-
	<u>9,945</u>	-	-
	<u>572,585</u>	<u>19,258</u>	-
Home and Community Environment Program:			
Airport:			
Personal services	1,495	-	-
Contractual services	47,752	-	-
Commodities	5,567	-	-
Capital outlay	300	-	-
	<u>55,114</u>	-	-
Community:			
Chamber programs	14,251	-	-
Economic development	5,000	-	-
Taxicab program	22,231	-	-
	<u>41,482</u>	-	-

Drug Abuse Resistance Education	Police Investi- gations	Capital Equipment and Improvement	Federal Forfeiture	Total
-	-	-	-	13,199
-	-	-	-	115
-	-	-	-	13,314
-	-	-	-	6,048
-	-	4,067	-	4,067
-	-	4,067	-	10,115
-	-	-	-	119,282
-	-	-	-	46,938
-	-	-	-	18,156
-	-	4,584	-	5,413
-	-	4,584	-	189,789
-	-	-	-	171,368
-	-	-	-	4,017
-	-	1,776	-	7,704
-	-	1,776	-	11,721
-	-	17,696	-	609,539
-	-	-	-	1,495
-	-	-	-	47,752
-	-	-	-	5,567
-	-	-	-	300
-	-	-	-	55,114
-	-	-	-	14,251
-	-	-	-	5,000
-	-	-	-	22,231
-	-	-	-	41,482

City of Denison
Combining Schedule of Cash Transactions
General Fund
Year ended June 30, 2002

	General	Library Special	Fire Station
Disbursements (continued):			
Home and Community Environment Program:			
Street maintenance:			
Contractual services	43,799	-	-
Commodities	19,753	-	-
Capital outlay	-	-	-
	<u>63,552</u>	-	-
	<u>160,148</u>	-	-
Policy and Administration Program:			
Personal services	105,988	-	-
Contractual services	48,592	-	-
Commodities	10,360	-	-
Capital outlay	537	-	-
	<u>165,477</u>	-	-
Total disbursements	<u>1,679,937</u>	<u>19,258</u>	<u>40,070</u>
Excess (deficiency) of receipts over (under) disbursements	<u>19,863</u>	<u>18,690</u>	<u>(15,314)</u>
Other financing sources (uses):			
Sale of property	15,000	-	-
Operating transfers in (out):			
General:			
General	-	-	-
Capital Equipment and Improvement	(4,877)	-	-
Special Revenue:			
Local Option Sales Tax	-	-	-
Emergency	28,755	-	-
Debt Service	-	-	(4,774)
Capital Projects:			
Child Care Facility	(8,000)	-	-
Enterprise:			
Solid Waste	25,000	-	-
Total other financing sources (uses)	<u>55,878</u>	<u>-</u>	<u>(4,774)</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>75,741</u>	<u>18,690</u>	<u>(20,088)</u>
Balance beginning of year	<u>87,090</u>	<u>6,610</u>	<u>45,103</u>
Balance end of year	<u>\$ 162,831</u>	<u>25,300</u>	<u>25,015</u>

See accompanying independent auditor's report.

Drug Abuse Resistance Education	Police Investi- gations	Capital Equipment and Improvement	Federal Forfeiture	Total
-	-	-	-	43,799
-	-	-	-	19,753
-	-	9,467	-	9,467
-	-	9,467	-	73,019
-	-	9,467	-	169,615
-	-	-	-	105,988
-	-	-	-	48,592
-	-	-	-	10,360
-	-	-	-	537
-	-	-	-	165,477
503	4,800	39,175	4,433	1,788,176
(503)	2,090	(22,462)	3,602	5,966
-	-	-	-	15,000
-	-	4,877	-	4,877
-	-	-	-	(4,877)
-	-	1,958	-	1,958
-	-	-	-	28,755
-	-	-	-	(4,774)
-	-	-	-	(8,000)
-	-	-	-	25,000
-	-	6,835	-	57,939
(503)	2,090	(15,627)	3,602	63,905
4,620	4,064	102,365	5,090	254,942
4,117	6,154	86,738	8,692	318,847

City of Denison
Combining Schedule of Cash Transactions
Special Revenue Funds
Year ended June 30, 2002

	Road Use Tax	Employees' Retirement
Receipts:		
Property tax	\$ -	507,301
Tax increment financing collections	-	-
Other city tax:		
Local option sales tax	-	-
Hotel/motel tax	-	-
Utility tax replacement excise tax	-	1,032
	-	1,032
Intergovernmental:		
Road use tax allocation	587,836	-
Total receipts	587,836	508,333
Disbursements:		
Community Protection Program:		
Personal services	-	210,542
Commodities	-	-
	-	210,542
Human Development Program:		
Personal services	-	69,367
Contractual services	-	-
Capital outlay	-	-
	-	69,367
Home and Community Environment Program:		
Personal services	282,800	90,463
Contractual services	40,046	-
Commodities	75,311	-
Capital outlay	39,561	-
	437,718	90,463
Policy and Administration Program:		
Personal services	-	38,451
Commodities	-	-
	-	38,451
Total disbursements	437,718	408,823
Excess (deficiency) of receipts over (under) disbursements	150,118	99,510

Local Option Sales Tax	Tourism Hotel/Motel Tax	Emergency	Urban Renewal Tax Increment	Total
-	-	28,767	-	536,068
-	-	-	709,509	709,509
393,919	-	-	-	393,919
-	53,184	-	-	53,184
-	-	58	-	1,090
393,919	53,184	58	-	448,193
-	-	-	-	587,836
393,919	53,184	28,825	709,509	2,281,606
-	-	-	-	210,542
7,394	-	-	-	7,394
7,394	-	-	-	217,936
-	-	-	-	69,367
-	1,778	-	-	1,778
43,781	27,061	-	-	70,842
43,781	28,839	-	-	141,987
-	-	-	-	373,263
46,279	-	-	50,000	136,325
-	-	-	-	75,311
289,231	-	-	-	328,792
335,510	-	-	50,000	913,691
-	-	-	-	38,451
13,062	-	-	-	13,062
13,062	-	-	-	51,513
399,747	28,839	-	50,000	1,325,127
(5,828)	24,345	28,825	659,509	956,479

City of Denison
Combining Schedule of Cash Transactions
Special Revenue Funds
Year ended June 30, 2002

	Road Use Tax	Employees' Retirement
Other financing sources (uses):		
Operating transfers in (out):		
General:		
General	-	-
Capital Equipment and Improvement	-	-
Special Revenue:		
Local Option Sales Tax	-	-
Tourism Hotel/Motel Tax	-	-
Debt Service	-	-
Capital Projects:		
FAA Grant	-	-
Flood Warning System	-	-
Arrowhead Paving	-	-
Weir Project	-	-
12th Avenue South Paving	-	-
Valley View Business Park	-	-
Watershed Development	-	-
Total other financing sources (uses)	-	-
Excess (deficiency) of receipts and other sources over (under) disbursements and other financing uses	150,118	99,510
Balance beginning of year	224,289	372,191
Balance end of year	\$ 374,407	471,701

See accompanying independent auditor's report.

Local Option Sales Tax	Tourism Hotel/Motel Tax	Emergency	Urban Renewal Tax Increment	Total
-	-	(28,755)	-	(28,755)
(1,958)	-	-	-	(1,958)
-	(5,638)	-	-	(5,638)
5,638	-	-	-	5,638
(81,250)	-	-	(275,730)	(356,980)
-	-	-	(33,638)	(33,638)
(12,850)	-	-	-	(12,850)
-	-	-	(626)	(626)
(22,238)	-	-	-	(22,238)
-	-	-	(197,340)	(197,340)
-	-	-	(100,000)	(100,000)
(4,026)	-	-	-	(4,026)
(116,684)	(5,638)	(28,755)	(607,334)	(758,411)
(122,512)	18,707	70	52,175	198,068
549,636	-	136	685,795	1,832,047
427,124	18,707	206	737,970	2,030,115

City of Denison

City of Denison
 Schedule of Cash Transactions
 Debt Service Fund
 Year ended June 30, 2002

Receipts:		
Property tax	\$	217,218
Tax increment financing collections		7,587
Other city tax:		
Utility tax replacement excise tax		441
Use of money and property:		
Interest on investments		29
Total receipts		<u>225,275</u>
Disbursements:		
Community Protection Program:		
Debt service:		
Principal redemption		24,050
Interest payments		14,745
Registrar fees		88
		<u>38,883</u>
Human Development Program:		
Debt service:		
Principal redemption		56,677
Interest payments		9,065
Registrar fees		227
		<u>65,969</u>
Home and Community Environment Program:		
Debt service:		
Principal redemption		250,029
Interest payments		140,193
Registrar fees		810
		<u>391,032</u>
Total disbursements		<u>495,884</u>
Deficiency of receipts under disbursements		<u>(270,609)</u>
Other financing sources:		
Operating transfers in:		
General:		
Fire Station		4,774
Special Revenue:		
Local Option Sales Tax		81,250
Urban Renewal Tax Increment		275,730
Total other financing sources		<u>361,754</u>
Excess of receipts and other financing sources over disbursements		91,145
Balance beginning of year		<u>(141,703)</u>
Balance end of year	\$	<u>(50,558)</u>

See accompanying independent auditor's report.

City of Denison
Combining Schedule of Cash Transactions
Capital Projects Funds
Year ended June 30, 2002

	Bonding Interim	FAA Grant	North 26th Street Paving
Receipts:			
Intergovernmental:			
Contributions from other local governments	\$ -	-	-
Airport improvement program	-	158,400	-
Grants for public works and economic development	-	-	-
Community development block grants/ state's program	-	-	-
	-	158,400	-
Miscellaneous			
Sales tax refund	-	-	-
Miscellaneous	-	-	-
	-	-	-
Total receipts	-	158,400	-
Disbursements:			
Human Development Program:			
Contractual services	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal redemption	-	-	-
Interest payments	-	-	-
	-	-	-
Home and Community Environment Program:			
Personal services	-	-	-
Contractual services	-	23,498	26,666
Capital outlay	-	165,618	7,289
	-	189,116	33,955
Total disbursements	-	189,116	33,955
Excess (deficiency) of receipts over (under) disbursements	-	(30,716)	(33,955)

Flood Warning System	Child Care Facility	Housing Project	Avenue C Railroad Bridge	7th Street Storm Sewer	Arrowhead Drive Paving
-	454	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	29,834	-	-	-
-	454	29,834	-	-	-
-	18,320	-	-	-	-
-	14,429	-	-	-	19,519
-	32,749	-	-	-	19,519
-	33,203	29,834	-	-	19,519
-	44,445	-	-	-	-
-	968,832	-	-	-	-
-	5,000	-	-	-	-
-	14,756	-	-	-	-
-	1,033,033	-	-	-	-
-	-	-	-	-	-
2,829	-	39,149	16,120	40,061	1,915
10,132	-	-	52,770	136,354	13,130
12,961	-	39,149	68,890	176,415	15,045
12,961	1,033,033	39,149	68,890	176,415	15,045
(12,961)	(999,830)	(9,315)	(68,890)	(176,415)	4,474

City of Denison
Combining Schedule of Cash Transactions
Capital Projects Funds
Year ended June 30, 2002

	24th Street Develop- ment	Weir Project	12th Avenue South Paving	7th Street Widening	Valley View Business Park
Receipts:					
Intergovernmental:					
Contributions from other local governments	-	112,958	-	-	-
Airport improvement program	-	-	-	-	-
Grants for public works and economic development	-	309,910	-	-	-
Community development block grants/ state's program	-	-	-	-	-
	-	422,868	-	-	-
Miscellaneous					
Sales tax refund	-	-	-	-	-
Miscellaneous	-	-	-	-	-
	-	-	-	-	-
Total receipts	-	422,868	-	-	-
Disbursements:					
Human Development Program:					
Contractual services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal redemption	-	-	-	-	-
Interest payments	-	-	-	-	-
	-	-	-	-	-
Home and Community Environment Program:					
Personal services	-	-	-	-	-
Contractual services	19,060	22,897	14,032	69	100,000
Capital outlay	-	385,903	158,476	-	-
	19,060	408,800	172,508	69	100,000
Total disbursements	19,060	408,800	172,508	69	100,000
Excess (deficiency) of receipts over (under) disbursements	(19,060)	14,068	(172,508)	(69)	(100,000)

Watershed Develop- ment	Levee Project	RISE/RED Grants	Project Impact	Speculation Building	24th Street Widening	South 8th Street	Recreation Fields	Total
-	-	-	-	-	-	-	-	113,412
-	-	-	-	-	-	-	-	158,400
-	-	-	-	-	-	-	-	309,910
-	-	-	-	-	-	-	-	29,834
-	-	-	-	-	-	-	-	611,556
-	-	-	-	-	-	-	-	18,320
-	-	-	-	-	-	-	-	33,948
-	-	-	-	-	-	-	-	52,268
-	-	-	-	-	-	-	-	663,824
-	-	-	-	-	-	-	-	44,445
-	-	-	-	-	-	-	-	968,832
-	-	-	-	-	-	-	-	5,000
-	-	-	-	-	-	-	-	14,756
-	-	-	-	-	-	-	-	1,033,033
-	-	-	8,008	-	-	-	-	8,008
4,026	1,707	94	-	279	27,358	2,776	1,804	344,340
-	-	-	-	-	-	-	-	929,672
4,026	1,707	94	8,008	279	27,358	2,776	1,804	1,282,020
4,026	1,707	94	8,008	279	27,358	2,776	1,804	2,315,053
(4,026)	(1,707)	(94)	(8,008)	(279)	(27,358)	(2,776)	(1,804)	(1,651,229)

City of Denison
Combining Schedule of Cash Transactions
Capital Projects Funds
Year ended June 30, 2002

	Bonding Interim	FAA Grant	North 26th Street Paving
Other financing sources(uses):			
Operating transfers in (out):			
General:			
General	-	-	-
Special Revenue:			
Local Option Sales Tax	-	-	-
Urban Renewal Tax Increment	-	33,638	-
Capital Projects:			
Bonding Interim	-	-	-
Avenue C Railroad Bridge	(697,077)	-	-
Total other financing sources (uses)	(697,077)	33,638	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(697,077)	2,922	(33,955)
Balance beginning of year	697,077	(36,141)	-
Balance end of year	\$ -	(33,219)	(33,955)

Flood Warning System	Child Care Facility	Housing Project	Avenue C Railroad Bridge	7th Street Storm Sewer	Arrowhead Drive Paving
-	8,000	-	-	-	-
12,850	-	-	-	-	-
-	-	-	-	-	626
-	-	-	697,077	-	-
-	-	-	-	-	-
12,850	8,000	-	697,077	-	626
(111)	(991,830)	(9,315)	628,187	(176,415)	5,100
(223)	(67,534)	(16,089)	(633,803)	-	(5,100)
(334)	(1,059,364)	(25,404)	(5,616)	(176,415)	-

City of Denison
Combining Schedule of Cash Transactions
Capital Projects Funds
Year ended June 30, 2002

	24th Street Develop- ment	Weir Project	12th Avenue South Paving	7th Street Widening	Valley View Business Park
Other financing sources(uses):					
Operating transfers in (out):					
General:					
General	-	-	-	-	-
Special Revenue:					
Local Option Sales Tax	-	22,238	-	-	-
Urban Renewal Tax Increment	-	-	197,340	-	100,000
Capital Projects:					
Bonding Interim	-	-	-	-	-
7th Street Paving	-	-	-	-	-
Total other financing sources (uses)	-	22,238	197,340	-	100,000
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(19,060)	36,306	24,832	(69)	-
Balance beginning of year	26,725	(36,306)	(24,832)	(9,224)	-
Balance end of year	7,665	-	-	(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
-	-	-	-	-	-	-	-	8,000
4,026	-	-	-	-	-	-	-	39,114
-	-	-	-	-	-	-	-	331,604
-	-	-	-	-	-	-	-	697,077
-	-	-	-	-	-	-	-	(697,077)
4,026	-	-	-	-	-	-	-	378,718
-	(1,707)	(94)	(8,008)	(279)	(27,358)	(2,776)	(1,804)	(1,272,511)
-	(165,888)	(5,011)	(1,045)	-	-	-	-	(277,394)
-	(167,595)	(5,105)	(9,053)	(279)	(27,358)	(2,776)	(1,804)	(1,549,905)

Schedule 5

City of Denison
Combining Schedule of Cash Transactions
Enterprise Funds
Year ended June 30, 2002

	Solid Waste	Aquatic Concessions	Total
Receipts:			
Charges for service:			
Solid waste fees	\$ 350,103	-	350,103
Sales	-	24,255	24,255
Total receipts	<u>350,103</u>	<u>24,255</u>	<u>374,358</u>
Disbursements:			
Human Development Program:			
Aquatic Center Concessions:			
Personal services	-	4,210	4,210
Commodities	-	14,055	14,055
Capital outlay	-	150	150
	<u>-</u>	<u>18,415</u>	<u>18,415</u>
Home and Community Environment Program:			
Solid Waste:			
Personal services	18,957	-	18,957
Employee benefits	9,967	-	9,967
Contractual services	288,313	-	288,313
Commodities	507	-	507
	<u>317,744</u>	<u>-</u>	<u>317,744</u>
Total disbursements	<u>317,744</u>	<u>18,415</u>	<u>336,159</u>
Excess of receipts over disbursements	32,359	5,840	38,199
Other financing uses:			
Operating transfers out:			
General:			
General	(25,000)	-	(25,000)
Excess of receipts over disbursements and other financing uses	7,359	5,840	13,199
Balance beginning of year	62,267	49,070	111,337
Balance end of year	<u>\$ 69,626</u>	<u>54,910</u>	<u>124,536</u>

See accompanying independent auditor's report.

City of Denison
Combining Schedule of Cash Transactions
Trust Funds
Year ended June 30, 2002

	Expendable Trust Funds				Total
	Library Trust	Aquatic Trust	Northside Recreation Trust	Child Care Trust	
Receipts:					
Use of money and property:					
Interest on investments	\$ 2,533	-	-	1,571	4,104
Intergovernmental:					
Community development block grant/ state's program	-	-	-	359,630	359,630
Miscellaneous:					
Accrued interest on notes	-	-	-	3,408	3,408
Donations and fund raisers	255	120	1,265	127,026	128,666
Total receipts	2,788	120	1,265	491,635	495,808
Disbursements:					
Human Development Program:					
Capital outlay	8,103	1,613	-	-	9,716
Excess (deficiency) of receipts over (under) disbursements	(5,315)	(1,493)	1,265	491,635	486,092
Other financing sources:					
Revenue note proceeds	-	-	-	350,000	350,000
Loan proceeds	-	-	-	50,000	50,000
Total other financing sources	-	-	-	400,000	400,000
Excess (deficiency) of receipts and other financing sources over (under) disbursements	(5,315)	(1,493)	1,265	891,635	886,092
Balance beginning of year	107,208	5,126	11,317	191,420	315,071
Balance end of year	\$ 101,893	3,633	12,582	1,083,055	1,201,163

See accompanying independent auditor's report.

City of Denison

Note Maturities

June 30, 2002

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
2003	5.00%	\$ 85,000	5.10%	\$ 75,000	5.00%	\$ 17,942
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	30,721
Total		<u>\$ 965,000</u>		<u>\$ 160,000</u>		<u>\$ 257,048</u>

Year Ending June 30,	Child Care Center Revenue Notes Issued Jul 1, 2001	
	Interest Rates	Amount
2003	4.75-4.80%	\$ 5,000
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>\$ 345,000</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	
4.50%	\$ 80,000	5.20%	\$ 90,000	\$ 347,942
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
	-		-	30,721
	<u>\$ 540,000</u>		<u>\$ 875,000</u>	<u>\$ 2,797,048</u>

Schedule 8

City of Denison

Comparison of Taxes and Intergovernmental Receipts

	Years ended June 30,			
	2002	2001	2000	1999
Property tax	\$ 1,744,591	1,688,957	1,632,571	1,644,818
Tax increment financing collections	717,096	649,007	294,002	389,426
Other city tax:				
Local option sales tax	393,919	417,530	385,770	102,930
Hotel/motel tax	53,184	-	-	-
Utility tax replacement excise tax	3,550	2,228	-	-
Mobile home tax	3,622	3,737	3,369	5,214
Cable television franchise fees	19,703	19,310	20,066	19,089
	473,978	442,805	409,205	127,233
Intergovernmental:				
State allocation	111,492	112,004	112,334	112,244
Road use tax	587,836	543,588	535,683	506,548
Grants	893,932	292,026	2,236,231	132,675
Bank franchise tax	23,359	20,236	22,976	15,583
Other	121,105	17,128	26,196	17,721
	1,737,724	984,982	2,933,420	784,771
Total	\$ 4,673,389	3,765,751	5,269,198	2,946,248

See accompanying independent auditor's report.

City of Denison
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2002

Grantor/Program	CFDA Number	Grant Number	Program Expend- itures
Direct:			
U.S. Department of Agriculture:			
Natural Resources Conservation Service:			
Watershed Protection and Flood Prevention	10.904	69-6114-0-605	\$ 274,910
U.S. Department of Commerce:			
Economic Adjustment Assistance	11.307	05-79-03415	30,302
U.S. Department of Transportation:			
Federal Aviation Administration, Airports Division:			
Airport Improvement Program	20.106	DTFA09-01-A-40027	133,485
Total direct			<u>438,697</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	29,834
Community Development Block Grants/ State's Program:			
Storm Sewer Improvements	14.228	02-CF-010	84,883
Crawford County:			
Community Development Block Grants/ State's Program:			
Crawford County Childcare Center Program	14.228	00-CF-039	339,680
			<u>424,563</u>
Iowa Department of Education, Division of Library Services:			
State Library Program	45.310	01-PAR-00-011	7,552
Total indirect			<u>461,949</u>
Total			<u>\$ 900,646</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

State Capitol Building
Des Moines, Iowa 50319-0004

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

David A. Vaudt, CPA
Auditor of State

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, 2002, and have issued our report thereon dated December 10, 2002. 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, 2002 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.

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.

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 10, 2002



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 the 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, 2002. The City of Denison'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 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 programs for the year ended June 30, 2002.

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.

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 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.

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 10, 2002

City of Denison
Schedule of Findings and Questioned Costs
Year ended June 30, 2002

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 identified.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were identified.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose audit findings which are 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 14.228 – Community Development Block Grants/State's Program.
 - CFDA Number 10.904 – Watershed Protection and Flood Prevention
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Denison did not qualify as a low-risk auditee.

City of Denison
Schedule of Findings and Questioned Costs
Year ended June 30, 2002

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

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

City of Denison

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

No material weaknesses in internal control over the major programs were identified.

City of Denison

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-02 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, 2002.
- IV-B-02 Certified Budget - Disbursements during the year ended June 30, 2002 did not exceed the amounts budgeted.
- IV-C-02 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-02 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- IV-E-02 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>
Loren Schulz, Mayor, owner of Color Center	Carpet, tile, paint	\$4,476

In addition to this transaction, the Mayor purchased a City-owned parcel of property in the Eastbrook Addition described as lot 9 for \$15,000.

In accordance with Chapter 362.5(10) of the Code of Iowa, the above transactions do not appear to represent conflicts of interests since the purchases and the sale of property were competitively bid.

- IV-F-02 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 that coverage is adequate for current operations.
- IV-G-02 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- IV-H-02 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- IV-I-02 Revenue Notes - The City has not established the sinking account required by the childhood care center revenue note resolution.

Recommendation - The City should establish the account and set aside the required amounts.

Response - We will establish a sinking account to pay the debt when due.

Conclusion - Response accepted.

City of Denison

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

IV-J-02 Code of Ordinances - The City has not compiled a code of ordinances since 1996.

Recommendation - The City should compile a code of ordinances at least once every five years in accordance with Chapter 380.8 of the Code of Iowa.

Response - We will compile the code of ordinances beginning at our January, 2003 Council meeting.

Conclusion - Response accepted.

City of Denison

Staff

This audit was performed by:

Pamela J. Bormann, CPA, Manager
Paul F. Kearney, CGFM, Senior Auditor
Karen L. Brustkern, Senior Auditor
Jedd D. Moore, Assistant Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State