

CITY OF COON RAPIDS

Independent Auditors' Reports
Financial Statements and Supplemental
Information
Schedule of Findings and Questioned Costs

Years Ended June 30, 2003 and 2002

CITY OF COON RAPIDS

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CITY OF COON RAPIDS

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
	June 30, 2003	
Marvin Johnson	Mayor	January, 2004
Keith Lee	Mayor Protem	January, 2004
Ed Heydon	Council Member	January, 2004
Dana Accola	Council Member	January, 2006
Tamara Bonney	Council Member	January, 2006
Mary Schwaller	Council Member	January, 2006
Geraldine Richardson	Clerk/Treasurer	December 31, 2003
Mark Thomas	Attorney	December 31, 2003
	June 30, 2002	
Marvin Johnson	Mayor	January, 2004
Keith Lee	Mayor Protem	January, 2004
Ed Heydon	Council Member	January, 2004
Dana Accola	Council Member	January, 2006
Tamara Bonney	Council Member	January, 2006
Mary Schwaller	Council Member	January, 2006
Geraldine Richardson	Clerk/Treasurer	December 31, 2003
Mark Thomas	Attorney	December 31, 2002

OLSEN, MUHLBAUER & CO., L.L.P.

Certified Public Accountants

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INDEPENDENT AUDITORS' 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 Coon Rapids, Iowa, as of and for the two years ended June 30, 2003. These financial statements are the responsibility of the City of Coon Rapids' management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, 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. Also, as permitted by the Code of Iowa, the accounting records of the City have not been audited for all prior years. Accordingly, we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2001.

As described in note 13 to the financial statements, certain Police Department and Volunteer Fire Department funds have not been included in the audit report for the years ended June 30, 2003, and 2002, since these funds have not been accounted for or reported by the City.

These financial statements 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, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2001, and the omission of certain Police Department and Volunteer Fire Department funds, as discussed in the third and fourth paragraphs, the aforementioned financial statements present fairly, in all material respects, the results of the cash transactions of the funds of the City of Coon Rapids as of and for the two years ended June 30, 2003, and its indebtedness at June 30, 2003, and 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 September 30, 2003, on our consideration of the City of Coon Rapids' 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 financial statements taken as a whole. The supplemental information included in Schedules 1 through 14, 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, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2001, and the omission of certain Police Department and Volunteer Fire Department funds, as discussed the third and fourth paragraphs, is fairly stated in all material respects in relation to the aforementioned financial statements taken as a whole.

Olsen, Muhlbauer + Co., L.L.P.

OLSEN, MUHLBAUER & CO., L.L.P.
Certified Public Accountants

Carroll, Iowa
September 30, 2003

FINANCIAL STATEMENTS

CITY OF COON RAPIDS

Combined Statement of Cash Transactions
 All Fund Types - Primary Government
 Year Ended June 30, 2003

	Governmental Fund Types				Fiduciary	Total Primary
	General	Special Revenue	Debt Service	Capital Projects	Fund Type Trust	Government (Memorandum Only)
Receipts:						
Property Tax	208,377	76,676	84,168	0	0	369,221
Tax Increment Financing Collections	0	96,349	0	0	0	96,349
Other City Tax	4,821	32,081	0	0	0	36,902
Licenses and Permits	2,714	0	0	0	0	2,714
Use of Money and Property	2,545	1,000	259	521	461	4,786
Intergovernmental	188,413	106,244	0	670,423	2,103	967,183
Charges for Services	124,879	0	0	0	299	125,178
Miscellaneous	32,196	17,506	0	33,623	63,190	146,515
Total Receipts	563,945	329,856	84,427	704,567	66,053	1,748,848
Disbursements:						
Public Safety	150,692	37,910	0	0	0	188,602
Public Works	128,489	125,444	0	0	0	253,933
Health and Social Services	1,275	0	0	0	0	1,275
Culture and Recreation	160,925	14,935	0	977	14,382	191,219
Community and Economic Development	12,750	88,844	0	0	0	101,594
General Government	99,991	10,135	0	0	0	110,126
Debt Service	0	0	91,510	0	0	91,510
Capital Projects	0	0	0	774,271	0	774,271
Total Disbursements	554,122	277,268	91,510	775,248	14,382	1,712,530
Excess (Deficiency) of Receipts Over (Under) Disbursements	9,823	52,588	(7,083)	(70,681)	51,671	36,318
Other Financing Sources (Uses):						
Sale of Property and Equipment	21,805	0	0	0	0	21,805
Operating Transfers In (Out)	(1,366)	1,432	4,000	(4,066)	0	0
Total Other Financing Sources (Uses)	20,439	1,432	4,000	(4,066)	0	21,805
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	30,262	54,020	(3,083)	(74,747)	51,671	58,123
Balance - Beginning of Year	134,947	160,468	4,713	68,588	20,156	388,872
Balance - End of Year	165,209	214,488	1,630	(6,159)	71,827	446,995

See notes to financial statements.

CITY OF COON RAPIDS

Combined Statement of Cash Transactions
 All Fund Types - Primary Government
 Year Ended June 30, 2002

	Governmental Fund Types			Fiduciary	Total Primary Government (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		Trust
Receipts:						
Property Tax	217,058	77,467	80,473	0	0	374,998
Tax Increment Financing Collections	0	81,534	0	0	0	81,534
Other City Tax	98	0	0	0	0	98
Licenses and Permits	4,135	0	0	0	0	4,135
Use of Money and Property	5,570	1,839	609	(225)	515	8,308
Intergovernmental	169,856	104,528	0	224,723	0	499,107
Charges for Services	145,837	0	0	0	378	146,215
Miscellaneous	35,219	14,913	0	5,100	3,406	58,638
Total Receipts	577,773	280,281	81,082	229,598	4,299	1,173,033
Disbursements:						
Community Protection Program	149,139	41,892	0	0	0	191,031
Human Development Program	221,253	14,929	94,150	8,054	7,615	346,001
Home and Community Environment Program	254,961	188,014	0	500,669	0	943,644
Policy and Administration Program	68,369	9,591	0	0	0	77,960
Total Disbursements	693,722	254,426	94,150	508,723	7,615	1,558,636
Excess (Deficiency) of Receipts Over (Under) Disbursements	(115,949)	25,855	(13,068)	(279,125)	(3,316)	(385,603)
Other Financing Sources (Uses):						
Note Proceeds	0	0	0	350,000	0	350,000
Sale of Property and Equipment	3,950	0	0	0	0	3,950
Operating Transfers In (Out)	(11,565)	5,228	6,337	0	0	0
Total Other Financing Sources (Uses)	(7,615)	5,228	6,337	350,000	0	353,950
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(123,564)	31,083	(6,731)	70,875	(3,316)	(31,653)
Balance - Beginning of Year	258,511	129,385	11,444	(2,287)	23,472	420,525
Balance - End of Year	134,947	160,468	4,713	68,588	20,156	388,872

See notes to financial statements.

CITY OF COON RAPIDS

Comparison of Receipts, Disbursements and Changes in Balances -
Actual to Budget - Primary Government
Year Ended June 30, 2003

	Primary Government		
		Less Funds Not Required To Be Budgeted	Net
	Actual	Budgeted	Net
Receipts:			
Property Tax	369,221	0	369,221
Tax Increment Financing Collections	96,349	0	96,349
Other city Tax	36,902	0	36,902
Licenses and Permits	2,714	0	2,714
Use of Money and Property	4,786	20	4,766
Intergovernmental	967,183	0	967,183
Charges for Services	125,178	0	125,178
Miscellaneous	146,515	50,000	96,515
<u>Total Receipts</u>	<u>1,748,848</u>	<u>50,020</u>	<u>1,698,828</u>
Disbursements:			
Public Safety	188,602	0	188,602
Public Works	253,933	0	253,933
Health and Social Services	1,275	0	1,275
Culture and Recreation	191,219	0	191,219
Community and Economic Development	101,594	0	101,594
General Government	110,126	0	110,126
Debt Service	91,510	0	91,510
Capital Projects	774,271	0	774,271
Enterprise	0	0	0
<u>Total Disbursements</u>	<u>1,712,530</u>	<u>0</u>	<u>1,712,530</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	36,318	50,020	(13,702)
Other Financing Sources, Net	21,805	(20)	21,825
Excess (Deficiencies) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	58,123	50,000	8,123
<u>Balance - Beginning of Year</u>	<u>388,872</u>	<u>2,048</u>	<u>386,824</u>
<u>Balance - End of Year</u>	<u>446,995</u>	<u>52,048</u>	<u>394,947</u>

See notes to financial statements.

Exhibit C

Total Amended Certified Budget	Less Amounts Budgeted for Component Units	Primary Government Amended Budget	Primary Government	
			Variance Favorable (Unfavorable)	Net as Percent of Amended Budget
354,416	0	354,416	14,805	104%
96,814	0	96,814	(465)	100%
36,744	0	36,744	158	100%
1,180	0	1,180	1,534	230%
50,240	41,030	9,210	(4,444)	52%
923,847	0	923,847	43,336	105%
7,402,444	6,966,217	436,227	(311,049)	29%
23,122	5,522	17,600	78,915	548%
<u>8,888,807</u>	<u>7,012,769</u>	<u>1,876,038</u>	<u>(177,210)</u>	<u>91%</u>
221,880	0	221,880	33,278	85%
300,863	0	300,863	46,930	84%
1,350	0	1,350	75	94%
213,988	0	213,988	22,769	89%
107,048	0	107,048	5,454	95%
254,171	0	254,171	144,045	43%
91,510	0	91,510	0	100%
726,823	0	726,823	(47,448)	107%
<u>7,768,712</u>	<u>7,768,712</u>	<u>0</u>	<u>0</u>	<u>0%</u>
<u>9,686,345</u>	<u>7,768,712</u>	<u>1,917,633</u>	<u>205,103</u>	<u>89%</u>
(797,538)	(755,943)	(41,595)		
<u>38,640</u>	<u>0</u>	<u>38,640</u>		
(758,898)	(755,943)	(2,955)		
<u>5,058,295</u>	<u>4,484,398</u>	<u>573,897</u>		
<u>4,299,397</u>	<u>3,728,455</u>	<u>570,942</u>		

CITY OF COON RAPIDS

Comparison of Receipts, Disbursements and Changes in Balances -
Actual to Budget - Primary Government
Year Ended June 30, 2002

	Primary Government		
	Actual	Less Funds Not Required To Be Budgeted	Net
Receipts:			
Property Tax	374,998	0	374,998
Tax Increment Financing Collections	81,534	0	81,534
Other City Tax	98	0	98
Licenses and Permits	4,135	0	4,135
Use of Money and Property	8,308	45	8,263
Intergovernmental	499,107	0	499,107
Charges for Services	146,215	0	146,215
Miscellaneous	58,638	0	58,638
<u>Total Receipts</u>	<u>1,173,033</u>	<u>45</u>	<u>1,172,988</u>
Disbursements:			
Community Protection Program	191,031	0	191,031
Human Development Program	346,001	0	346,001
Home and Community Environment Program	943,644	0	943,644
Policy and Administration Program	77,960	0	77,960
<u>Total Disbursements</u>	<u>1,558,636</u>	<u>0</u>	<u>1,558,636</u>
Deficiency of Receipts Under Disbursements	(385,603)	45	(385,648)
Other Financing Sources, Net	353,950	(45)	353,995
Deficiency of Receipts and Other Financing Sources Under Disbursements and Other Financing Uses	(31,653)	0	(31,653)
<u>Balance - Beginning of Year</u>	<u>420,525</u>	<u>2,048</u>	<u>418,477</u>
<u>Balance - End of Year</u>	<u>388,872</u>	<u>2,048</u>	<u>386,824</u>

See notes to financial statements.

Exhibit D

Total Amended Certified Budget	Less Amounts Budgeted for Component Units	Primary Government Amended Budget	Primary Government	
			Variance Favorable (Unfavorable)	Net as Percent of Amended Budget
366,016	0	366,016	8,982	102%
94,846	0	94,846	(13,312)	86%
5,304	0	5,304	(5,206)	2%
1,280	0	1,280	2,855	323%
58,800	47,226	11,574	(3,311)	71%
1,141,187	0	1,141,187	(642,080)	44%
7,461,581	7,299,002	162,579	(16,364)	90%
22,441	5,741	16,700	41,938	351%
<u>9,151,455</u>	<u>7,351,969</u>	<u>1,799,486</u>	<u>(626,498)</u>	<u>65%</u>
196,726	0	196,726	5,695	97%
2,716,413	2,343,442	372,971	26,970	93%
7,513,765	6,338,531	1,175,234	231,590	80%
251,270	0	251,270	173,310	31%
<u>10,678,174</u>	<u>8,681,973</u>	<u>1,996,201</u>	<u>437,565</u>	<u>78%</u>
(1,526,719)	(1,330,004)	(196,715)		
<u>60,000</u>	<u>0</u>	<u>60,000</u>		
(1,466,719)	(1,330,004)	(136,715)		
<u>3,689,842</u>	<u>3,262,222</u>	<u>427,620</u>		
<u>2,223,123</u>	<u>1,932,218</u>	<u>290,905</u>		

CITY OF COON RAPIDS

Statement of Indebtedness
Year Ended June 30, 2003

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Originally Issued</u>
General Obligation Bonds: Aquatic Center	06-01-97	4.30 - 5.40%	950,000
General Obligation Notes: Economic Development	10-01-91	6.50%	307,500
Bridge Rehabilitation	05-31-02	3.50%	350,000
Total			
Urban Renewal Tax Increment Financing (TIF) Revenue Bond	07-01-96	0.00%	285,050
Installment Purchase Ziegler Cat	10-21-02	4.50%	42,553

See notes to financial statements.

Exhibit E

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
<u>705,000</u>	<u>0</u>	<u>55,000</u>	<u>650,000</u>	<u>36,210</u>	<u>0</u>
100,196	0	31,286	68,910	6,013	0
<u>350,000</u>	<u>0</u>	<u>29,804</u>	<u>320,196</u>	<u>12,284</u>	
<u>450,196</u>	<u>0</u>	<u>61,090</u>	<u>389,106</u>	<u>18,297</u>	<u>0</u>
<u>88,050</u>	<u>0</u>	<u>48,000</u>	<u>40,050</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>42,653</u>	<u>0</u>	<u>42,653</u>	<u>0</u>	<u>0</u>

CITY OF COON RAPIDS

Statement of Indebtedness
Year Ended June 30, 2002

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Originally Issued</u>
General Obligation Bonds: Aquatic Center	06-01-97	4.30 - 5.40%	950,000
General Obligation Notes: Economic Development	10-01-91	6.50%	307,500
Bridge Rehabilitation	05-31-02	3.50%	350,000
Total			
Urban Renewal Tax Increment Financing (TIF) Revenue Bond	07-01-96	0	285,050

See notes to financial statements.

Exhibit F

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
<u>760,000</u>	<u>0</u>	<u>55,000</u>	<u>705,000</u>	<u>38,850</u>	<u>0</u>
129,544	0	29,348	100,196	7,951	0
<u>0</u>	<u>350,000</u>	<u>0</u>	<u>350,000</u>	<u>0</u>	<u>0</u>
<u>129,544</u>	<u>350,000</u>	<u>29,348</u>	<u>450,196</u>	<u>7,951</u>	<u>0</u>
<u>133,050</u>	<u>0</u>	<u>45,000</u>	<u>88,050</u>	<u>0</u>	<u>0</u>

CITY OF COON RAPIDS

Notes to Financial Statements

June 30, 2003 and 2002

Note 1 - Summary of Significant Accounting Policies

The City of Coon Rapids is a political subdivision of the State of Iowa located in Carroll and Guthrie Counties. It was first incorporated in 1882 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

Except as explained in Note 13, for financial reporting purposes, City of Coon Rapids 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 Coon Rapids (the primary government) and exclude all component units. The following component units are entities which are legally separate from the City, but are so intertwined with the City that they are, in substance, part of the City. However, the financial transactions of these component units have not been displayed for various reasons.

The Coon Rapids 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 three-member board appointed by the mayor and approved by the City Council. The Coon Rapids Municipal Utilities uses a different basis of accounting than the City of Coon Rapids. The Coon Rapids Municipal Utilities has been audited separately and the report is filed under separate cover. Complete financial statements, presented on a different basis of accounting, can be obtained at the administrative office of the Municipal Utilities.

The Thomas Rest Haven, which was established by local resolution, is legally separate from the City, but has the potential to impose specific burdens on the City. The Thomas Rest Haven provides intermediate long-term care to the elderly and is governed by a three-member board with the members elected on a non-partisan basis. The Thomas Rest Haven uses a different basis of accounting than the City of Coon Rapids. The Thomas Rest Haven has been audited separately and the report filed under separate cover. Complete financial statements, presented on a different basis of accounting, can be obtained from the office of the City Clerk.

CITY OF COON RAPIDS
Notes to Financial Statements
June 30, 2003 and 2002

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity (Continued)

The Coon Rapids Ambulance Department is part of the Carroll County ambulance system. The ambulance department collects donations which are used to purchase items which are not included in the City's budget. The financial information is not displayed because it is not material.

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: Resources Enhancement and Protection Committee, Carroll County E911 Committee, Carroll County Solid Waste Management Commission, Carroll County Assessors Conference Board and Carroll Emergency Management 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.

CITY OF COON RAPIDS
Notes to Financial Statements
June 30, 2003 and 2002

Note 1 - Summary of Significant Accounting Policies

B. Fund Accounting (Continued)

Fiduciary Funds

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

C. Basis of Accounting

The City of Coon Rapids 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 non-expendable trust funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. The City's budget includes the governmental unit and the component units, Coon Rapids Municipal Utilities and Thomas Rest Haven. The budget on Exhibit B has been adjusted to remove the amounts budgeted for the component units.

For the year ended June 30, 2003, 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.

For the year ended June 30, 2002, 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.

CITY OF COON RAPIDS

Notes to Financial Statements
June 30, 2003 and 2002

Note 2 - Cash and Pooled Investments

The City's deposits in banks at June 30, 2003, and 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 no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement Number 3.

Note 3 - Bonds and Notes Payable

General Obligation Bonds and Notes

At June 30, 2003, annual debt service requirements to maturity for general obligation bonds and general obligation notes are as follows:

Year Ending June 30,	General Obligation <u>Bond</u>		General Obligation <u>Notes</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 60,000	\$ 33,542	\$ 64,234	\$ 15,153	\$ 124,234	\$ 48,695
2005	60,000	30,603	67,519	11,869	127,519	42,472
2006	65,000	27,632	33,081	9,007	98,081	36,639
2007	70,000	24,383	34,238	7,850	104,238	32,233
2008	70,000	20,848	35,437	6,651	105,437	27,499
2009	75,000	17,277	36,677	5,411	111,677	22,688
2010	80,000	13,378	37,961	4,127	117,961	17,505
2011	85,000	9,137	39,289	2,799	124,289	11,936
2012	85,000	4,590	40,670	1,423	125,670	6,013
	<u>\$ 650,000</u>	<u>\$ 181,390</u>	<u>\$ 389,106</u>	<u>\$ 64,290</u>	<u>\$ 1,039,106</u>	<u>\$ 245,680</u>

CITY OF COON RAPIDS
Notes to Financial Statements
June 30, 2003 and 2002

Note 3 - Bonds and Notes Payable (Continued)

General Obligation Notes

The general obligation note for Economic Development, dated October 1, 1991, was issued for the purpose of defraying a portion of the costs of carrying out an urban renewal project of the City. The proceeds of the notes were expended only for the purposes which were consistent with the plans of the City's urban renewal area. The notes are backed by full faith and credit of the City, and the loan agreement was executed pursuant to the provisions of Section 384.24A of the Code of Iowa. Income and proceeds of the Urban Renewal Tax Increment Fund and the portion of taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa are used to pay a portion of the principal and interest on the notes with an annual appropriation from the General Fund to cover the balance. Repayment is scheduled with semi-annual installments of \$18,650 each June 1 and December 1 with a final payment due on June 1, 2005. The City has the right to prepay principal, in whole or in part, at any time prior to and in inverse order of maturity on terms of par and accrued interest. The note constitutes a general obligation of the City and the debt is subject to the constitutional debt limitation of the City.

In connection with this general obligation note, the City and business associated with this urban renewal project, entered into an assessment agreement on March 1, 1993. Pursuant to Section 403.6(19) of the Code of Iowa, the City and business established a minimum actual value for the property and improvements constructed thereon, effective January 1, 1993, until June 1, 2005, or the date the note is paid off, if prepaid earlier. The agreement provides that to the extent property taxes received semi-annually by the City representing tax increment revenues and a percentage of tax revenues received on property of the business, which had been voluntarily annexed in 1991, are less than the semi-annual payments on the general obligation note, the business will pay the City an amount equal to the difference. For the years ended June 30, 2003, and 2002, the City received \$17,506 and \$14,913, respectively, as reimbursement from the business for the shortfall between taxes collected and the semi-annual payments due on the notes.

The general obligation note for Bridge Rehabilitation, dated May 31, 2002, was issued, and the proceeds expended, for the purpose of paying a portion of the costs for the construction of a new bridge and reconstruction of the curve approaching the bridge. The notes are backed by full faith and credit of the City, and the loan agreement was executed pursuant to the provisions of Section 384.24A of the Code of Iowa. The funds were borrowed from Coon Rapids Municipal Utilities at a rate of 3.50%. Repayment is scheduled with annual installments of \$42,088 each June 1 with a final payment due June 1, 2012. The City has the right to prepay principal at any time prior to and in inverse order of maturity on terms of par and accrued interest. The note constitutes a general obligation of the City and the debt is subject to the constitutional debt limitation of the City.

CITY OF COON RAPIDS
Notes to Financial Statements
June 30, 2003 and 2002

Note 3 - Bonds and Notes Payable (Continued)

Urban Renewal Tax Increment Financing Revenue Bonds

On July 1, 1996, the City of Coon Rapids issued an Urban Renewal Tax Increment Revenue Bond to Coon Rapids Municipal Utilities under the provisions of Chapter 403 of the Code of Iowa. The initial amount of the bond was \$285,049.63 with a 0% interest rate and no set maturity date; therefore, the annual debt service requirements to maturity are indeterminable.

The City issued this debt for the purpose of financing an economic development grant in connection with an Urban Renewal Housing Project in the Coon Rapids Urban Renewal area in which the construction costs were paid by Coon Rapids Municipal Utilities. Debt proceeds were not received by the City in conjunction with this financing agreement. Coon Rapids Municipal Utilities was issued the debt instrument and the streets, water, sanitary sewer and storm sewer improvements constructed have been donated to the City.

The bond is payable solely from the income and proceeds of the Urban Renewal Tax Revenue Fund and the portion of taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. Annual payments are scheduled each July 1, to the extent revenues are available. For the years ended June 30, 2003, and 2002, the City paid \$48,000 and \$45,000, respectively, on the liability. The balance payable as of June 30, 2003, was \$40,050. The bond is not a general obligation of the City; however, the debt is subject to the constitutional debt limitation of the City.

On April 7, 2003, the City Council passed a resolution authorizing an Economic Development Grant to the Coon Rapids Municipal Utilities in the amount of \$444,922. The grant will be in the form of an Urban Renewal Tax Increment Revenue Bond.

The City will issue this debt for the purpose of financing an economic development grant in connection with the development of a housing project amounting to \$306,641 and business expansion amounting to \$138,281 in the Coon Rapids Urban Renewal area. The construction costs were paid by Coon Rapids Municipal Utilities; no debt proceeds will be received by the City in conjunction with this financing agreement. Coon Rapids Municipal Utilities will be issued the debt instrument and the streets, water, sanitary sewer and storm sewer improvements constructed will be donated to the City.

As of June 30, 2003, legal counsel had not finalized the revenue bond documents; therefore, the liability has not been included on the Statement of Indebtedness (Exhibit E).

Installment Purchase

On October 21, 2002, the City Council authorized a financing plan with Ziegler CAT for the purchase of a new backhoe for the street department. The total purchase price was \$62,653 with \$20,000 paid as a down payment and the remainder to be paid over 5 years at 4.50% interest.

CITY OF COON RAPIDS
Notes to Financial Statements
June 30, 2003 and 2002

Note 3 - Bonds and Notes Payable

Installment Purchase (Continued)

Annual debt service requirements at June 30, 2003, for the installment loan are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 8,302	\$ 1,273	\$ 9,575
2005	8,029	1,546	9,575
2006	8,391	1,184	9,575
2007	8,768	807	9,575
2008	<u>9,163</u>	<u>412</u>	<u>9,575</u>
<u>Total</u>	<u>\$ 42,653</u>	<u>\$ 5,222</u>	<u>\$ 47,875</u>

Note 4 - Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual salary and the City is required to contribute 5.75% of annual covered payroll except for police employees, in which case the percentages are 6.04% and 9.07%, respectively for the year ended June 30, 2003, and 6.20% and 9.29%, respectively for the year ended June 30, 2002. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2003, and 2002, were \$11,681 and \$11,841, respectively, equal to the required contributions for each year.

Note 5 - Compensated Absences

City employees accumulate a limited amount of earned but unused vacation, sick leave and holiday hours for subsequent use. These benefits are not payable upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid.

CITY OF COON RAPIDS
Notes to Financial Statements
June 30, 2003 and 2002

Note 5 - Compensated Absences (Continued)

At June 30, 2003, and 2002, the City's approximate liability for earned vacation, sick leave and holiday benefits payable to employees, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Year Ended June 30,</u>	
	<u>2003</u>	<u>2002</u>
Vacation	\$ 5,617	\$ 8,224
Sick Leave	19,016	32,505
Holidays	<u>758</u>	<u>1,729</u>
<u>Total</u>	<u>\$ 25,391</u>	<u>\$ 42,458</u>

The liabilities have been computed based on rates of pay as of June 30, 2003, and June 30, 2002.

Note 6 - Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the program level. During the year ended June 30, 2003, disbursements for the primary government in the Capital Projects function exceeded the amount budgeted.

Note 7 - Related Party Transactions

The City had business transactions between the City and City officials, totaling \$41,148 during the year ended June 30, 2002. There were no business transactions between related parties during the year ended June 30, 2003.

Note 8 - Risk Management

The City of Coon Rapids 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 the years ended June 30, 2003, and June 30, 2002.

CITY OF COON RAPIDS
Notes to Financial Statements
June 30, 2003 and 2002

Note 9 - Development and Rebate Agreement

The City will enter into one development and rebate agreement to assist in a certain urban renewal project. According to the proposal, the city has agreed to rebate incremental taxes paid by the developer in exchange for infrastructure improvements, rehabilitation and development of commercial projects constructed by the developer as set forth in the urban renewal plan and the individual development and rebate agreement. The incremental taxes to be received by the City under Chapter 403.19 of the Code of Iowa from the developers will be rebated for a period of five years beginning with the tax year in which the property taxes on the completed value of the improvements are first paid. The total amount of incremental taxes that will be rebated under the development and rebate agreement is not to exceed \$41,625 with the percentage of incremental taxes rebated per year as follows: year one - 75%; year two - 60%; year three - 45%; year four - 30%; and year five - 15%. In addition, the City will rebate costs of parking lot improvements made by the developer in the amount of \$30,000 with payment to begin after the five-year incremental tax rebate period.

No rebate of incremental taxes was made pursuant to this agreement during the years ended June 30, 2003, or 2002.

No bonds or notes will be issued for the construction project. To the extent that on any payment date there are insufficient tax increment revenues available to make the required scheduled payment, the unpaid amount shall be carried over to the next payment date.

The agreement is not a general obligation of the City; however, the debt payment in the succeeding year is subject to the constitutional debt limitation of the City.

Note 10 - Deficit Fund Balance

The Capital Projects Fund, Sumpter Bridge Project Account had a deficit balance of \$6,159 at June 30, 2003. The deficit was a result of project costs incurred prior to availability of funds. The deficit will be eliminated upon receipt of Federal grant monies.

Note 11 - Community Development Block Grant

Economic Development Set-Aside Program 01-ED-007

On June 11, 2002, the City of Coon Rapids, in association with the Coon Rapids Development Group, received \$60,000 from the Iowa Department of Economic Development to promote and assist economic growth through the development and expansion of qualified businesses, the creation of jobs, and the expansion of the municipal and county tax base.

CITY OF COON RAPIDS
Notes to Financial Statements
June 30, 2003 and 2002

Note 11 - Community Development Block Grant

Economic Development Set-Aside Program 01-ED-007 (Continued)

In accordance with the agreement, the City loaned \$60,000 for a forgivable loan to a qualified business. Terms of the forgivable loan are based on the creation of 18 full-time equivalent positions at the business's Coon Rapids facility with at least fifty-one percent of the positions taken by persons from low and moderate income households and the investment of \$814,650 by the qualified business. If the qualified business does not meet the terms of the agreement, the borrower would be required to repay part or all of the loan to the City, which in turn would repay the funds to the Iowa Department of Economic Development. The City's liability for repayment of the loan is limited to the amount collected from the qualified business. Therefore, the liability for this loan is not included on the Statement of Indebtedness (Exhibit E).

In the event that the borrower sells any of the land in the project area within ten years following the execution of the agreement, an amount equal to \$3,100 per acre is to be paid back to the City and forwarded to the Coon Rapids Development Group, for establishment of a Revolving Loan Fund for future economic development use in the project area.

Note 12 - Contracts and Commitments

Sumpter Bridge Project

Effective June 28, 1999, the City of Coon Rapids and the Iowa Department of Transportation entered into an agreement for the purpose of financing a Highway Bridge Replacement and Rehabilitation (HBRR) Program project with Federal Funds. Funding was provided pursuant to Section 144 of Title 23, United States Code. The City received reimbursement for authorized and approved project costs of eligible items from HBRR Federal Funds which was limited to a maximum of 80% of eligible costs or one million dollars, whichever was less. From inception to June 30, 2003, the City received \$954,269 in Federal Funds and expended \$1,320,695 in connection with the project.

As of June 30, 2003, the City is entitled to an additional \$45,731 in federal funds for a total of \$1,000,000 for the project. Additional project costs to be paid after June 30, 2003 are expected to be approximately \$15,000.

RISE - North Street Grading and Paving Project

In October, 2001, the City and the Iowa Department of Transportation entered into an agreement for the purpose of financing a "Revitalize Iowa's Sound Economy" (RISE) project to construct certain transportation improvements necessary for the development of a business in the City's tax incremental financing district. Total costs incurred on the project to June 30, 2003 amounted to \$85,870; the RISE grant reimbursed \$69,671 of this amount. As of June 30, 2003, additional project costs to be incurred will be approximately \$8,119, of which the RISE grant will reimburse \$4,417.

CITY OF COON RAPIDS

Notes to Financial Statements
June 30, 2003 and 2002

Note 13 - Police and Volunteer Fire Department Funds

As more fully described in finding 11-C-03, the City accounts for the transactions of the Police and Volunteer Fire Departments in the City's General Fund. However, the police department had a separate checking account with a June 30, 2002, balance of \$601 and a June 30, 2003, balance of \$5,014. Also, the volunteer fire department had a separate checking account, savings account and several time certificates with a combined balance of \$13,389 at June 30, 2002, and \$11,435 at June 30, 2003.

The funds in these bank accounts have not been accounted for or reported by the City in the City's financial statements and reports or in this audit report.

Note 14 - Little League Concessions and Park Funds

As more fully described in finding 11-D-03, we were unable to determine the propriety of two bank accounts established using the City's taxpayer identification number.

One account included funds derived from the sale of concessions at Little League games. The balance of this checking account was \$1,160 at June 30, 2002, and \$1,803 at June 30, 2003. The other account included funds derived from contributions to the City Park fund. The balance of this savings account was \$1,074 at June 30, 2002, and \$-0- at June 30, 2003.

If the funds derived in these accounts were public funds, they should have been under the City's fiduciary control for deposit and investment purposes and, as such, would have been subject to the public funds criteria for disbursement.

The funds in these two bank accounts have not been accounted for or reported by the City Clerk in the City's financial statements and reports or in this audit report.

SUPPLEMENTAL INFORMATION

CITY OF COON RAPIDS

Combining Schedule of Cash Transactions

General Fund

Year Ended June 30, 2003

	General Operating <u>Fund</u>	1987 Equipment/ Insurance <u>Reserve</u>	<u>Total</u>
Receipts:			
Property Taxes	208,377	0	208,377
Other City Tax:			
Mobile Home Tax	24	0	24
Utility Tax Replacement Excise Tax	4,797	0	4,797
	<u>4,821</u>	<u>0</u>	<u>4,821</u>
Licenses and Permits:			
Liquor	1,875	0	1,875
Cigarette	345	0	345
Building and Construction	489	0	489
Special Business	5	0	5
	<u>2,714</u>	<u>0</u>	<u>2,714</u>
Use of Money and Property:			
Interest on Investments	1,577	968	2,545
Intergovernmental:			
State Allocation	25,524	0	25,524
Bank Franchise Tax	5,002	0	5,002
RISE Grant	59,826	0	59,826
Community Development Block Grant	4,250	0	4,250
REAP Grant	6,825	0	6,825
County Contribution - Library	8,000	0	8,000
County Contribution - Ambulance	15,750	0	15,750
Township Contribution - Fire Protection	11,782	0	11,782
Payments in Lieu of Taxes	51,454	0	51,454
	<u>188,413</u>	<u>0</u>	<u>188,413</u>

(Continued)

CITY OF COON RAPIDS

Combining Schedule of Cash Transactions
 General Fund
 Year Ended June 30, 2003

	General Operating <u>Fund</u>	1987 Equipment/ Insurance <u>Reserve</u>	<u>Total</u>
Receipts: (Continued)			
Charges for Service:			
Garbage Collection	77,051	0	77,051
Swimming Pool Fees	44,550	0	44,550
Recreation Center Fees	1,354	0	1,354
Library Charges	1,854	0	1,854
Police Fees	60	0	60
Animal Control Charges	10	0	10
	<u>124,879</u>	<u>0</u>	<u>124,879</u>
Miscellaneous:			
Swimming Pool Concessions	16,891	0	16,891
Court and Parking Violation Fees	5,767	0	5,767
Contributions and Donations	0	5,706	5,706
Refunds and Reimbursements	3,832	0	3,832
	<u>26,490</u>	<u>5,706</u>	<u>32,196</u>
<u>Total Receipts</u>	<u>557,271</u>	<u>6,674</u>	<u>563,945</u>
Disbursements:			
Public Safety:			
Police:			
Personal Services	67,545	0	67,545
Services and Commodities	7,622	0	7,622
Capital Outlay	0	12,048	12,048
	<u>75,167</u>	<u>12,048</u>	<u>87,215</u>

(Continued)

CITY OF COON RAPIDS

Combining Schedule of Cash Transactions
 General Fund
 Year Ended June 30, 2003

	General Operating <u>Fund</u>	1987 Equipment/ Insurance <u>Reserve</u>	<u>Total</u>
Disbursements:			
Public Safety: (Continued)			
Fire:			
Personal Services	2,198	0	2,198
Services and Commodities	<u>16,259</u>	<u>0</u>	<u>16,259</u>
	<u>18,457</u>	<u>0</u>	<u>18,457</u>
Ambulance:			
Personal Services	37,277	0	37,277
Services and Commodities	<u>3,990</u>	<u>0</u>	<u>3,990</u>
	<u>41,267</u>	<u>0</u>	<u>41,267</u>
Miscellaneous Protective Services:			
Services and Commodities	<u>3,500</u>	<u>0</u>	<u>3,500</u>
Animal Control:			
Services and Commodities	<u>253</u>	<u>0</u>	<u>253</u>
	<u>138,644</u>	<u>12,048</u>	<u>150,692</u>
Public Works:			
Roads, Bridges and Sidewalks:			
Personal Services	2,706	0	2,706
Services and Commodities	2,457	0	2,457
Capital Outlay	<u>0</u>	<u>20,000</u>	<u>20,000</u>
	<u>5,163</u>	<u>20,000</u>	<u>25,163</u>
Street Lighting	<u>6,443</u>	<u>0</u>	<u>6,443</u>

(Continued)

CITY OF COON RAPIDS

Combining Schedule of Cash Transactions
 General Fund
 Year Ended June 30, 2003

	General Operating <u>Fund</u>	1987 Equipment/ Insurance <u>Reserve</u>	<u>Total</u>
Disbursements:			
Public Works: (Continued)			
Traffic Control Safety:			
Personal Services	558	0	558
Commodities	1,043	0	1,043
	<u>1,601</u>	<u>0</u>	<u>1,601</u>
Solid Waste:			
Contractual Services	95,282	0	95,282
	<u>108,489</u>	<u>20,000</u>	<u>128,489</u>
Health and Social Services:			
Environmental Health Services:			
Contractual Services	1,275	0	1,275
Culture and Recreation:			
Library:			
Personal Services	30,372	0	30,372
Services and Commodities	23,146	0	23,146
	<u>53,518</u>	<u>0</u>	<u>53,518</u>
Parks:			
Personal Services	2,478	0	2,478
Services and Commodities	9,025	0	9,025
Capital Outlay	12,184	0	12,184
	<u>23,687</u>	<u>0</u>	<u>23,687</u>

(Continued)

CITY OF COON RAPIDS

Combining Schedule of Cash Transactions
 General Fund
 Year Ended June 30, 2003

	General Operating <u>Fund</u>	1987 Equipment/ Insurance <u>Reserve</u>	<u>Total</u>
Disbursements:			
Culture and Recreation: (Continued)			
Playground and Recreation Center:			
Personal Services	1,600	0	1,600
Services and Commodities	<u>3,997</u>	<u>0</u>	<u>3,997</u>
	<u>5,597</u>	<u>0</u>	<u>5,597</u>
Swimming Pool:			
Personal Services	34,428	0	34,428
Services and Commodities	<u>39,655</u>	<u>0</u>	<u>39,655</u>
	<u>74,083</u>	<u>0</u>	<u>74,083</u>
Cemetery:			
Contractual Services	<u>3,545</u>	<u>0</u>	<u>3,545</u>
Other Culture and Recreation:			
Contractual Services	<u>495</u>	<u>0</u>	<u>495</u>
	<u>160,925</u>	<u>0</u>	<u>160,925</u>
Community and Economic Development:			
Economic Development:			
Contractual Services	<u>12,750</u>	<u>0</u>	<u>12,750</u>

(Continued)

CITY OF COON RAPIDS

Combining Schedule of Cash Transactions
 General Fund
 Year Ended June 30, 2003

	General Operating <u>Fund</u>	1987 Equipment/ Insurance <u>Reserve</u>	<u>Total</u>
Disbursements: (Continued)			
General Government:			
Mayor and Council Members:			
Personal Services	2,960	0	2,960
Services and Commodities	<u>4,928</u>	<u>0</u>	<u>4,928</u>
	<u>7,888</u>	<u>0</u>	<u>7,888</u>
Clerk/Treasurer:			
Personal Services	22,056	0	22,056
Services and Commodities	<u>3,476</u>	<u>0</u>	<u>3,476</u>
	<u>25,532</u>	<u>0</u>	<u>25,532</u>
Elections:			
Contractual Services	<u>946</u>	<u>0</u>	<u>946</u>
Legal Services:			
Services and Commodities	<u>4,890</u>	<u>0</u>	<u>4,890</u>
City Hall:			
Services and Commodities	<u>50,479</u>	<u>0</u>	<u>50,479</u>
Other General Government:			
Services and Commodities	<u>1,128</u>	<u>0</u>	<u>1,128</u>
Tort Liability:			
Services and Commodities	<u>9,128</u>	<u>0</u>	<u>9,128</u>
	<u>99,991</u>	<u>0</u>	<u>99,991</u>
	<u>522,074</u>	<u>32,048</u>	<u>554,122</u>
<u>Total Disbursements</u>			

(Continued)

CITY OF COON RAPIDS

Combining Schedule of Cash Transactions
 General Fund
 Year Ended June 30, 2003

	General Operating <u>Fund</u>	1987 Equipment/ Insurance <u>Reserve</u>	<u>Total</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<u>35,197</u>	<u>(25,374)</u>	<u>9,823</u>
Other Financing Sources (Uses):			
Sale of Property and Equipment	21,805	0	21,805
Operating Transfers In:			
General:			
General Operating	0	12,100	12,100
Capital Projects:			
Aquatic Center Project	0	4,066	4,066
Operating Transfers Out:			
General:			
1987 Equipment/Insurance Reserve	(12,100)	0	(12,100)
Special Revenue:			
Tax Increment Financing	(1,432)	0	(1,432)
Debt Service:			
General Obligation Bonds	<u>(4,000)</u>	<u>0</u>	<u>(4,000)</u>
<u>Total Other Financing Sources (Uses)</u>	<u>4,273</u>	<u>16,166</u>	<u>20,439</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	39,470	(9,208)	30,262
<u>Balance - Beginning of Year</u>	<u>17,446</u>	<u>117,501</u>	<u>134,947</u>
<u>Balance - End of Year</u>	<u><u>56,916</u></u>	<u><u>108,293</u></u>	<u><u>165,209</u></u>

See accompanying independent auditors' report.

CITY OF COON RAPIDS

Combining Schedule of Cash Transactions
 General Fund
 Year Ended June 30, 2002

	General Operating <u>Fund</u>	1987 Equipment/ Insurance <u>Reserve</u>	<u>Total</u>
Receipts:			
Property Taxes	217,058	0	217,058
Other City Tax:			
Mobile Home Tax	98	0	98
Licenses and Permits:			
Liquor	3,215	0	3,215
Cigarette	300	0	300
Building and Construction	610	0	610
Special Business	10	0	10
	4,135	0	4,135
Use of Money and Property:			
Interest on Investments	3,304	2,266	5,570
Intergovernmental:			
State Allocation	26,906	0	26,906
Bank Franchise Tax	9,046	0	9,046
Community Development Block Grant	60,000	0	60,000
RISE Grant	9,845	0	9,845
Disaster Assistance Grant	2,204	0	2,204
Iowa Improvement Grant	2,161	0	2,161
County Contribution - Library	8,000	0	8,000
County Contribution - Ambulance	12,250	0	12,250
Township Contribution - Fire Protection	8,599	0	8,599
Payments in Lieu of Taxes	30,845	0	30,845
	169,856	0	169,856

(Continued)

CITY OF COON RAPIDS

Combining Schedule of Cash Transactions
 General Fund
 Year Ended June 30, 2002

	General Operating <u>Fund</u>	1987 Equipment/ Insurance <u>Reserve</u>	<u>Total</u>
Receipts: (Continued)			
Charges for Service:			
Garbage Collection	92,127	0	92,127
Swimming Pool Fees	51,039	0	51,039
Recreation Center Fees	1,136	0	1,136
Library Charges	1,359	0	1,359
Police Service Fees	176	0	176
	<u>145,837</u>	<u>0</u>	<u>145,837</u>
Miscellaneous:			
Swimming Pool Concessions	19,099	0	19,099
Court and Parking Violation Fees	4,143	0	4,143
Refunds and Reimbursements	4,972	0	4,972
Donations and Contributions	6,505	500	7,005
	<u>34,719</u>	<u>500</u>	<u>35,219</u>
<u>Total Receipts</u>	<u>575,007</u>	<u>2,766</u>	<u>577,773</u>
Disbursements:			
Community Protection Program:			
Police:			
Personal Services	66,796	0	66,796
Contractual Services	4,257	0	4,257
Commodities	3,251	0	3,251
	<u>74,304</u>	<u>0</u>	<u>74,304</u>

(Continued)

CITY OF COON RAPIDS

Combining Schedule of Cash Transactions
 General Fund
 Year Ended June 30, 2002

	General Operating <u>Fund</u>	1987 Equipment/ Insurance <u>Reserve</u>	<u>Total</u>
Disbursements:			
Community Protection Program: (Continued)			
Traffic Control and Safety:			
Personal Services	622	0	622
Commodities	109	0	109
	<u>731</u>	<u>0</u>	<u>731</u>
Fire:			
Personal Services	5,036	0	5,036
Contractual Services	11,355	0	11,355
Commodities	5,404	0	5,404
Capital Outlay	500	1,690	2,190
	<u>22,295</u>	<u>1,690</u>	<u>23,985</u>
Ambulance:			
Personal Services	37,068	0	37,068
Contractual Services	1,027	0	1,027
Commodities	2,204	0	2,204
	<u>40,299</u>	<u>0</u>	<u>40,299</u>
Street Lighting	<u>9,028</u>	<u>0</u>	<u>9,028</u>
Miscellaneous Protective Services:			
Contractual Services	<u>792</u>	<u>0</u>	<u>792</u>
	<u>147,449</u>	<u>1,690</u>	<u>149,139</u>
Human Development Program:			
Animal Control:			
Contractual Services	<u>200</u>	<u>0</u>	<u>200</u>

(Continued)

CITY OF COON RAPIDS

Combining Schedule of Cash Transactions
 General Fund
 Year Ended June 30, 2002

	General Operating <u>Fund</u>	1987 Equipment/ Insurance <u>Reserve</u>	<u>Total</u>
Disbursements:			
Human Development Program: (Continued)			
Library:			
Personal Services	30,407	0	30,407
Contractual Services	3,512	0	3,512
Commodities	12,790	0	12,790
Capital Outlay	963	0	963
	<u>47,672</u>	<u>0</u>	<u>47,672</u>
Parks and Playgrounds:			
Personal Services	3,565	0	3,565
Contractual Services	1,412	0	1,412
Commodities	4,215	0	4,215
Capital Outlay	78,538	0	78,538
	<u>87,730</u>	<u>0</u>	<u>87,730</u>
Racquet Ball and Recreation Center:			
Personal Services	2,452	0	2,452
Contractual Services	2,767	0	2,767
Commodities	419	0	419
	<u>5,638</u>	<u>0</u>	<u>5,638</u>
Swimming Pool:			
Personal Services	33,945	0	33,945
Contractual Services	22,196	0	22,196
Commodities	21,934	0	21,934
	<u>78,075</u>	<u>0</u>	<u>78,075</u>

(Continued)

CITY OF COON RAPIDS

Combining Schedule of Cash Transactions
 General Fund
 Year Ended June 30, 2002

	<u>General Operating Fund</u>	<u>1987 Equipment/ Insurance Reserve</u>	<u>Total</u>
Disbursements:			
Human Development Program: (Continued)			
Other Recreation and Culture:			
Contractual Services	<u>1,938</u>	<u>0</u>	<u>1,938</u>
	<u>221,253</u>	<u>0</u>	<u>221,253</u>
Home and Community Environment Program:			
Solid Waste:			
Contractual Services	<u>94,897</u>	<u>0</u>	<u>94,897</u>
Cemetery:			
Contractual Services	<u>8,501</u>	<u>0</u>	<u>8,501</u>
Economic Development:			
Contractual Services	<u>69,761</u>	<u>0</u>	<u>69,761</u>
Street Maintenance:			
Personal Services	<u>2,933</u>	<u>0</u>	<u>2,933</u>
Contractual Services	<u>78,869</u>	<u>0</u>	<u>78,869</u>
	<u>81,802</u>	<u>0</u>	<u>81,802</u>
	<u>254,961</u>	<u>0</u>	<u>254,961</u>
Policy and Administration Program:			
Mayor and Council Members:			
Personal Services	<u>3,120</u>	<u>0</u>	<u>3,120</u>
Contractual Services	<u>5,354</u>	<u>0</u>	<u>5,354</u>
	<u>8,474</u>	<u>0</u>	<u>8,474</u>

(Continued)

CITY OF COON RAPIDS

Combining Schedule of Cash Transactions
 General Fund
 Year Ended June 30, 2002

	General Operating <u>Fund</u>	1987 Equipment/ Insurance <u>Reserve</u>	<u>Total</u>
Disbursements:			
Policy and Administration Program: (Continued)			
Clerk/Treasurer:			
Personal Services	20,672	0	20,672
Contractual Services	6,383	0	6,383
Commodities	946	0	946
Capital Outlay	1,692	0	1,692
	<u>29,693</u>	<u>0</u>	<u>29,693</u>
City Hall:			
Contractual Services	16,876	0	16,876
Planning and Zoning			
Contractual Services	33	0	33
Elections:			
Contractual Services	656	0	656
Other Administrative Expenses:			
Contractual Services	1,247	0	1,247
Legal and Professional:			
Contractual Services	4,929	0	4,929
General Administration:			
Insurance:			
Contractual Services	6,461	0	6,461
	<u>68,369</u>	<u>0</u>	<u>68,369</u>
<u>Total Disbursements</u>	<u>692,032</u>	<u>1,690</u>	<u>693,722</u>

(Continued)

CITY OF COON RAPIDS

Combining Schedule of Cash Transactions
 General Fund
 Year Ended June 30, 2002

	General Operating <u>Fund</u>	1987 Equipment/ Insurance <u>Reserve</u>	<u>Total</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<u>(117,025)</u>	<u>1,076</u>	<u>(115,949)</u>
Other Financing Sources (Uses):			
Sale of Property and Equipment	3,950	0	3,950
Operating Transfers In:			
General:			
General Operating	0	12,100	12,100
Operating Transfers Out:			
General:			
1987 Equipment/Insurance Reserve	(12,100)	0	(12,100)
Special Revenue:			
Tax Increment Financing	(5,228)	0	(5,228)
Debt Service:			
General Obligation Bonds	<u>(6,337)</u>	<u>0</u>	<u>(6,337)</u>
<u>Total Other Financing Sources (Uses)</u>	<u>(19,715)</u>	<u>12,100</u>	<u>(7,615)</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(136,740)	13,176	(123,564)
<u>Balance - Beginning of Year</u>	<u>154,186</u>	<u>104,325</u>	<u>258,511</u>
<u>Balance - End of Year</u>	<u>17,446</u>	<u>117,501</u>	<u>134,947</u>

See accompanying independent auditors' report.

CITY OF COON RAPIDS

 Combining Schedule of Cash Transactions
 Special Revenue Funds
 Year Ended June 30, 2003

	<u>Road Use Tax</u>	<u>Employee Benefits</u>	<u>Tax Increment Financing</u>	<u>Local Option Sales Tax</u>	<u>Total</u>
Receipts:					
Property Tax	0	76,676	0	0	76,676
Tax Increment Financing Collections	0	0	96,349	0	96,349
Other City Tax:					
Local Option Sales Tax	0	0	0	32,081	32,081
Use of Money and Property:					
Interest on Investments	0	(24)	1,024	0	1,000
Intergovernmental:					
Road Use Tax Allocation	106,244	0	0	0	106,244
Miscellaneous:					
Donations and Contributions	<u>0</u>	<u>0</u>	<u>17,506</u>	<u>0</u>	<u>17,506</u>
<u>Total Receipts</u>	<u>106,244</u>	<u>76,652</u>	<u>114,879</u>	<u>32,081</u>	<u>329,856</u>
Disbursements:					
Public Safety:					
Police:					
Personal Services	0	25,384	0	0	25,384
Fire:					
Personal Services	0	1,259	0	0	1,259
Ambulance:					
Personal Services	<u>0</u>	<u>11,267</u>	<u>0</u>	<u>0</u>	<u>11,267</u>
	<u>0</u>	<u>37,910</u>	<u>0</u>	<u>0</u>	<u>37,910</u>

(Continued)

CITY OF COON RAPIDS

Combining Schedule of Cash Transactions
 Special Revenue Funds
 Year Ended June 30, 2003

	<u>Road Use Tax</u>	<u>Employee Benefits</u>	<u>Tax Increment Financing</u>	<u>Local Option Sales Tax</u>	<u>Total</u>
Disbursements: (Continued)					
Public Works:					
Roads, Bridges, Sidewalks:					
Personal Services	19,959	12,334	0	0	32,293
Services and Commodities	36,729	0	0	0	36,729
Debt Service:					
Principal Redemption	10,140	0	0	19,664	29,804
Interest Payments	0	0	0	12,284	12,284
	<u>66,828</u>	<u>12,334</u>	<u>0</u>	<u>31,948</u>	<u>111,110</u>
Street Lighting:					
Services and Commodities	<u>10,454</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,454</u>
Traffic Control Safety:					
Personal Services	<u>0</u>	<u>75</u>	<u>0</u>	<u>0</u>	<u>75</u>
Snow Removal:					
Personal Services	<u>2,543</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,543</u>
Street Cleaning:					
Personal Services	826	0	0	0	826
Services and Commodities	<u>436</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>436</u>
	<u>1,262</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,262</u>
	<u>81,087</u>	<u>12,409</u>	<u>0</u>	<u>31,948</u>	<u>125,444</u>
Culture and Recreation:					
Library Services:					
Personal Services	0	10,592	0	0	10,592

(Continued)

CITY OF COON RAPIDS

Combining Schedule of Cash Transactions

Special Revenue Funds

Year Ended June 30, 2003

	<u>Road Use Tax</u>	<u>Employee Benefits</u>	<u>Tax Increment Financing</u>	<u>Local Option Sales Tax</u>	<u>Total</u>
Disbursements: (Continued)					
Culture and Recreation:					
Parks:					
Personal Services	0	332	0	0	332
Playground and Recreation Center:					
Personal Services	0	278	0	0	278
Swimming Pool:					
Personal Services	0	3,733	0	0	3,733
	<u>0</u>	<u>14,935</u>	<u>0</u>	<u>0</u>	<u>14,935</u>
Community and Economic Development:					
Community Beautification:					
Personal Services	1,243	0	0	0	1,243
Services and Commodities	2,302	0	0	0	2,302
	<u>3,545</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,545</u>
Economic Development:					
Debt Service:					
Principal Redemption	0	0	79,286	0	79,286
Interest Payments	0	0	6,013	0	6,013
	<u>0</u>	<u>0</u>	<u>85,299</u>	<u>0</u>	<u>85,299</u>
	<u>3,545</u>	<u>0</u>	<u>85,299</u>	<u>0</u>	<u>88,844</u>

(Continued)

CITY OF COON RAPIDS

Combining Schedule of Cash Transactions
 Special Revenue Funds
 Year Ended June 30, 2003

	<u>Road Use Tax</u>	<u>Employee Benefits</u>	<u>Tax Increment Financing</u>	<u>Local Option Sales Tax</u>	<u>Total</u>
Disbursements: (Continued)					
General Government:					
Mayor and Council Members:					
Personal Services	0	226	0	0	226
Clerk/Treasurer:					
Personal Services	<u>0</u>	<u>9,909</u>	<u>0</u>	<u>0</u>	<u>9,909</u>
	<u>0</u>	<u>10,135</u>	<u>0</u>	<u>0</u>	<u>10,135</u>
<u>Total Disbursements</u>	<u>84,632</u>	<u>75,389</u>	<u>85,299</u>	<u>31,948</u>	<u>277,268</u>
Excess of Receipts Over Disbursements	21,612	1,263	29,580	133	52,588
Other Financing Sources:					
Operating Transfers In:					
General:					
General Operating	<u>0</u>	<u>0</u>	<u>1,432</u>	<u>0</u>	<u>1,432</u>
Excess of Receipts and Other Financing Sources Over Disbursements	21,612	1,263	31,012	133	54,020
<u>Balance - Beginning of Year</u>	<u>89,591</u>	<u>1,365</u>	<u>69,512</u>	<u>0</u>	<u>160,468</u>
<u>Balance - End of Year</u>	<u>111,203</u>	<u>2,628</u>	<u>100,524</u>	<u>133</u>	<u>214,488</u>

See accompanying independent auditors' report.

CITY OF COON RAPIDS

Combining Schedule of Cash Transactions
 Special Revenue Funds
 Year Ended June 30, 2002

	<u>Road Use Tax</u>	<u>Employee Benefits</u>	<u>Tax Increment Financing</u>	<u>Total</u>
Receipts:				
Property Tax	0	77,467	0	77,467
Tax Increment Financing Collections	0	0	81,534	81,534
Use of Money and Property:				
Interest on Investments	0	(87)	1,926	1,839
Intergovernmental:				
Road Use Tax Allocation	104,528	0	0	104,528
Miscellaneous:				
Refunds and Reimbursements	<u>0</u>	<u>0</u>	<u>14,913</u>	<u>14,913</u>
<u>Total Receipts</u>	<u>104,528</u>	<u>77,380</u>	<u>98,373</u>	<u>280,281</u>
Disbursements:				
Community Protection Program:				
Personal Services	0	36,892	0	36,892
Contractual Services	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>5,000</u>
	<u>5,000</u>	<u>36,892</u>	<u>0</u>	<u>41,892</u>
Human Development Program:				
Personal Services	<u>0</u>	<u>14,929</u>	<u>0</u>	<u>14,929</u>

(Continued)

CITY OF COON RAPIDS

Combining Schedule of Cash Transactions
 Special Revenue Funds
 Year Ended June 30, 2002

	<u>Road Use Tax</u>	<u>Employee Benefits</u>	<u>Tax Increment Financing</u>	<u>Total</u>
Disbursements: (Continued)				
Home and Community Environment Program:				
Personal Services	24,173	11,948	0	36,121
Contractual Services	37,301	0	20,000	57,301
Commodities	10,960	0	0	10,960
Capital Outlay	1,333	0	0	1,333
Debt Service:				
Principal Redemption	0	0	74,348	74,348
Interest Payments	0	0	7,951	7,951
	<u>73,767</u>	<u>11,948</u>	<u>102,299</u>	<u>188,014</u>
Policy and Administration Program:				
Personal Services	<u>0</u>	<u>9,591</u>	<u>0</u>	<u>9,591</u>
	<u>78,767</u>	<u>73,360</u>	<u>102,299</u>	<u>254,426</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements				
	25,761	4,020	(3,926)	25,855
Other Financing Sources:				
Operating Transfers In:				
General:				
General Operating	<u>0</u>	<u>0</u>	<u>5,228</u>	<u>5,228</u>

(Continued)

CITY OF COON RAPIDS

Combining Schedule of Cash Transactions
 Special Revenue Funds
 Year Ended June 30, 2002

	Road Use Tax	Employee Benefits	Tax Increment Financing	Total
Excess of Receipts and Other Financing Sources Over Disbursements	25,761	4,020	1,302	31,083
<u>Balance - Beginning of Year</u>	<u>63,830</u>	<u>(2,655)</u>	<u>68,210</u>	<u>129,385</u>
 <u>Balance - End of Year</u>	 <u>89,591</u>	 <u>1,365</u>	 <u>69,512</u>	 <u>160,468</u>

See accompanying independent auditors' report.

CITY OF COON RAPIDS

Schedule of Cash Transactions
Debt Service Fund
Year Ended June 30, 2003

	General Obligation <u>Bonds</u>
Receipts:	
Property Tax	84,168
Use of Money and Property:	
Interest on Investments	<u>259</u>
<u>Total Receipts</u>	<u>84,427</u>
Disbursements:	
Debt Service:	
Principal Redemption	55,000
Interest Payment	36,210
Services and Commodities	<u>300</u>
<u>Total Disbursements</u>	<u>91,510</u>
Deficiency of Receipts Under Disbursements	(7,083)
Other Financing Sources:	
Operating Transfers In:	
General:	
General Operating	<u>4,000</u>
Deficiency of Receipts and Other Financing Sources Under Disbursements	(3,083)
<u>Balance - Beginning of Year</u>	<u>4,713</u>
<u>Balance - End of Year</u>	<u><u>1,630</u></u>

See accompanying independent auditors' report.

CITY OF COON RAPIDS

Schedule of Cash Transactions
Debt Service Fund
Year Ended June 30, 2002

	<u>General Obligation Bonds</u>
Receipts:	
Property Tax	80,473
Use of Money and Property:	
Interest on Investments	609
<u>Total Receipts</u>	<u>81,082</u>
Disbursements:	
Human Development Program:	
Debt Service:	
Principal Redemption	55,000
Interest Payment	38,850
Contractual Services	300
<u>Total Disbursements</u>	<u>94,150</u>
Deficiency of Receipts Under Disbursements	(13,068)
Other Financing Sources:	
Operating Transfers In:	
General:	
General Operating	6,337
Deficiency of Receipts and Other Financing Sources Under Disbursements	(6,731)
<u>Balance - Beginning of Year</u>	<u>11,444</u>
<u>Balance - End of Year</u>	<u><u>4,713</u></u>

See accompanying independent auditors' report.

CITY OF COON RAPIDS

Schedule of Cash Transactions
 Capital Projects Funds
 Year Ended June 30, 2003

	<u>Aquatic Center Project</u>	<u>Sumpter Bridge Project</u>	<u>Total</u>
Receipts:			
Use of Money and Property:			
Interest on Investments	64	457	521
Intergovernmental:			
Highway Bridge Replacement and Rehabilitation Program Grant	0	670,423	670,423
Miscellaneous:			
Refunds and Reimbursements	<u>0</u>	<u>33,623</u>	<u>33,623</u>
<u>Total Receipts</u>	<u>64</u>	<u>704,503</u>	<u>704,567</u>
Disbursements:			
Culture and Recreation:			
Swimming Pool:			
Capital Outlay	<u>977</u>	<u>0</u>	<u>977</u>
Capital Projects:			
Services and Commodities	0	14,722	14,722
Capital Outlay	<u>0</u>	<u>759,549</u>	<u>759,549</u>
	<u>0</u>	<u>774,271</u>	<u>774,271</u>
<u>Total Disbursements</u>	<u>977</u>	<u>774,271</u>	<u>775,248</u>
Deficiency of Receipts Under Disbursements	(913)	(69,768)	(70,681)

(Continued)

CITY OF COON RAPIDS

Schedule of Cash Transactions
 Capital Projects Funds
 Year Ended June 30, 2003

	<u>Aquatic Center Project</u>	<u>Sumpter Bridge Project</u>	<u>Total</u>
Other Financing Uses:			
Operating Transfers Out:			
General:			
Equipment/Insurance Reserve	<u>(4,066)</u>	<u>0</u>	<u>(4,066)</u>
Deficiency of Receipts and Other Financing Sources Under Disbursements	(4,979)	(69,768)	(74,747)
<u>Balance - Beginning of Year</u>	<u>4,979</u>	<u>63,609</u>	<u>68,588</u>
<u>Balance - End of Year</u>	<u>0</u>	<u>(6,159)</u>	<u>(6,159)</u>

See accompanying independent auditors' report.

CITY OF COON RAPIDS

Schedule of Cash Transactions
 Capital Projects Funds
 Year Ended June 30, 2002

	Aquatic Center Project	Sumpter Bridge Project	<u>Total</u>
Receipts:			
Use of Money and Property:			
Interest on Investments	122	(347)	(225)
Intergovernmental:			
Highway Bridge Replacement and Rehabilitation Program Grant	0	224,723	224,723
Miscellaneous:			
Donations and Contributions	<u>5,100</u>	<u>0</u>	<u>5,100</u>
<u>Total Receipts</u>	<u>5,222</u>	<u>224,376</u>	<u>229,598</u>
Disbursements:			
Human Development Program:			
Contractual Services	3,500	0	3,500
Capital Outlay	<u>4,554</u>	<u>0</u>	<u>4,554</u>
	<u>8,054</u>	<u>0</u>	<u>8,054</u>
Home and Community Environment Program:			
Contractual Services	0	43,368	
Capital Outlay	<u>0</u>	<u>457,301</u>	<u>457,301</u>
	<u>0</u>	<u>500,669</u>	<u>500,669</u>
<u>Total Disbursements</u>	<u>8,054</u>	<u>500,669</u>	<u>508,723</u>
Deficiency of Receipts Under Disbursements	(2,832)	(276,293)	(279,125)

(Continued)

CITY OF COON RAPIDS

Schedule of Cash Transactions
 Capital Projects Funds
 Year Ended June 30, 2002

	<u>Aquatic Center Project</u>	<u>Sumpter Bridge Project</u>	<u>Total</u>
Other Financing Sources:			
Note Proceeds:			
General Obligation Note	<u>0</u>	<u>350,000</u>	<u>350,000</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements	(2,832)	73,707	70,875
<u>Balance - Beginning of Year</u>	<u>7,811</u>	<u>(10,098)</u>	<u>(2,287)</u>
<u>Balance - End of Year</u>	<u>4,979</u>	<u>63,609</u>	<u>68,588</u>

See accompanying independent auditors' report.

CITY OF COON RAPIDS

Combining Schedule of Cash Transactions
Trust Funds
Year Ended June 30, 2003

	Expendable Trust			Non-Expendable Trust		Total
	Library Periodicals Trust	Library Trust	Aquatic Center Trust	Library Periodicals Trust	Aquatic Center Trust	
Receipts:						
Use of Money and Property:						
Interest on Investments	0	206	235	20	0	461
Intergovernmental:						
Library Grants	0	2,103	0	0	0	2,103
Charges for Services:						
Library Charges	0	299	0	0	0	299
Miscellaneous:						
Donations and Contributions	0	8,190	5,000	0	50,000	63,190
<u>Total Receipts</u>	<u>0</u>	<u>10,798</u>	<u>5,235</u>	<u>20</u>	<u>50,000</u>	<u>66,053</u>
Disbursements:						
Culture and Recreation:						
Services and Commodities	0	763	3,934	0	0	4,697
Capital Outlay	0	9,685	0	0	0	9,685
<u>Total Disbursements</u>	<u>0</u>	<u>10,448</u>	<u>3,934</u>	<u>0</u>	<u>0</u>	<u>14,382</u>
Excess of Receipts Over Disbursements	0	350	1,301	20	50,000	51,671
Other Financing Sources (Uses):						
Operating Transfers In (Out):						
Trust Funds:						
Expendable Trust:						
Library Periodicals	0	0	0	(20)	0	(20)
Non-Expendable Trust:						
Library Periodicals	20	0	0	0	0	20
<u>Total Other Financing Sources (Uses)</u>	<u>20</u>	<u>0</u>	<u>0</u>	<u>(20)</u>	<u>0</u>	<u>0</u>

(Continued)

CITY OF COON RAPIDS

Combining Schedule of Cash Transactions
Trust Funds
Year Ended June 30, 2003

	<u>Expendable Trust</u>			<u>Non-Expendable Trust</u>		<u>Total</u>
	<u>Library Periodicals Trust</u>	<u>Library Trust</u>	<u>Aquatic Center Trust</u>	<u>Library Periodicals Trust</u>	<u>Aquatic Center Trust</u>	
Excess of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	20	350	1,301	0	50,000	51,671
<u>Balance - Beginning of Year</u>	<u>254</u>	<u>17,843</u>	<u>11</u>	<u>2,048</u>	<u>0</u>	<u>20,156</u>
<u>Balance - End of Year</u>	<u>274</u>	<u>18,193</u>	<u>1,312</u>	<u>2,048</u>	<u>50,000</u>	<u>71,827</u>

See accompanying independent auditors' report.

CITY OF COON RAPIDS

 Combining Schedule of Cash Transactions
 Trust Funds
 Year Ended June 30, 2002

	Expendable Trust			Non-Expendable Trust	Total
	Library Periodicals Trust	Library Trust	Aquatic Center Trust	Library Periodicals Trust	
Receipts:					
Use of Money and Property:					
Interest on Investments	0	400	70	45	515
Charges for Services:					
Library Fees	0	378	0	0	378
Miscellaneous:					
Donations and Contributions	100	3,306	0	0	3,406
<u>Total Receipts</u>	<u>100</u>	<u>4,084</u>	<u>70</u>	<u>45</u>	<u>4,299</u>
Disbursements:					
Human Development Program:					
Contractual Services	0	475	0	0	
Commodities	0	1,905	3,387	0	5,292
Capital Outlay	0	1,848	0	0	1,848
<u>Total Disbursements</u>	<u>0</u>	<u>4,228</u>	<u>3,387</u>	<u>0</u>	<u>7,615</u>
Excess (Deficiency) of Receipts Over (Under)					
Disbursements	100	(144)	(3,317)	45	(3,316)
Other Financing Sources (Uses):					
Operating Transfers In (Out):					
Trust Funds:					
Expendable Trust:					
Library Periodicals	0	0	0	(45)	(45)
Non-Expendable Trust:					
Library Periodicals	45	0	0	0	45
<u>Total Other Financing Sources (Uses)</u>	<u>45</u>	<u>0</u>	<u>0</u>	<u>(45)</u>	<u>0</u>

(Continued)

CITY OF COON RAPIDS

Combining Schedule of Cash Transactions
Trust Funds
Year Ended June 30, 2002

	Expendable Trust			Non-Expendable Trust	Total
	Library Periodicals Trust	Library Trust	Aquatic Center Trust	Library Periodicals Trust	
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	145	(144)	(3,317)	0	(3,316)
<u>Balance - Beginning of Year</u>	<u>109</u>	<u>17,987</u>	<u>3,328</u>	<u>2,048</u>	<u>23,472</u>
<u>Balance - End of Year</u>	<u>254</u>	<u>17,843</u>	<u>11</u>	<u>2,048</u>	<u>20,156</u>

See accompanying independent auditors' report.

CITY OF COON RAPIDS

Bond and Note Maturities
June 30, 2003

Year Ending <u>June 30,</u>	<u>General Obligation Bonds</u> Aquatic Center Issued June 1, 1997		<u>General Obligation Notes</u> Economic Development Issued October 1, 1991				<u>Bridge Rehabilitation</u> Issued May 31, 2002		<u>Total</u>
	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>			
2004	4.90%	60,000	6.50%	33,353	3.50%	30,881		64,234	
2005	4.95%	60,000	6.50%	35,557	3.50%	31,962		67,519	
2006	5.00%	65,000		-	3.50%	33,081		33,081	
2007	5.05%	70,000		-	3.50%	34,238		34,238	
2008	5.10%	70,000		-	3.50%	35,437		35,437	
2009	5.20%	75,000		-	3.50%	36,677		36,677	
2010	5.30%	80,000		-	3.50%	37,961		37,961	
2011	5.35%	85,000		-	3.50%	39,289		39,289	
2012	5.40%	85,000		-	3.50%	40,670		40,670	
<u>Total</u>		<u>650,000</u>		<u>68,910</u>		<u>320,196</u>		<u>389,106</u>	

Installment Purchase
Ziegler Cat
Dated October 21, 2002

Year Ending <u>June 30,</u>	<u>Interest Rate</u>	<u>Amount</u>
2004	4.50%	8,302
2005	4.50%	8,029
2006	4.50%	8,391
2007	4.50%	8,768
2008	4.50%	9,163
<u>Total</u>		<u>42,653</u>

See accompanying independent auditors' report.

CITY OF COON RAPIDS

Bond and Note Maturities
June 30, 2002

Year Ending <u>June 30,</u>	<u>General Obligation Bonds</u> Aquatic Center Issued June 1, 1997		<u>General Obligation Notes</u> Economic Development Issued October 1, 1991				<u>Bridge Rehabilitation</u> Issued May 31, 2002		<u>Total</u>
	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>			
2003	4.85%	55,000	6.50%	31,286	3.50%	29,804		61,090	
2004	4.90%	60,000	6.50%	33,353	3.50%	30,881		64,234	
2005	4.95%	60,000	6.50%	35,557	3.50%	31,962		67,519	
2006	5.00%	65,000		-	3.50%	33,081		33,081	
2007	5.05%	70,000		-	3.50%	34,238		34,238	
2008	5.10%	70,000		-	3.50%	35,437		35,437	
2009	5.20%	75,000		-	3.50%	36,677		36,677	
2010	5.30%	80,000		-	3.50%	37,961		37,961	
2011	5.35%	85,000		-	3.50%	39,289		39,289	
2012	5.40%	85,000		-	3.50%	40,670		40,670	
<u>Total</u>		<u>705,000</u>		<u>100,196</u>		<u>350,000</u>		<u>450,196</u>	

See accompanying independent auditors' report.

CITY OF COON RAPIDS

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2003

<u>Grantor Program</u>	<u>CFDA Number</u>	<u>Agency Pass-Through Number</u>	<u>Program Expendi- tures</u>
Indirect:			
U.S. Department of Transportation:			
Iowa Department of Transportation			
Highway Planning and Construction/Federal- Aid Highway Bridge Replacement and Rehabilitation (HBRR) Program			
	20.205	BRM-1542(1) --8N-14	548,775
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development			
Community Development Block Grant/ States Program			
	14.228	01-ED-007	<u>4,250</u>
<u>Total</u>			<u><u>553,025</u></u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Coon Rapids 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 auditors' report.

CITY OF COON RAPIDS

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2002

<u>Grantor Program</u>	<u>CFDA Number</u>	<u>Agency Pass-Through Number</u>	<u>Program Expendi- tures</u>
Indirect:			
U.S. Department of Transportation:			
Iowa Department of Transportation			
Highway Planning and Construction/Federal- Aid Highway Bridge Replacement and Rehabilitation (HBRR) Program			
	20.205	BRM-1542(1) --8N-14	386,124
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development			
Community Development Block Grant/ States Program			
	14.228	01-ED-007	<u>60,000</u>
<u>Total</u>			<u><u>446,124</u></u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Coon Rapids 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 auditors' report.

OLSEN, MUHLBAUER & CO., L.L.P.

Certified Public Accountants

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INDEPENDENT AUDITORS' 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 Coon Rapids, Iowa, as of and for the two years ended June 30, 2003, and have issued our report thereon dated September 30, 2003. Our report on the financial statements, which were prepared in conformity with an other comprehensive basis of accounting, expressed a qualified opinion for the omission of certain Police Department and Volunteer Fire Department funds, and since we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2001.

Except as noted in the Independent Auditors' Report, 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 Coon Rapids' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance 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 noncompliance that are required to be reported under Governmental Auditing Standards. However, we noted certain immaterial instances of noncompliance 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 of Coon Rapids' operations for the two years 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 statutory comments have all been resolved, except for Items IV-I-03 and IV-J-03.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Coon Rapids' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Coon Rapids' ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of 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 misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in 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, of the reportable conditions described above, we believe item II-A-03 is a material weakness. The prior reportable conditions have not been resolved and are reported as items II-A-03 and II-B-03.

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

Olsen, Muhlbauer & Co., L.L.P.

OLSEN, MUHLBAUER & CO., L.L.P.
Certified Public Accountants

Carroll, Iowa
September 30, 2003

OLSEN, MUHLBAUER & CO., L.L.P.

Certified Public Accountants

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INDEPENDENT AUDITORS' 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 Coon Rapids, 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 program for the two years ended June 30, 2003. The City of Coon Rapids' 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 Coon Rapids' management. Our responsibility to express an opinion on the City of Coon Rapids' 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 Coon Rapids' 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 Coon Rapids' compliance with those requirements.

In our opinion, the City of Coon Rapids complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the two years ended June 30, 2003. However, the results of our auditing procedures disclosed an instance of non-compliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and is described as item III-A-03 in the accompanying Schedule of Findings and Questioned Costs.

Internal Control Over Compliance

The management of the City of Coon Rapids 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 Coon Rapids' 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 certain matter involving the internal control over compliance and its operation that we consider to be a 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 Coon Rapids' ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in Part III of 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, of the reportable conditions described above, we believe item III-A-03 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 Coon Rapids and other parties to whom the City of Coon Rapids 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.

Olsen, Muhlbauer & Co., L.L.P.

OLSEN, MUHLBAUER & CO., L.L.P.
Certified Public Accountants

Carroll, Iowa
September 30, 2003

CITY OF COON RAPIDS
Schedule of Findings and Questioned Costs
Years Ended June 30, 2003 and 2002

Part I: Summary of the Independent Auditors' Results:

- (a) A qualified 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, since we were unable to satisfy ourselves as to the distribution by fund of the total fund balances at July 1, 2001, and the omission of certain Police Department and Volunteer Fire Department funds.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (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, including a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the 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) The major program was CFDA Number 20.205 - Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Coon Rapids did not qualify as a low-risk auditee.

CITY OF COON RAPIDS
Schedule of Findings and Questioned Costs
Years Ended June 30, 2003 and 2002

Part II: Findings Related to the Financial Statements:

Instances of Noncompliance:

No matters were noted.

Reportable Conditions:

II-A-03 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that one person has control over each of the following areas:

- (1) Receipts - collecting, depositing, journalizing, posting and reconciling.
- (2) Cash - preparing bank reconciliations, cash receipts and disbursement functions, handling and recording of cash.
- (3) Payroll - preparation and distribution.
- (4) Long-term debt recording, reconciling and performing cash functions.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - The City will review its procedures and investigate alternatives and implement when possible. Given limited staff, there will always be problems with segregation of duties requirements.

Conclusion - Response accepted.

CITY OF COON RAPIDS
Schedule of Findings and Questioned Costs
Years Ended June 30, 2003 and 2002

Part II: Findings Related to the Financial Statements:

Reportable Conditions: (Continued)

II-B-03 Investments - The person with the authority to invest is also the custodian of the financial records.

Recommendation - We recommend that the City Council continue to review the monthly detailed schedule of investment activity by fund and monitor the investment of funds in order to provide control over investment transactions and to determine that investments are generating adequate returns.

Response - We will follow the recommendation.

Conclusion - Response accepted.

II-C-03 Police Department and Volunteer Fire Department - The City accounts for the transactions of the Police Department and Volunteer Fire Department in the City's General Fund. However, the Police Department also has a separate checking account and the Volunteer Fire Department also has a separate checking account, savings account and several time certificates that have not been accounted for or reported by the City in the City's financial statements and reports, and these accounts have not been included in the audit report.

Recommendation - The City, Police Department and Volunteer Fire Department should determine the status of the separate accounts for accountability and reporting purposes. If the Police Department and Volunteer Fire Department wish to maintain custody and control over the separate accounts, they would need to establish legally separate Associations from the City, including Articles of Incorporation and by-laws. Legal counsel should be consulted for assistance, as necessary, to resolve this issue.

Response - Legal counsel will be consulted before the option of incorporation is offered to the various departments.

Conclusion - Response accepted.

CITY OF COON RAPIDS
Schedule of Findings and Questioned Costs
Years Ended June 30, 2003 and 2002

Part II: Findings Related to the Financial Statements:

Reportable Conditions: (Continued)

II-D-03 Little League Concessions and Park Funds - In 1989, a checking account was opened under the City of Coon Rapids' name using the City's taxpayer identification number. This account is used to collect and disburse funds related to concessions sold at Little League games by the parents of the little league participants.

In 2002, a savings account was opened under the City of Coon Rapids' name using the City's taxpayer identification number. This account was used to account for funds collected and disbursed for city park improvements. The account was closed in November 2002.

The funds in these accounts have not been accounted for or reported by the City Clerk in the City's financial statements and reports.

Recommendation - We are unable to determine the propriety of the two bank accounts established using the City's taxpayer identification number. In addition, we are unable to determine if the funds deposited into these two accounts include public funds that should have been under the City's fiduciary control for deposit and investment purposes and, as such, be subject to the public funds criteria for disbursement.

If the Little League Concessions account is not used for City purposes, the City should consult the individuals or association maintaining control of the Little League account and require a change in primary account name and discontinuance of the use of the City's taxpayer identification number.

As the City Park fund was closed prior to June 30, 2003, the City should consult legal council to determine if any action needs to be taken regarding this account.

Response - We will consult with the Little League Parents Association on change of name and discontinuance of the use of the City's taxpayer identification number. We will consult legal counsel regarding the City Park fund.

Conclusion - Response accepted.

CITY OF COON RAPIDS
Schedule of Findings and Questioned Costs
Years Ended June 30, 2003 and 2002

Part III: Findings and Questioned Costs for Federal Awards:

Instances of Noncompliance:

No matters were noted.

Reportable Condition:

CFDA Number 20.205: Highway Planning and Construction
Pass-through Agency Number: BRM-1542(1)-8N-14
Federal Award Year: 2002 and 2003
U.S. Department of Transportation
Passed through the Iowa Department of Transportation

- III-A-03 Segregation of Duties over Federal Receipts - The City did not properly segregate collection, deposit and record-keeping for receipts, including those related to federal programs. See item II-A-03.

CITY OF COON RAPIDS
Schedule of Findings and Questioned Costs
Years Ended June 30, 2003 and 2002

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-03 Official Depositories - A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the years ended June 30, 2003 and 2002.
- IV-B-03 Certified Budget - Disbursements during the year ended June 30, 2002, did not exceed the amounts budgeted for the primary government unit.
- Disbursements for the year ended June 30, 2003, exceeded the amounts budgeted for the primary government unit in the Capital Projects functions. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation. The budget was amended in December, 2002, and May, 2003, in accordance with chapter 384.18 of the Code of Iowa. However, the budget for the Capital Projects function was not increased by either amendment.
- Recommendation - Disbursements for each functional area should be reviewed and the budget amended in a sufficient amount to cover all classes of disbursements in order to avoid any over expenditure.
- Response - We will review all classes of disbursements on a continuing basis and amend the budget in sufficient amounts in the future, as applicable.
- Conclusion - Response accepted.
- IV-C-03 Questionable Disbursements - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-D-03 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

CITY OF COON RAPIDS
 Schedule of Findings and Questioned Costs
 Years Ended June 30, 2003 and 2002

Part IV: Other Findings Related to Statutory Reporting: (Continued)

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>
Larry Cady, Council Member (until December 31, 2001) Owner of Cady Trucking	For period July 1, 2001 to December 31, 2001 Garbage Disposal, Per Contract	\$ 40,365
	Garbage Disposal, Non-Contract	<u>783</u>
	<u>Total</u>	<u>\$ 41,148</u>

The transaction with Council Member Cady for garbage disposal, per contract, does not appear to represent a conflict of interest since it was entered into through competitive bidding and the contract was entered into by the City for the provision of an essential city utility service. In accordance with Chapter 362.5(11) of the Code of Iowa, the non-contract transactions with Council Member Cady do not appear to represent a conflict of interest since total transactions were less than \$2,500 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 insure that the coverage is adequate for current operations.

IV-G-03 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

IV-H-03 Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

CITY OF COON RAPIDS
Schedule of Findings and Questioned Costs
Years Ended June 30, 2003 and 2002

Part IV: Other Findings Related to Statutory Reporting: (Continued)

IV-I-03 Financial Condition - The Capital Projects Fund, Sumpter Bridge Account had a deficit balance at June 30, 2003, of \$6,159.

Recommendation - The City should investigate alternatives to eliminate this deficit in order to return this account to a sound financial position.

Response - The deficit was due to costs incurred prior to receipt of federal grant monies. The deficit should be subsequently eliminated.

Conclusion - Response accepted.

IV-J-03 Fixed Asset Records - A record of fixed assets has been created; however, in some instances, the date of acquisition has not been noted and the cost of some items has not been listed. The listing also includes items not normally classified as fixed assets.

Recommendation - To facilitate the proper insurance, maintenance, and safeguarding of these assets, a fixed asset record should include at a minimum, information pertaining to date of acquisition, description and cost, and could be expanded to include purchase order or invoice number and warrant number. A minimum threshold amount should be adopted for items to include on the fixed asset records.

In addition, for the next fiscal year, the City will be required to implement Statement Number 34 issued June 30, 1999, by the Government Accounting Standards Board (GASB). One of the requirements of GASB Statement 34 is the prospective reporting of general infrastructure assets.

Response - We will attempt to compile the necessary information to make our records more complete.

Conclusion - Response accepted.

CITY OF COON RAPIDS

Audit Staff

This audit was performed by:

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Karla L. Fulton, CPA

Robert L. Muhlbauer, CPA

Michele A. Madden, CPA

OLSEN, MUHLBAUER & CO., L.L.P.
Certified Public Accountants

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20882

March 30, 2004

City of Coon Rapids
123 Third Avenue
Coon Rapids, Iowa 50058

Professional services provided in the audit of the financial
statements as of June 30, 2003 and 2002, for the
City of Coon Rapids, Iowa, as detailed below:

Audit Planning and Preliminary Work:

Karla L. Fulton	34 hours
Richard D. Muhlbauer	2 hours

Field Work, September 23 - 30, 2003:

Karla L. Fulton	38 hours
Richard D. Muhlbauer	15 hours
Robert L. Muhlbauer	38 hours
Michele A. Madden	23 hours

Office Review and Write-Up:

Karla L. Fulton	44 hours
Richard D. Muhlbauer	4 hours
Patrick J. O'Brien	2 hours

Total Professional Services \$ 6,000.00

Report typing, copying and assembling 375.00

Total \$ 6,375.00

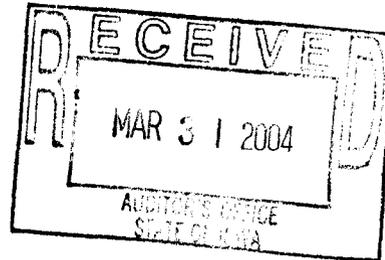
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March 30, 2004



Mr. David A. Vaudt, CPA
Auditor of State
State Capitol Building, Room 111
1007 East Grand Avenue
Des Moines, Iowa 50319-0001

Dear Mr. Vaudt:

In accordance with the provisions of Chapter 11, Section 11.14 and Section 11.18, Code of Iowa, we are forwarding two copies of our audit report of the City of Coon Rapids, Iowa, for the fiscal years ended June 30, 2003 and 2002. Copies of the news release and our detailed per diem audit bill are also enclosed. Please contact the City Council for the required filing fee payable to your office.

Respectfully yours,

OLSEN, MUHLBAUER & CO., L.L.P.

Karla L. Fulton, CPA

KLF/jm

Enclosures (4)

OLSEN, MUHLBAUER & CO., L.L.P.

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NEWS RELEASE

FOR RELEASE March 30, 2004

Olsen, Muhlbauer & Co., L.L.P. today released an audit report on the City of Coon Rapids, Iowa for the years ended June 30, 2003 and 2002.

The City's receipts totaled \$1,748,848 for the year ended June 30, 2003. The receipts included \$369,221 in property tax, \$96,349 in tax increment financing collections, \$32,081 in local option sales tax, \$205,524 from the state, \$674,673 from the federal government and \$4,786 in interest on investments.

Disbursements for the year ended June 30, 2003 totaled \$1,712,530, and included \$774,271 for capital projects, \$253,933 for public works, and \$191,219 for culture and recreation.

For the year ended June 30, 2002, the City's receipts totaled \$1,173,033. The receipts included \$374,998 in property tax, \$81,534 in tax increment financing collections, \$214,690 from the state, \$224,723 from the federal government and \$8,308 in interest on investments. The City received note proceeds of \$350,000 that are reported as other financing sources.

Disbursements for the year ended June 30, 2002 totaled \$1,558,636, and included \$943,644 for home and community environment, \$346,001 for human development, \$191,031 for community protection and \$77,960 for policy and administration.

This report contains recommendations to the City Council and other City officials. The City has responded that they will review the recommendations and take corrective action where necessary.

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