

# **CITY OF OKOBOJI**

Independent Auditor's Report  
Financial Statements,  
Supplemental Information  
And Findings

JUNE 30, 2004

**DAVID A. MASKE**  
Certified Public Accountant  
Spencer, Iowa

# CITY OF OKOBOJI

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# CITY OF OKOBOJI

## CITY OFFICIALS

<u>NAME</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
	(Before January, 2004)	
Ralph R. Schneider	Mayor	December 31, 2003
Jim Delperdang	Council Member	December 31, 2003
Sharlene Eckard	Council Member	December 31, 2005
David Thoreson	Council Member	December 31, 2005
Sue Larsen	Council Member	December 31, 2005
Les Marousek	Council Member	December 31, 2003
Dennis Daly	City Administrator / Clerk	December 31, 2003
	(After January, 2004)	
Ralph R. Schneider	Mayor	December 31, 2005
Jim Delperdang	Council Member	December 31, 2007
Sharlene Eckard	Council Member	December 31, 2005
David Thoreson	Council Member	December 31, 2005
Sue Larsen	Council Member	December 31, 2005
Les Marousek	Council Member	December 31, 2007
Dennis Daly	City Administrator / Clerk	December 31, 2004

# DAVID A. MASKE

## Certified Public Accountant

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### INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Okoboji  
Okoboji, Iowa

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Okoboji, Iowa, as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my 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 generally accepted accounting principles.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Okoboji, as of June 30, 2004 and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

As discussed in Note 8 during the year ended June 30, 2004, the City adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule - Perspective Differences.

In accordance with Government Auditing Standards, I have also issued my reports dated September 28, 2004 on my consideration of the City of Okoboji's internal control over financial reporting and my 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 my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 3 through 6 and 14 are not required parts of the basic financial statements, but are supplementary information required by the governmental Accounting Standards Board. I applied limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Okoboji's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applies in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.

**DAVID A. MASKE**  
Certified Public Accountant

September 28, 2004  
Spencer, Iowa

**CITY OF OKOBOJI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

The City of Okoboji provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

**2004 FINANCIAL HIGHLIGHTS**

- Receipts of the City-wide activities increased 13.3%, or approximately \$252,500 from fiscal 2003 to fiscal 2004.
- Disbursements decreased 4.2%, or approximately \$112,500 in fiscal 2004 from fiscal 2003.
- The City's total cash basis net assets decreased 9.1%, or approximately \$152,472 from June 30, 2003 to June 30, 2004.

**USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The City's Financial Statement consists of a Statement of Receipts, Disbursements and Cash Balances. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the City's funds.

**Basis of Accounting**

The City 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. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

**REPORTING THE CITY'S FINANCIAL ACTIVITIES**

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Receipts, Disbursements and Changes in Cash Balances reports information which helps answer this question.

The Statement of Receipts, Disbursements and Changes in Cash Balances presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

*Fund Financial Statements*

The City has two kinds of funds:

1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, and 3) the Debt Service Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains two Enterprise Funds to provide separate information for the Water Fund and Sanitation Fund considered to be major funds of the City.

The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, from \$1,357,564 to \$1,183,396. The analysis that follows focuses on the changes in cash balances for governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities

	<u>Year ended June 30,</u>	
	<u>2004</u>	<u>2003</u>
Receipts and transfers:		
General Receipts		
Property tax	\$ 682,268	\$ 647,947
Special assessments	22,266	45,629
Tax increment financing collections	260,566	224,741
Local option sales tax	133,407	136,446
Hotel - motel tax	214,074	218,476
Intergovernmental	76,078	95,643
Use of money and property	5,552	27,907
Licenses and permits	16,183	5,454
Other general receipts	60,004	94,004
Bond proceeds	599,710	347,174
Net transfers	<u>11,000</u>	<u>-0-</u>
Total receipts and transfers	<u>\$ 2,081,108</u>	<u>\$ 1,843,421</u>
Disbursements:		
Public safety	\$ 216,384	\$ 262,643
Public works	152,108	210,582
Culture and recreation	17,132	63,718
Community and economic development	150,192	69,250
General government	322,433	303,440
Debt service	1,372,440	403,392
Capital projects	<u>24,587</u>	<u>1,063,292</u>
Total disbursements	<u>\$ 2,255,276</u>	<u>\$ 2,376,317</u>
Increase (decrease) in cash basis net assets	\$ (174,168)	\$ (532,896)
Cash basis net assets beginning of year	<u>1,357,564</u>	<u>1,890,460</u>
Cash basis net assets end of year	<u>\$ 1,183,396</u>	<u>\$ 1,357,564</u>

Changes in Cash Basis Net Assets of Business Type Activities

Receipts:			
Operating receipts:			
Water	\$	218,689	\$ 214,180
Sanitation		122,217	118,166
Interest		1,156	1,428
Total		<u>\$ 342,062</u>	<u>\$ 333,774</u>
Disbursements:			
Operating disbursements:			
Water	\$	210,139	\$ 202,800
Sanitation		99,227	97,996
Net transfers out		11,000	11,000
Total		<u>\$ 320,366</u>	<u>\$ 311,796</u>
Net change in cash balance	\$	21,696	\$ 21,978
Cash basis net assets beginning of year		<u>324,062</u>	<u>302,084</u>
Cash basis net assets end of year	\$	<u>345,758</u>	<u>\$ 324,062</u>

**INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Okoboji completed the year, its governmental funds reported a combined fund balance of \$1,183,396, a decrease of \$174,168 below last year's total of \$1,357,564. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance decreased \$33,971 from the prior year to \$178,079.
- The Road Use Tax Fund cash balance increased by \$34,289 to \$162,716 during the fiscal year.
- The Urban Renewal Tax Increment Fund cash balance increased by \$155,917 to \$358,064 during the year.
- The Debt Service Fund cash balance decreased by \$19,857 to \$(5,906) during the year.
- The Capital Projects Fund cash balance decreased \$340,321 to \$298,131 during the year.

**INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The Water Fund cash balance increased by \$6,706 to \$288,008.
- The Sanitation Fund cash balance decreased by \$ 14,990 to \$57,750.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget once. The City had sufficient cash balances to absorb these additional costs.

## DEBT ADMINISTRATION

A comparison of the City's debt at June 30, 2004 to June 30, 2003 follows:

	<u>Year ended June 30,</u>	
	<u>2004</u>	<u>2003</u>
G.O. bonds and notes	\$ 1,760,000	\$ 2,305,000
TIF notes	<u>965,000</u>	<u>1,015,000</u>
Total	<u>\$ 2,725,000</u>	<u>\$ 3,320,000</u>

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dennis Daly, City Clerk, Okoboji, Iowa.

# **BASIC FINANCIAL STATEMENTS**

**City of Okoboji**  
**Statement of Activities and Net Assets - Cash Basis**  
**For the year ended June 30, 2004**

		Program Receipts	
	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>
<b>Functions / Programs:</b>			
Governmental activities:			
Public safety	\$ 216,384	\$ 8,296	\$ -0-
Public works	152,108	6,183	68,296
Culture and recreation	17,132	-0-	-0-
Community and economic development	150,192	-0-	-0-
General government	322,433	33,555	12,433
Debt service	1,372,440	-0-	4,500
Capital Projects	24,587	22,266	-0-
Total governmental activities	\$ 2,255,276	\$ 70,300	\$ 85,229
Business type activities			
Water	\$ 210,139	\$ 219,845	\$ -0-
Sanitation	99,227	122,217	-0-
Total business type activities	\$ 309,366	\$ 342,062	\$ -0-
Total	\$ 2,564,642	\$ 412,362	\$ 85,229
<b>General Receipts:</b>			
Property tax levied for:			
General purposes			
Tax increment financing			
Debt service			
Local option sales tax			
Hotel-motel tax			
Grants and contributions not restricted to specific purpose			
Unrestricted interest on investments			
Bond proceeds			
Miscellaneous			
Transfers			
Total general receipts and transfers			
Change in cash basis net assets			
Cash basis net assets beginning of year			
Cash basis net assets end of year			
<b>Cash Basis Net Assets</b>			
Restricted			
Urban renewal purpose			
Other purposes			
Unrestricted			
<b>Total cash basis net assets</b>			

See notes to financial statements

Net (Disbursements) Receipts and  
Changes in Cash Basis Net Assets

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Governmental Activities	Business Type Activities	Total
\$ (208,088)	\$ -0-	\$ (208,088)
(77,629)	-0-	(77,629)
(17,132)	-0-	(17,132)
(150,192)	-0-	(150,192)
(276,445)	-0-	(276,445)
(1,367,940)	-0-	(1,367,940)
(2,321)	-0-	(2,321)
<u>\$ (2,099,747)</u>	<u>\$ -0-</u>	<u>\$ (2,099,747)</u>
\$ -0-	\$ 9,706	\$ 9,706
<u>-0-</u>	<u>22,990</u>	<u>22,990</u>
<u>\$ -0-</u>	<u>\$ 32,696</u>	<u>\$ 32,696</u>
<u>\$ (2,099,747)</u>	<u>\$ 32,696</u>	<u>\$ (2,067,051)</u>
\$ 373,609	\$ -0-	\$ 373,609
260,566	-0-	260,566
308,659	-0-	308,659
133,407	-0-	133,407
214,074	-0-	214,074
7,782	-0-	7,782
5,552	-0-	5,552
599,710	-0-	599,710
11,220	-0-	11,220
<u>11,000</u>	<u>(11,000)</u>	<u>-0-</u>
<u>\$ 1,925,579</u>	<u>\$ (11,000)</u>	<u>\$ 1,914,579</u>
\$ (174,168)	\$ 21,696	\$ (152,472)
<u>1,357,564</u>	<u>324,062</u>	<u>1,681,626</u>
<u>\$ 1,183,396</u>	<u>\$ 345,758</u>	<u>\$ 1,529,154</u>
\$ 358,604	\$ -0-	\$ 358,604
298,131	-0-	298,131
<u>526,661</u>	<u>345,758</u>	<u>872,419</u>
<u>\$ 1,183,396</u>	<u>\$ 345,758</u>	<u>\$ 1,529,154</u>

**City of Okoboji**  
Statement of Cash Receipts, Disbursements  
And Changes in Cash Balances  
Governmental Funds  
For the year ended June 30, 2004

	<u>General</u>
<b>Receipts:</b>	
Property tax	\$ 366,497
Tax increment financing collections	-0-
Other city tax	221,186
Licenses and permits	16,183
Use of money and property	2,933
Intergovernmental	7,782
Special assessments	-0-
Miscellaneous	<u>55,504</u>
Total Receipts	<u>\$ 670,085</u>
<b>Disbursements:</b>	
Operating:	
Public safety	\$ 216,384
Public works	96,272
Culture and recreation	17,132
Community and economic development	150,192
General government	322,433
Debt service	-0-
Capital projects	<u>-0-</u>
Total Disbursements	<u>\$ 802,413</u>
Excess (deficiency) of receipts over disbursements	<u>\$ (132,328)</u>
Other financing sources (uses)	
Operating transfers in	\$ 133,407
Operating transfers out	(35,050)
Bond proceeds	<u>-0-</u>
Total other financing sources (uses)	<u>\$ 98,357</u>
Net change in cash balances	\$ (33,971)
Cash balances beginning of year	<u>212,050</u>
Cash balances end of year	<u>\$ 178,079</u>
<b>Cash Basis Fund Balances</b>	
Reserved:	
Debt service	\$ -0-
Unreserved:	
General fund	178,079
Special revenue fund	-0-
Capital projects fund	<u>-0-</u>
<b>Total cash basis fund balances</b>	<u>\$ 178,079</u>

See notes to financial statements

Special revenue		Other Nonmajor		
Road Use	Urban Renewal	Debt	Governmental	
<u>Tax</u>	<u>Tax Increment</u>	<u>Service</u>	<u>Funds</u>	<u>Total</u>
\$ -0-	\$ -0-	\$ 304,402	\$ -0-	\$ 670,899
-0-	260,566	-0-	-0-	260,566
-0-	-0-	4,257	133,407	358,850
-0-	-0-	-0-	-0-	16,183
-0-	-0-	-0-	2,619	5,552
68,296	-0-	-0-	-0-	76,078
-0-	-0-	-0-	22,266	22,266
-0-	-0-	4,500	-0-	60,004
<u>\$ 68,296</u>	<u>\$ 260,566</u>	<u>\$ 313,159</u>	<u>\$ 158,292</u>	<u>\$ 1,470,398</u>
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 216,384
34,007	2,935	-0-	18,894	152,108
-0-	-0-	-0-	-0-	17,132
-0-	-0-	-0-	-0-	150,192
-0-	-0-	-0-	-0-	322,433
-0-	101,714	1,270,726	-0-	1,372,440
-0-	-0-	-0-	24,587	24,587
<u>\$ 34,007</u>	<u>\$ 104,649</u>	<u>\$ 1,270,726</u>	<u>\$ 43,481</u>	<u>\$ 2,255,276</u>
<u>\$ 34,289</u>	<u>\$ 155,917</u>	<u>\$ (957,567)</u>	<u>\$ 114,811</u>	<u>\$ (784,878)</u>
\$ -0-	\$ -0-	\$ 338,000	\$ -0-	\$ 471,407
-0-	-0-	-0-	(425,357)	(460,407)
-0-	-0-	599,710	-0-	599,710
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 937,710</u>	<u>\$ (425,357)</u>	<u>\$ 610,710</u>
\$ 34,289	\$ 155,917	\$ (19,857)	\$ (310,546)	\$ (174,168)
<u>128,427</u>	<u>202,687</u>	<u>13,951</u>	<u>800,449</u>	<u>1,357,564</u>
<u>\$ 162,716</u>	<u>\$ 358,604</u>	<u>\$ (5,906)</u>	<u>\$ 489,903</u>	<u>\$ 1,183,396</u>
\$ -0-	\$ -0-	\$ (5,906)	\$ -0-	\$ (5,906)
-0-	-0-	-0-	191,772	369,851
162,716	358,604	-0-	-0-	521,320
-0-	-0-	-0-	298,131	298,131
<u>\$ 162,716</u>	<u>\$ 358,604</u>	<u>\$ (5,906)</u>	<u>\$ 489,903</u>	<u>\$ 1,183,396</u>

**City of Okoboji**  
**Statement of Cash Receipts, Disbursements**  
**And Changes in Cash Balances**  
**Proprietary Funds**  
**For the year ended June 30, 2004**

	<u>Water</u>	<u>Sanitation</u>	<u>Total</u>
<b>Operating Receipts:</b>			
Charges for services	\$ 199,678	\$ 117,184	\$ 316,862
Sales tax	12,738	3,295	16,033
Deposits	1,100	-0-	1,100
Miscellaneous	<u>5,173</u>	<u>1,738</u>	<u>6,911</u>
Total operating receipts	<u>\$ 218,689</u>	<u>\$ 122,217</u>	<u>\$ 340,906</u>
<b>Operating Disbursements:</b>			
Business type activities:			
Personal services	\$ 56,748	\$ 32,446	\$ 89,194
Contractual services	1,000	47,288	48,288
Services and commodities	138,981	16,220	155,201
Sales tax	12,642	3,273	15,915
Deposit refund	<u>768</u>	<u>-0-</u>	<u>768</u>
Total operating disbursements	<u>\$ 210,139</u>	<u>\$ 99,227</u>	<u>\$ 309,366</u>
Excess (deficiency) of operating receipts over operating disbursements	\$ 8,550	\$ 22,990	\$ 31,540
Non-operating receipts			
Interest on investments	<u>1,156</u>	<u>-0-</u>	<u>1,156</u>
Excess (deficiency) of receipts over disbursements	\$ 9,706	\$ 22,990	\$ 32,696
Operating transfers in (out)	<u>(3,000)</u>	<u>(8,000)</u>	<u>(11,000)</u>
Net change in cash balances	\$ 6,706	\$ 14,990	\$ 21,696
Cash balances - beginning of year	<u>281,302</u>	<u>42,760</u>	<u>324,062</u>
Cash balances - end of year	<u>\$ 288,008</u>	<u>\$ 57,750</u>	<u>\$ 345,758</u>
<b>Cash Basis Fund Balances</b>			
Unreserved	<u>\$ 288,008</u>	<u>\$ 57,750</u>	<u>\$ 345,758</u>

See notes to financial statements

# CITY OF OKOBOJI

## Notes to Financial Statements

June 30, 2004

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Okoboji is a political subdivision of the State of Iowa located in Dickinson County. It was first incorporated in 1929 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 nonpartisan basis. The City provides numerous services to citizens including public safety, public works, culture, recreation, public improvements and general administrative services. The City also provides water and sanitation utilities for its citizens.

#### A. Reporting Entity

For financial reporting purposes, City of Okoboji has included all funds, organizations, account groups, 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. The City of Okoboji has no component units.

#### B. Basis of Presentation

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

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

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

*Unrestricted net assets* consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

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

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts 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 from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for road construction and maintenance.

The Urban Renewal Tax Increment Fund is used to account for urban renewal projects financed by tax increment financing.

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

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sanitation Fund accounts for the operation and maintenance of the City's solid waste.

C. Measurement Focus and Basis of Accounting

The City of Okoboji 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.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2004, disbursements exceeded the amounts budgeted in the debt service function.

**NOTE 2 - DEPOSITS AND POOLED INVESTMENTS:**

The City's deposits at June 30, 2004 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 and the Treasurer of the State of Iowa; 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 at June 30, 2004; however the City's time deposits were as follows:

Certificates of Deposit	\$ <u>290,589</u>
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**NOTE 3 - BONDS AND NOTES PAYABLE:**

Annual debt service requirements to maturity for the City bonds and notes are as follows:

<u>YEAR</u> <u>ENDING</u> <u>JUNE 30</u>	<u>GENERAL OBLIGATION</u> <u>BONDS</u>		<u>TAX INCREMENT</u> <u>FINANCING BOND</u>		<u>TOTAL</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2005	\$ 270,000	\$ 61,210	\$ 55,000	\$ 49,615	\$ 325,000	\$ 110,825
2006	280,000	54,576	60,000	47,231	340,000	101,807
2007	295,000	47,516	60,000	44,511	355,000	92,027
2008	205,000	39,171	65,000	41,691	270,000	80,862
2009	125,000	32,108	70,000	38,614	195,000	70,722
2010	125,000	26,911	70,000	35,253	195,000	62,164
2011	315,000	21,504	80,000	31,876	395,000	53,380
2012	105,000	5,998	80,000	27,976	185,000	33,974
2013	40,000	1,540	45,000	24,016	85,000	25,556
2014	-0-	-0-	45,000	21,586	45,000	21,586
2015	-0-	-0-	50,000	19,110	50,000	19,110
2016	-0-	-0-	50,000	16,310	50,000	16,310
2017	-0-	-0-	55,000	13,486	55,000	13,486
2018	-0-	-0-	55,000	10,350	55,000	10,350
2019	-0-	-0-	60,000	7,188	60,000	7,188
2020	-0-	-0-	65,000	3,738	65,000	3,738
Total	<u>\$ 1,760,000</u>	<u>\$ 290,534</u>	<u>\$ 965,000</u>	<u>\$ 432,551</u>	<u>\$ 2,725,000</u>	<u>\$ 723,085</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 5.93% and 8.90%, respectively. Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2004, 2003, and 2002 were \$21,838, \$21,240, and \$19,553, respectively, equal to the required contributions for each year.

**NOTE 5 - COMPENSATED ABSENCES:**

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned compensated absences payable to employees at June 30, 2004 is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ <u>12,079</u>

This liability has been computed based on rates of pay as of June 30, 2004.

As sick leave is not payable upon termination, retirement or death, the minimum accumulated sick leave is not presented as part of these financial statements.

**NOTE 6 - RISK MANAGEMENT:**

The City of Okoboji 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. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 7 – INTERFUND TRANSFERS**

The detail of interfund transfers for the year ended June 30, 2004, is as follows:

<u>Transfer to:</u>	<u>Transfer from:</u>	<u>Amount</u>
Equipment Revolving	Proprietary: Water Sanitation	\$ 3,000 8,000 <u>\$ 11,000</u>
Debt service	Capital Projects	<u>\$ 338,000</u>
General	Local Option Sales Tax	<u>\$ 133,407</u>
Equipment Revolving	General	<u>\$ 35,050</u>

**NOTE 8 – ACCOUNTING CHANGE**

Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures, and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences, were implemented for the year ended June 30, 2004. The statements create new basic financial statements for reporting the City's financial activities. The financial statements now include a governmentwide financial statement and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statement reports the City's governmental and business type activities

**NOTE 9 – DEFICIT FUND BALANCE**

The City's debt service fund reflected a deficit balance at June 30, 2004.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**City of Okoboji**  
**Budgetary Comparison Schedule**  
**of Receipts, Disbursements, and Changes in Balances**  
**Budget and Actual (Cash Basis)- All Governmental Funds and Proprietary Fund**

Required Supplementary Information  
Year Ended June 30, 2004

	Governmental	Proprietary	Less Funds	Net	Budgeted Amounts		Final to
	Funds	Funds	not Required to		Original	Final	Net
	<u>Actual</u>	<u>Actual</u>	<u>be Budgeted</u>				<u>Variance</u>
Receipts:							
Property tax	\$ 670,899	\$ -0-	\$ -0-	\$ 670,899	\$ 699,347	\$ 699,347	\$ (28,448)
Tax increment financing collections	260,566	-0-	-0-	260,566	225,000	225,000	35,566
Other city tax	358,850	-0-	-0-	358,850	359,301	359,301	(451)
Licenses and permits	16,183	-0-	-0-	16,183	9,000	16,449	(266)
Use of money and property	5,552	1,156	-0-	6,708	22,433	22,433	(15,725)
Intergovernmental	76,078	-0-	-0-	76,078	88,100	88,100	(12,022)
Charges for service	-0-	340,906	-0-	340,906	368,950	368,950	(28,044)
Special assessments	22,266	-0-	-0-	22,266	-0-	-0-	22,266
Miscellaneous	60,004	-0-	-0-	60,004	15,550	27,387	32,617
<b>Total receipts</b>	<b>\$ 1,470,398</b>	<b>\$ 342,062</b>	<b>\$ -0-</b>	<b>\$ 1,812,460</b>	<b>\$ 1,787,681</b>	<b>\$ 1,806,967</b>	<b>\$ 5,493</b>
Disbursements:							
Public safety	\$ 216,384	\$ -0-	\$ -0-	\$ 216,384	\$ 246,898	\$ 246,898	\$ 30,514
Public works	152,108	-0-	-0-	152,108	333,819	333,819	181,711
Culture and recreation	17,132	-0-	-0-	17,132	19,600	19,600	2,468
Community and economic development	150,192	-0-	-0-	150,192	153,754	160,000	9,808
General government	322,433	-0-	-0-	322,433	311,708	329,780	7,347
Capital projects	24,587	-0-	-0-	24,587	290,000	378,000	353,413
Debt service	1,372,440	-0-	-0-	1,372,440	342,726	1,262,726	(109,714)
Business type activities	-0-	309,366	-0-	309,366	331,176	331,176	21,810
<b>Total disbursements</b>	<b>\$ 2,255,276</b>	<b>\$ 309,366</b>	<b>\$ -0-</b>	<b>\$ 2,564,642</b>	<b>\$ 2,029,681</b>	<b>\$ 3,061,999</b>	<b>\$ 497,357</b>
Excess (deficiency) of receipts over disbursements	\$ (784,878)	\$ 32,696	\$ -0-	\$ (752,182)	\$ (242,000)	\$ (1,255,032)	\$ 502,850
Other financing sources, net	610,710	(11,000)	-0-	599,710	-0-	599,710	-0-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	\$ (174,168)	\$ 21,696	\$ -0-	\$ (152,472)	\$ (242,000)	\$ (655,322)	\$ 502,850
Balances beginning of year	1,357,564	324,062	-0-	1,681,626	1,578,201	1,400,594	281,032
Balances end of year	\$ 1,183,396	\$ 345,758	\$ -0-	\$ 1,529,154	\$ 1,336,201	\$ 745,272	\$ 783,882

**City of Okoboji**

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2004

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 Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, a budget amendment increased budgeted disbursements by \$1,032,318. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2004, disbursements exceeded the amounts budgeted in the Debt Service function.

## **OTHER SUPPLEMENTARY INFORMATION**

## City of Okoboji

Statement of Cash Receipts, Disbursements  
And Changes in Cash BalancesNonmajor Governmental Funds  
Year Ended June 20, 2004

	Equipment Revolving	Local Option Sales Tax	Capital Projects	Total
<b>Receipts:</b>				
Other city tax	\$ -0-	\$ 133,407	\$ -0-	\$ 133,407
Special assessments	-0-	-0-	22,266	22,266
Use of money and property:	<u>2,619</u>	<u>-0-</u>	<u>-0-</u>	<u>2,619</u>
Total receipts	\$ <u>2,619</u>	\$ <u>133,407</u>	\$ <u>22,266</u>	\$ <u>158,292</u>
<b>Disbursements:</b>				
Operating				
Public works	\$ 18,894	\$ -0-	\$ -0-	\$ 18,894
Capital projects	<u>-0-</u>	<u>-0-</u>	<u>24,587</u>	<u>24,587</u>
Total disbursements	\$ <u>18,894</u>	\$ <u>-0-</u>	\$ <u>24,587</u>	\$ <u>43,481</u>
Excess (deficiency) of receipts over disbursements	\$ (16,275)	\$ 133,407	\$ (2,321)	\$ 114,811
Other financing sources (uses)				
Transfers in (out)	<u>46,050</u>	<u>(133,407)</u>	<u>(338,000)</u>	<u>(425,357)</u>
Net changes in cash balances	\$ 29,775	\$ -0-	\$ (340,321)	\$ (310,546)
Cash balances beginning of year	<u>161,997</u>	<u>-0-</u>	<u>638,452</u>	<u>800,449</u>
Cash balances end of year	\$ <u>191,772</u>	\$ <u>-0-</u>	\$ <u>298,131</u>	\$ <u>489,903</u>
<b>Cash Basis Fund Balances</b>				
Unreserved:				
General fund	\$ 191,772	\$ -0-	\$ -0-	\$ 191,772
Special revenue funds	-0-	-0-	-0-	-0-
Capital project fund	<u>-0-</u>	<u>-0-</u>	<u>298,131</u>	<u>298,131</u>
Total cash basis fund balances	\$ <u>191,772</u>	\$ <u>-0-</u>	\$ <u>298,131</u>	\$ <u>489,903</u>

See accompanying independent auditor's report.

## CITY OF OKOBOJI

STATEMENT OF INDEBTEDNESS  
YEAR ENDED JUNE 30, 2004

## GENERAL OBLIGATION INDEBTEDNESS

GENERAL CORPORATE PURPOSE	TIF PROJECT	TIF PROJECT	SANITARY SANITATION & WATER PROJECT	STORM SANITATION & STREET WIDENING	CAPITAL LOAN NOTE	CAPITAL PROJECTS	CAPITAL LOAN NOTE	CAPITAL PROJECT BOND	TOTAL
ISSUE DATE	08/01/00	04/01/02	06/01/99	05/01/95	08/01/00	04/01/02	09/10/02	05/01/04	
INTEREST RATES	5.30%-5.75%	3.0%-4.55%	4.25%-4.50%	5.50%-5.75%	5.30%	3.0%-4.55%	1.60% - 3.85%	1.48% - 2.50%	
AMOUNT ORIGINALLY ISSUED	<u>\$ 765,000</u>	<u>\$ 325,000</u>	<u>\$ 200,000</u>	<u>\$ 1,800,000</u>	<u>\$ 310,000</u>	<u>\$ 525,000</u>	<u>\$ 350,000</u>	<u>\$ 600,000</u>	
Balance - Beginning of Year	\$ 715,000	\$ 300,000	\$ 120,000	\$ 1,045,000	\$ 305,000	\$ 485,000	\$ 350,000	\$ -0-	\$ 3,320,000
Issued	-0-	-0-	-0-	-0-	-0-	-0-	-0-	600,000	600,000
Redeemed	<u>(25,000)</u>	<u>(25,000)</u>	<u>(20,000)</u>	<u>(1,045,000)</u>	<u>(5,000)</u>	<u>(45,000)</u>	<u>(30,000)</u>	<u>-0-</u>	<u>(1,195,000)</u>
BALANCE - END OF YEAR	<u>\$ 690,000</u>	<u>\$ 275,000</u>	<u>\$ 100,000</u>	<u>\$ -0-</u>	<u>\$ 300,000</u>	<u>\$ 440,000</u>	<u>\$ 320,000</u>	<u>\$ 600,000</u>	<u>\$ 2,725,000</u>
INTEREST PAID	<u>\$ 39,404</u>	<u>\$ 12,310</u>	<u>\$ 5,190</u>	<u>\$ 58,785</u>	<u>\$ 16,166</u>	<u>\$ 19,860</u>	<u>\$ 17,725</u>	<u>\$ -0-</u>	<u>\$ 169,440</u>
UNPAID INTEREST AT END OF YEAR	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

**CITY OF OKOBOJI**

**BOND AND NOTE MATURITIES**

June 30, 2004

**GENERAL OBLIGATION BONDS AND NOTES**

Year Ending <u>June 30,</u>	<u>SANITARY SEWER AND WATER PROJECT ISSUED JUNE 1, 1999</u>		<u>CAPITAL LOAN NOTES ISSUED AUGUST 1, 2000</u>		<u>CAPITAL PROJECT BONDS ISSUED APRIL 1, 2002</u>		<u>CAPITAL LOAN NOTE ISSUED SEPTEMBER 10, 2002</u>		<u>CAPITAL PROJECT BOND ISSUED MAY 1, 2004</u>		<u>TAX INCREMENT FINANCING BONDS ISSUED AUGUST 1, 2000</u>		<u>TAX INCREMENT FINANCING BONDS ISSUED APRIL 1, 2002</u>		<u>TOTAL</u>
	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>	
2005	4.25%	\$ 20,000	5.30%	\$ 5,000	3.50%	\$ 45,000	2.05%	\$ 30,000	1.48%	\$ 170,000	5.30%	\$ 25,000	3.50%	\$ 30,000	\$ 325,000
2006	4.25%	20,000	5.30%	10,000	3.80%	50,000	2.40%	30,000	1.80%	170,000	5.30%	30,000	3.80%	30,000	340,000
2007	4.30%	20,000	5.30%	10,000	4.10%	50,000	2.70%	35,000	2.20%	180,000	5.30%	30,000	4.10%	30,000	355,000
2008	4.40%	20,000	5.30%	15,000	4.25%	55,000	3.00%	35,000	2.50%	80,000	5.30%	30,000	4.25%	35,000	270,000
2009	4.50%	20,000	5.30%	15,000	4.30%	55,000	3.25%	35,000	-0-	-0-	5.30%	35,000	4.30%	35,000	195,000
2010	-0-	-0-	5.30%	30,000	4.35%	60,000	3.45%	35,000	-0-	-0-	5.30%	35,000	4.35%	35,000	195,000
2011	-0-	-0-	5.30%	215,000	4.45%	60,000	3.60%	40,000	-0-	-0-	5.30%	40,000	4.45%	40,000	395,000
2012	-0-	-0-	-0-	-0-	4.55%	65,000	3.75%	40,000	-0-	-0-	5.35%	40,000	4.55%	40,000	185,000
2013	-0-	-0-	-0-	-0-	-0-	-0-	3.85%	40,000	-0-	-0-	5.40%	45,000	-0-	-0-	85,000
2014	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5.50%	45,000	-0-	-0-	45,000
2015	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5.60%	50,000	-0-	-0-	50,000
2016	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5.65%	50,000	-0-	-0-	50,000
2017	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5.70%	55,000	-0-	-0-	55,000
2018	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5.75%	55,000	-0-	-0-	55,000
2019	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5.75%	60,000	-0-	-0-	60,000
2020	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5.75%	65,000	-0-	-0-	65,000
<b>TOTALS</b>		<u>\$ 100,000</u>		<u>\$ 300,000</u>		<u>\$ 440,000</u>		<u>\$ 320,000</u>		<u>\$ 600,000</u>		<u>\$ 690,000</u>		<u>\$ 275,000</u>	<u>\$ 2,725,000</u>

See accompanying independent auditor's report.

## City of Okoboji

Schedule of Receipts By Source and Disbursements By Function -  
All Governmental Funds

	For the Last Four Years			
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>Receipts:</b>				
Property tax	\$ 670,899	\$ 636,218	\$ 569,939	\$ 594,359
Tax increment financing collections	260,566	224,741	134,914	57,751
Other city tax	358,850	366,651	356,348	325,109
Licenses and permits	16,183	5,454	6,085	6,004
Use of money and property	5,552	27,907	43,618	76,955
Intergovernmental	76,078	95,643	100,099	104,247
Special assessments	22,266	45,629	50,385	84,681
Miscellaneous	<u>60,004</u>	<u>94,004</u>	<u>101,143</u>	<u>64,293</u>
Total	<u>\$1,470,398</u>	<u>\$1,496,247</u>	<u>\$1,362,531</u>	<u>\$1,313,399</u>
<b>Disbursements:</b>				
Operating:				
Public safety	\$ 216,384	\$ 262,643	\$ 284,300	\$ 230,852
Public works	152,108	210,582	291,221	267,273
Culture and recreation	17,132	63,718	73,821	16,575
Community and economic development	150,192	69,250	114,000	108,703
General government	322,433	303,440	293,758	235,696
Debt service	1,372,440	403,392	297,085	264,238
Capital projects	<u>24,587</u>	<u>1,063,292</u>	<u>446,219</u>	<u>262,012</u>
Total	<u>\$2,255,276</u>	<u>\$2,376,317</u>	<u>\$1,800,404</u>	<u>\$1,385,349</u>

See accompanying independent auditor's report.

**CITY OF OKOBOJI**

**COMBINING SCHEDULE OF CASH TRANSACTIONS  
GENERAL FUND**

YEAR ENDED JUNE 30, 2004

	<u>OPERATING</u>	<u>SPECIAL IES</u>	<u>SPECIAL POLICE</u>	<u>TOURISM COMMITTEE</u>	<u>TOTAL</u>
<b>RECEIPTS:</b>					
Property Tax .....	\$ 366,497	\$ -0-	\$ -0-	\$ -0-	\$ 366,497
Other City Tax:					
Mobile Home Tax .....	\$ 1,962	\$ -0-	\$ -0-	\$ -0-	\$ 1,962
Hotel-Motel Tax .....	214,074	-0-	-0-	-0-	214,074
Utility Replacement .....	5,150	-0-	-0-	-0-	5,150
	<u>\$ 221,186</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 221,186</u>
Licenses and Permits					
Beer and Liquor .....	\$ 5,332	\$ -0-	\$ -0-	\$ -0-	\$ 5,332
Cigarette .....	450	-0-	-0-	-0-	450
Plumbers .....	375	-0-	-0-	-0-	375
Construction .....	10,026	-0-	-0-	-0-	10,026
	<u>\$ 16,183</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 16,183</u>
Use of Money and Property:					
Interest on Investments .....	\$ 1,913	\$ -0-	\$ -0-	\$ 1,020	\$ 2,933
Intergovernmental:					
Bank Franchise Tax .....	\$ 7,782	\$ -0-	\$ -0-	\$ -0-	\$ 7,782
Miscellaneous:					
Court Fines .....	\$ 3,266	\$ -0-	\$ -0-	\$ -0-	\$ 3,266
Cable TV Franchise Fee .....	11,220	-0-	-0-	-0-	11,220
Reimbursements .....	756	-0-	-0-	-0-	756
Refunds .....	1,637	-0-	-0-	-0-	1,637
Zoning Fees .....	1,870	-0-	-0-	-0-	1,870
Miscellaneous .....	21,692	12,433	2,630	-0-	36,755
	<u>\$ 40,441</u>	<u>\$ 12,433</u>	<u>\$ 2,630</u>	<u>\$ -0-</u>	<u>\$ 55,504</u>
<b>TOTAL RECEIPTS</b>	<u>\$ 654,002</u>	<u>\$ 12,433</u>	<u>\$ 2,630</u>	<u>\$ 1,020</u>	<u>\$ 670,085</u>

See accompanying independent auditor's report.

## CITY OF OKOBOJI

COMBINING SCHEDULE OF CASH TRANSACTIONS - CONTINUED  
GENERAL FUND

YEAR ENDED JUNE 30, 2004

	<u>OPERATING</u>	<u>SPECIAL IES</u>	<u>SPECIAL POLICE</u>	<u>TOURISM COMMITTEE</u>	<u>TOTAL</u>
DISBURSEMENTS:					
Public Safety:					
Police:					
Personal Services .....	\$ 153,098	\$ -0-	\$ -0-	\$ -0-	\$ 153,098
Commodities .....	23,648	-0-	160	-0-	23,808
	<u>\$ 176,746</u>	<u>\$ -0-</u>	<u>\$ 160</u>	<u>\$ -0-</u>	<u>\$ 176,906</u>
Fire:					
Personal Services .....	\$ 11,241	\$ -0-	\$ -0-	\$ -0-	\$ 11,241
Contractual Services .....	2,000	-0-	-0-	-0-	2,000
Commodities .....	14,241	-0-	-0-	-0-	14,241
Capital Outlay .....	10,646	-0-	-0-	-0-	10,646
	<u>\$ 38,128</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 38,128</u>
Animal Control .....	<u>\$ 1,350</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,350</u>
	<u>\$ 216,224</u>	<u>\$ -0-</u>	<u>\$ 160</u>	<u>\$ -0-</u>	<u>\$ 216,384</u>
Public Works:					
Roads, Bridges and Sidewalks					
Personal Services .....	\$ 26,134	\$ -0-	\$ -0-	\$ -0-	\$ 26,134
Contractual Services .....	2,000	-0-	-0-	-0-	2,000
Commodities .....	24,428	-0-	-0-	-0-	24,428
	<u>\$ 52,562</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 52,562</u>
Sanitary Sanitation:					
Commodities .....	<u>\$ 14,648</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 14,648</u>
Street Lighting .....	<u>\$ 20,223</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 20,223</u>
Traffic Control .....	<u>\$ 8,839</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 8,839</u>
	<u>\$ 96,272</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 96,272</u>

**CITY OF OKOBOJI**

**COMBINING SCHEDULE OF CASH TRANSACTIONS - CONTINUED  
GENERAL FUND**

YEAR ENDED JUNE 30, 2004

<b>DISBURSEMENTS - CONTINUED:</b>	<b><u>OPERATING</u></b>	<b><u>SPECIAL IES</u></b>	<b><u>SPECIAL POLICE</u></b>	<b><u>TOURISM COMMITTEE</u></b>	<b><u>TOTAL</u></b>
<b>Culture and Recreation:</b>					
Library .....	\$ 10,000	\$ -0-	\$ -0-	\$ -0-	\$ 10,000
Little League .....	600	-0-	-0-	-0-	600
<b>Public Areas:</b>					
Commodities .....	<u>6,532</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>6,532</u>
	<u>\$ 17,132</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 17,132</u>
<b>Community and Economic Development:</b>					
Tourism .....	\$ -0-	\$ -0-	\$ -0-	\$ 96,500	\$ 96,500
Save the Park Fund .....	10,000	-0-	-0-	-0-	10,000
Lakes Art Center .....	5,000	-0-	-0-	-0-	5,000
YMCA.....	12,500	-0-	-0-	-0-	12,500
Other .....	<u>26,192</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>26,192</u>
	<u>\$ 53,692</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 96,500</u>	<u>\$ 150,192</u>
<b>General Government:</b>					
<b>Mayor and Council Members:</b>					
Personal Services .....	<u>\$ 9,060</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 9,060</u>
<b>Clerk/Treasurer:</b>					
Personal Services .....	\$ 44,038	\$ -0-	\$ -0-	\$ -0-	\$ 44,038
Commodities .....	<u>18,822</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>18,822</u>
	<u>\$ 62,860</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 62,860</u>
<b>City Hall:</b>					
Commodities .....	\$ 9,711	\$ 12,225	\$ -0-	\$ -0-	\$ 21,936
Capital Outlay.....	<u>55,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>55,000</u>
	<u>\$ 64,711</u>	<u>\$ 12,225</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 76,936</u>
<b>Legal &amp; Professional:</b>					
Contractual Services .....	<u>\$ 34,840</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 34,840</u>

## CITY OF OKOBOJI

COMBINING SCHEDULE OF CASH TRANSACTIONS - CONTINUED  
GENERAL FUND

YEAR ENDED JUNE 30, 2004

	<u>OPERATING</u>	<u>SPECIAL IES</u>	<u>SPECIAL POLICE</u>	<u>TOURISM COMMITTEE</u>	<u>TOTAL</u>
<b>DISBURSEMENTS - CONTINUED:</b>					
General Administration:					
Insurance .....	\$ 29,236	\$ -0-	\$ -0-	\$ -0-	\$ 29,236
Payroll Taxes .....	45,800	-0-	-0-	-0-	45,800
Employee Insurance .....	63,701	-0-	-0-	-0-	63,701
	<u>\$ 138,737</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 138,737</u>
	<u>\$ 310,208</u>	<u>\$ 12,225</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 322,433</u>
<b>TOTAL DISBURSEMENTS</b>	<u>\$ 693,528</u>	<u>\$ 12,225</u>	<u>\$ 160</u>	<u>\$ 96,500</u>	<u>\$ 802,413</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS.....</b>					
	\$ (39,526)	\$ 208	\$ 2,470	\$ (95,480)	\$ (132,328)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In .....	\$ 133,407	\$ -0-	\$ -0-	\$ -0-	\$ 133,407
Restricted Transfers In (Out) .....	(134,094)	-0-	-0-	99,044	(35,050)
	<u>\$ (687)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 99,044</u>	<u>\$ 98,357</u>
<b>NET</b>	<u>\$ (40,213)</u>	<u>\$ 208</u>	<u>\$ 2,470</u>	<u>\$ 3,564</u>	<u>\$ (33,971)</u>
<b>BALANCE - BEGINNING OF YEAR</b>	<u>54,166</u>	<u>37,661</u>	<u>1,188</u>	<u>119,035</u>	<u>212,050</u>
<b>BALANCE - END OF YEAR</b>	<u>\$ 13,953</u>	<u>\$ 37,869</u>	<u>\$ 3,658</u>	<u>\$ 122,599</u>	<u>\$ 178,079</u>
<b>CASH BASIS FUND BALANCES:</b>					
Unreserved:					
General Fund .....	<u>\$ 13,953</u>	<u>\$ 37,869</u>	<u>\$ 3,658</u>	<u>\$ 122,599</u>	<u>\$ 178,079</u>

See accompanying independent auditor's report.

# DAVID A. MASKE

## Certified Public Accountant

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### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Honorable Mayor and  
Members of the City Council  
City of Okoboji  
Okoboji, Iowa

I have audited the financial statements of the City of Okoboji, Iowa, as of and for the year ended June 30, 2004, and have issued my report thereon dated September 28, 2004. My report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. I conducted my 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 Okoboji's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the City. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved.

#### Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City of Okoboji's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the City of Okoboji's 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 I of the accompanying Schedule of Findings.

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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I believe item 04-I-A is a material weakness. Prior year reportable conditions have been resolved except for item 04-I-A.

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 Okoboji and other parties whom the City of Okoboji may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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

**DAVID A. MASKE**  
Certified Public Accountant

September 28, 2004

# CITY OF OKOBOJI

## SCHEDULE OF FINDINGS FOR THE YEAR ENDED JUNE 30, 2004

### PART I - FINDINGS RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS:

#### INSTANCES OF NON-COMPLIANCE:

No matters were noted.

#### REPORTABLE CONDITIONS:

04-I-A 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. The cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal are all done by the same person.

Recommendation – I 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 – We will consider this.

Conclusion – Response accepted.

### PART II - OTHER FINDINGS RELATED TO STATUTORY REPORTING:

04-II-A Official Depositories – A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2004.

04-II-B Certified Budget – Disbursements during the year ended June 30, 2004 exceeded the amounts budgeted in the Debt Service function. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

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

Response - The budget was amended, however we subsequently retired some additional bonds to save the City interest expense.

Conclusion - Response accepted.

04-II-C Questionable Disbursements – I noted no disbursements that did not meet the requirements of public purpose as defined in the Attorney General's Opinion dated April 25, 1979.

04-II-D Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

04-II-E Business Transactions - There were no business transactions between the City and City officials or employees noted.

04-II-F Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

04-II-G Council Minutes - No transactions were found that I believe should have been approved in the Council minutes but were not.

04-II-H Revenue Notes - The City had no revenue notes outstanding during the year.

04-II-I Deposits and Investments - I noted no instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policies.

04-II-J Deficit Balance - At June 30, 2004 the City's Debt Service fund had a deficit balance of \$5,906.

Recommendation - The City should review its options to eliminate this deficit fund balance.

Response - The deficit will be eliminated through the collection of tax revenues in the year ending June 30, 2005.

Conclusion - Response accepted.