

CITY OF COON RAPIDS

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

June 30, 2007

CITY OF COON RAPIDS

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CITY OF COON RAPIDS

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Keith Dorpinghaus	Mayor	January, 2008
Mary Schwaller	Mayor Protem	January, 2008
Tamara Bonney	Council Member	January, 2010
Jon Esdohr	Council Member	January, 2008
Ed Heydon	Council Member	January, 2010
Geraldine Thacker	Council Member	January, 2008
Mary Schwaller	Council Member	January, 2010
Jesica Leighty	Clerk/Treasurer	December 31, 2007
Mark Thomas	Attorney	December 31, 2007

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

PARTNERS

RICHARD D. MUHLBAUER  
PATRICK J. O'BRIEN  
TRUDENE L. WITTMACK  
KARLA L. FULTON

1127 PLAZA DR.  
VILLAGE PARK EAST  
CARROLL, IOWA 51401  
712-792-4314  
FAX 712-792-4503

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Coon Rapids, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Coon Rapids' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards 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 our audit provides a reasonable basis for our opinions.

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, 2006

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 would be required if the City intended to present financial statements in accordance with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of Coon Rapids as of June 30, 2007, 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.

In accordance with Government Auditing Standards, we have also issued our report dated March 19, 2008 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on Pages 6 through 9 and 26 through 31 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Coon Rapids' basic financial statements. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

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

Carroll, Iowa  
March 19, 2008

# **Management's Discussion and Analysis**

The City of Coon Rapids provides this Management's Discussion Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with City's financial statements, which follow.

## **2007 Financial Highlights**

- Receipts of the City's governmental activities increased 8.28% or approximately \$96,183 from fiscal year 2006 to fiscal year 2007.
- Disbursements for governmental activities increased 9.3% or approximately \$201,968 from fiscal year 2006 to fiscal year 2007.

## **Using This Annual Report**

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

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

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

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 non-major governmental 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 state does not present financial position and results of operation of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **Government-Wide Financial Statements**

To aid in the understanding of the Statement of Activities, some additional explanation is given. All receipts and disbursements are categorized as governmental activities. These are defined as on the following page.

**Governmental funds** - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The City's major governmental funds are the General Fund, Road Use Fund, and Debt Service Fund. Governmental funds are further broken down into the following activities:

**Public Safety** - This category includes police services, fire protection, and ambulance service.

**Public Works** - This category includes roads, sidewalks, street cleaning, street lighting, and snow removal.

**Health and Social Services** - This category includes mosquito control, if any.

**Culture and Recreation** - This category includes library services, parks, recreation, aquatic center operations, and cemetery.

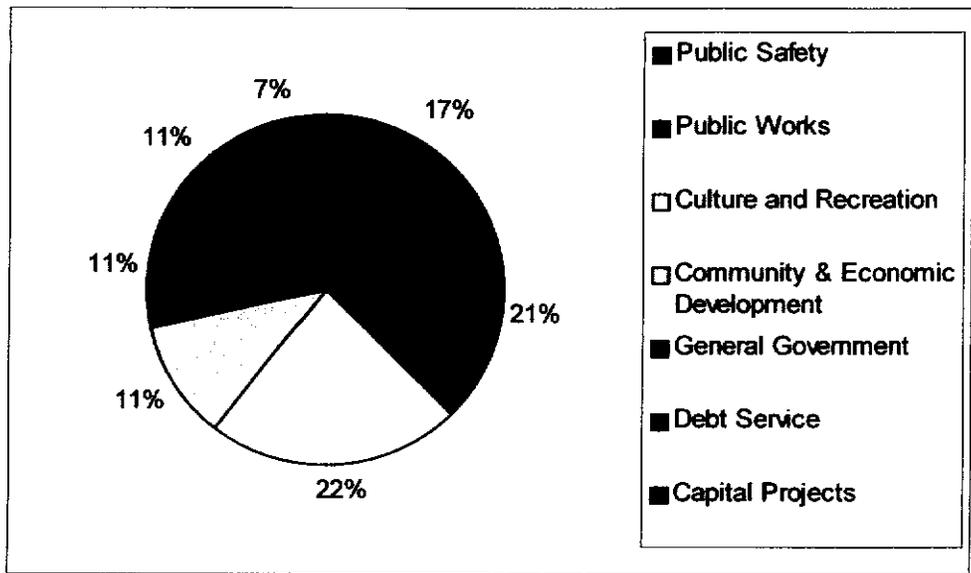
**Community and Economic Development** - This category includes community and economic development, housing programs, and tax increment financing (TIF).

**General Government** - This category includes mayor, city council, city clerk/administrator, elections, legal services, city hall, the old library, and general liability insurance.

**Debt Service** - This category includes general debt service.

**Capital Projects**- This category includes major projects within the City including construction for major capital facilities. For the year ending June 30, 2007 the 5<sup>th</sup> Avenue Bridge is listed under this category.

Use of Funds in Governmental Activities



Governmental program expenses increased by over \$ 201,968 for fiscal year 2007 compared to fiscal year 2006. Capital Projects increased \$82,080 with the Great Places funds paying \$55,925 for the construction of the new shelter house. Total allocation of governmental expenses for fiscal year 2007 are shown in the chart above.

**Budgetary Highlights**

City Council approved two budget amendments during the year. The amendments were to cover some increased expenditures and the Great Places Project.

**Debt Outstanding**

As of June 30, 2007, the City had \$585,034 in debt outstanding compared to \$689,272 at June 30, 2006.

**Outstanding Debt at Year End**

General Obligation Bonds/Notes:	2006	2007
Aquatic Center	\$ 465,000	\$ 95,000
Sumpter Bridge	<u>\$ 224,272</u>	<u>\$ 190,034</u>
TOTAL	\$ 689,272	\$ 585,034
Urban Renewal Tax Increment Financing (TIF)	\$ 220,932	\$ 187,009

**Financial Contact**

The City's financial statements are designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the City Clerk at 123 3<sup>rd</sup> Avenue South, Coon Rapids, Iowa 50058 or at 712-999-7749.

Jesica Leighty, Clerk  
City of Coon Rapids

## FINANCIAL STATEMENTS

CITY OF COON RAPIDS

Statement of Activities and Net Assets - Cash Basis

As of and for the Year Ended June 30, 2007

Functions/Programs	Disbursements	Charges for Service	Program Receipts	
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Governmental Activities:</b>				
Public Safety	\$ 212,395	82	29,700	0
Public Works	258,723	84,618	108,765	0
Health and Social Services	0	0	0	0
Culture and Recreation	282,532	41,044	23,797	127,695
Community and Economic Development	140,468	0	0	0
General Government	138,620	0	0	0
Debt Service	136,871	0	0	0
Capital Projects	82,080	0	0	61,276
<b>Total Governmental Activities</b>	<b>1,251,689</b>	<b>125,744</b>	<b>162,262</b>	<b>188,971</b>
<b>General Receipts:</b>				
Property and Other City Tax Levied For:				
General Purposes				
Debt Service				
Tax Increment Financing				
Local Option Sales tax				
Mobile Home Tax				
Payments in Lieu of Taxes				
License and Permits				
Unrestricted Interest on Investments				
Miscellaneous				
<b>Total General Receipts and Transfers</b>				
<b>Change in Cash Basis Net Assets Before Transfers</b>				
<b>Cash Basis Net Assets Beginning of Year</b>				
<b>Cash Basis Net Assets End of Year</b>				
<b>Cash Basis Net Assets</b>				
<b>Restricted:</b>				
Streets				
Tax Incremental Financing				
Debt Service				
Capital Projects				
Other Purposes				
<b>Unrestricted</b>				
<b>Total Cash Basis Net Assets</b>				

See notes to financial statements.

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

<u>Governmental Activities</u>	<u>Total</u>
(182,613)	(182,613)
(65,340)	(65,340)
0	0
(89,996)	(89,996)
(140,468)	(140,468)
(138,620)	(138,620)
(136,871)	(136,871)
(20,804)	(20,804)
(774,712)	(774,712)
209,380	209,380
135,530	135,530
114,770	114,770
151,892	151,892
58	58
103,334	103,334
3,083	3,083
38,819	38,819
22,186	22,186
779,052	779,052
4,340	4,340
707,467	707,467
\$ 711,807	711,807
\$ 37,243	37,243
137,138	137,138
1,868	1,868
(20,483)	(20,483)
350,097	350,097
205,944	205,944
\$ 711,807	711,807

CITY OF COON RAPIDS

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Governmental Funds

As of and for the Year Ended June 30, 2007

	General	Special Revenue		
		Road Use Tax	Urban Renewal Tax Incremental Financing	Debt Service
<b>Receipts:</b>				
Property Tax	\$ 209,380	0	0	135,530
Tax Increment Financing	0	0	114,770	0
Other City Tax	58	0	0	0
Licenses and Permits	3,083	0	0	0
Use of Money & Property	13,934	0	7,371	2,334
Intergovernmental	146,016	108,765	0	0
Charges for Service	124,875	0	0	0
Miscellaneous	22,186	0	0	0
<b>Total Receipts</b>	<b>519,532</b>	<b>108,765</b>	<b>122,141</b>	<b>137,864</b>
<b>Disbursements:</b>				
Operating:				
Public Safety	177,613		0	0
Public Works	91,468	147,521	0	0
Health & Social Services	0	0	0	0
Culture & Recreation	187,706		0	0
Community & Economic Development	0	0	105,968	0
General Government	132,449		0	0
Debt Service	0		0	136,871
Capital Projects	0		0	0
<b>Total Disbursements</b>	<b>589,236</b>	<b>147,521</b>	<b>105,968</b>	<b>136,871</b>
Excess of Receipts Over Disbursements	(69,704)	(38,756)	16,173	993
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	28,400	0	0	0
Operating Transfers Out	(27,364)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>1,036</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Cash Balances	(68,668)	(38,756)	16,173	993
Cash Balances Beginning of Year	274,612	75,999	120,965	875
Cash Balances End of Year	\$ 205,944	37,243	137,138	1,868
<b>Cash Basis Fund Balances</b>				
Reserved For Debt Service	\$ 0	0	0	1,868
Unreserved:				
General Fund	205,944	0	0	0
Special Revenue Funds	0	37,243	137,138	0
Capital Projects Fund	0	0	0	0
Permanent Fund	0	0	0	0
<b>Total Cash Basis Fund Balances</b>	<b>\$ 205,944</b>	<b>37,243</b>	<b>137,138</b>	<b>1,868</b>

See notes to financial statements.

<u>Non-major</u>	<u>Total</u>
0	344,910
0	114,770
151,892	151,950
0	3,083
15,180	38,819
171,947	426,728
869	125,744
27,839	50,025
<u>367,727</u>	<u>1,256,029</u>
34,782	212,395
19,734	258,723
0	0
94,826	282,532
34,500	140,468
6,171	138,620
0	136,871
82,080	82,080
<u>272,093</u>	<u>1,251,689</u>
<u>95,634</u>	<u>4,340</u>
70,424	98,824
(71,460)	(98,824)
<u>(1,036)</u>	<u>0</u>
94,598	4,340
<u>235,016</u>	<u>707,467</u>
329,614	711,807
0	1,868
0	205,944
242,290	416,671
(20,483)	(20,483)
107,807	107,807
<u>329,614</u>	<u>711,807</u>

# CITY OF COON RAPIDS

## Notes to Financial Statements June 30, 2007

### 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, health and social services, culture and recreation, community and economic development and general government services.

#### A. Reporting Entity

For financial reporting purposes, City of Coon Rapids has included all funds, organizations, agencies, boards, commissions and authorities, except as noted below. 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.

#### Component Units

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 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 can be obtained from the office of the City Clerk.

# CITY OF COON RAPIDS

## Notes to Financial Statements June 30, 2007

### Note 1 - Summary of Significant Accounting Policies

#### Component Units (Continued)

The Coon Rapids Economic Development Commission was established pursuant to local ordinance and was formed to aid in the promotion and development of industrial growth in the City of Coon Rapids and the creation of jobs thereto. The Commission was legally separate from the City but had the potential to provide specific benefits to, or impose specific burdens on the City. The financial information of the Coon Rapids Economic Development Commission is not displayed because it is not material. In October 1999, the Commission was merged into the Coon Rapids Development Group. The Development Group is not considered a component unit or jointly governed organization as the organization is legally separate from the City; the City is not financially accountable to the group; and the group is not fiscally dependent on the City.

The Coon Rapids Volunteer Fire Department, established pursuant to local ordinance, 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.

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, and Carroll County Solid Waste Management Commission.

#### **B. Basis of Presentation**

Government-wide Financial Statement - The Statement of Activities and Net Assets reports information on all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund 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 service.

The Statement of Activities and Net Assets presents the City's non-fiduciary 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.

CITY OF COON RAPIDS

Notes to Financial Statements  
June 30, 2007

Note 1 - Summary of Significant Accounting Policies

B. Basis of Presentation (Continued)

Unrestricted Net Assets consist of net assets not meeting 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. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major 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 not paid from other funds.

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 the separate funds. The City of Coon Rapids maintain the following special revenue funds; Road Use Tax Fund, Tax Incremental Financing Fund, Employee Benefits Fund, Local Option Sales Tax Fund and the Great Places Fund.

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

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.

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

## CITY OF COON RAPIDS

### Notes to Financial Statements June 30, 2007

#### Note 1 - Summary of Significant Accounting Policies

##### C. Measurement Focus and Basis of Accounting

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

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

#### Note 2 - Cash and Pooled Investments

The City's deposits in banks at June 30, 2007 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 Standards Board Statement Number 3.

#### Note 3 - 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.

Most regular plan members are required to contribute 3.70 percent of their annual covered salary and the City is required to contribute 5.75 percent of annual covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$13,372, \$12,846 and \$12,700, respectively, equal to the required contributions for the year.

CITY OF COON RAPIDS

Notes to Financial Statements  
June 30, 2007

Note 4 - Bonds and Notes Payable

Annual debt service requirements to maturity for general obligation bonds and general obligation notes are as follows:

Year Ending June 30,	General Obligation Bond		General Obligation Note		Urban Renewal Tax Incremental Financing		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	70,000	20,848	35,437	6,651	See note below		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>395,000</u>	<u>65,230</u>	<u>190,034</u>	<u>20,411</u>			<u>585,034</u>	<u>85,641</u>

The Code of Iowa requires principal and interest on general obligation bonds be paid from the Debt Service Fund.

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 note with an annual appropriation from the General Fund to cover the balance. The note does not constitute a general obligation of the City and the debt is subject to the constitutional debt limitation of the City. The payments to Coon Rapids Municipal Utility will be made by June 30 of each fiscal year, to the extent that there are funds available in the Urban Renewal Tax Reserve Fund beginning June 2005 and continuing through until the debt is paid. The payments shall not constitute general obligations of the City, but shall be solely and only from incremental property taxes received by the City from the Carroll County Treasurer, which are attributable to the Coon Rapids Urban Renewal Area. The following is a summary of payments made since the inception of this agreements:

Beginning Balance	444,922
2004 discount from CRMU	(44,439)
February 8, 2005 Payment	(75,000)
2005 Interest	9,866
March 8, 2006 Payment	(125,000)
2006 Interest	10,583
June 14, 2007 Payment	(42,134)
2007 Interest	8,211
June 30, 2007 Balance	<u>187,009</u>

CITY OF COON RAPIDS

Notes to Financial Statements  
June 30, 2007

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. The City's approximate liability for earned vacation, sick leave and holiday benefits payable to employees at June 30, 2007, primarily relating to the General Fund, is as shown on the following page:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 6,782
Sick Leave	24,076
Holidays	<u>2,917</u>
<u>Total</u>	<u>\$ 33,775</u>

The liability has been computed based on rates of pay as of June 30, 2007.

Note 6 – Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

<u>Transfer to</u>	<u>Transfer From</u>	<u>Amount</u>
General	Special Revenue: Local Option Sales Tax	\$ 28,400
Special Revenue: Employee Benefits	Special Revenue: Local Option Sales Tax	70,400
Special Revenue: Great Places	General	<u>27,364</u>
Total		<u>\$ 126,164</u>

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

Note 7 - Related Party Transactions

The City had business transactions between the City and City officials, totaling \$1,012 during the year ended June 30, 2007.

CITY OF COON RAPIDS

Notes to Financial Statements  
June 30, 2007

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 any of the past three fiscal years.

Note 9 - Deficit Balance

The Capital Projects, 5<sup>th</sup> Avenue Bridge Project account had a deficit balance of \$20,483 at June 30, 2007. 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 10 - Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the program level. During the year ended June 30, 2007, disbursements for the primary government in the Capital Projects function exceeded the amount budgeted.

**REQUIRED SUPPLEMENTAL INFORMATION**

CITY OF COON RAPIDS

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

Required Supplementary Information

Year Ended June 30, 2007

	Governmental Funds Actual	Budgeted Amounts		Final to Total Variance
		Original	Final	
Receipts:				
Property Tax	\$ 344,910	342,071	347,216	(2,306)
Tax Increment Financing	114,770	118,323	118,323	(3,553)
Other City Tax	151,950	125,246	120,100	31,850
Licenses and Permits	3,083	2,975	2,975	108
Use of Money & Property	38,819	232,230	16,431	22,388
Intergovernmental	426,728	231,090	231,090	195,638
Charges for Service	125,744	130,250	145,300	(19,556)
Miscellaneous	50,025	40,075	6,525	43,500
Other Financing Sources	0	47,900	0	0
<u>Total Receipts</u>	<u>1,256,029</u>	<u>1,270,160</u>	<u>987,960</u>	<u>268,069</u>
Disbursements:				
Operating:				
Public Safety	212,395	195,272	212,272	(123)
Public Works	258,723	245,521	327,609	68,886
Health & Social Services	0	1,000	1,000	1,000
Culture & Recreation	282,532	182,557	367,240	84,708
Community & Economic Development	140,468	139,100	164,100	23,632
General Government	138,620	139,585	148,585	9,965
Debt Service	136,871	136,870	136,771	(100)
Capital Projects	82,080	0	0	(82,080)
<u>Total Disbursements</u>	<u>1,251,689</u>	<u>1,039,905</u>	<u>1,357,577</u>	<u>105,888</u>
Excess of Receipts Over Disbursements	4,340	230,255	(369,617)	373,957
Balances Beginning of Year	<u>707,467</u>	<u>447,726</u>	<u>447,726</u>	<u>259,741</u>
Balances End of Year	<u>711,807</u>	<u>677,981</u>	<u>78,109</u>	<u>633,698</u>

See accompanying independent auditors' report.

## CITY OF COON RAPIDS

### Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2007

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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. 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. 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, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Permanent Fund. 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, two budget amendments increased budgeted revenues by \$468,429 and budgeted disbursements by \$181,000. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2007, disbursements exceeded the amounts budgeted in the general government activities functions.

**OTHER SUPPLEMENTARY INFORMATION**

CITY OF COON RAPIDS

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds

As of and for the Year Ended June 30, 2007

	Special Revenue		
	Local Option Sales Tax	Employee Benefits	Great Places
Receipts:			
Property Tax	\$ 0	0	0
Other City Tax	151,892	0	0
Use of Money & Property	8,159	422	1,108
Intergovernmental	0	1,015	109,656
Charges for Services	0	869	0
Miscellaneous	0	0	27,839
<b>Total Receipts</b>	<b>160,051</b>	<b>2,306</b>	<b>138,603</b>
Disbursements:			
Operating:			
Public Safety	0	34,782	0
Public Works	0	18,681	0
Health & Social Services	0	0	0
Culture & Recreation	0	13,395	81,431
Community & Economic Development	34,500	0	0
General Government	0	6,171	0
Debt Service	0	0	0
Capital Projects	0	0	0
<b>Total Disbursements</b>	<b>34,500</b>	<b>73,029</b>	<b>81,431</b>
Excess (Deficiency) of Receipts Over (Under) Disbursements	125,551	(70,723)	57,172
Other Financing Uses:			
Operating Transfers In	24	70,400	0
Operating Transfers Out	(98,800)	0	27,364
<b>Total Other Financing Sources (Uses)</b>	<b>(98,776)</b>	<b>70,400</b>	<b>27,364</b>
Net Change in Cash Balances	26,775	(323)	84,536
Cash Balances Beginning of Year	121,239	7,965	2,098
Cash Balances End of Year	\$ 148,014	7,642	86,634
Cash Basis Fund Balances			
Unreserved:			
Special Revenue Funds	\$ 148,014	7,642	86,634
Capital Projects Fund	0	0	0
Permanent Fund	0	0	0
<b>Total Cash Basis Fund Balances</b>	<b>\$ 148,014</b>	<b>7,642</b>	<b>86,634</b>

See accompanying independent auditors' report.

Capital Projects	Permanent				Total
	5th Avenue Bridge	Library Periodic Trust	Aquatic Center	Dunbar-Jones Contract	
0	0	0	0	0	0
0	0	0	0	0	151,892
321	52	5,011	107		15,180
61,276	0	0	0		171,947
0	0	0	0		869
0	0	0	0		27,839
<u>61,597</u>	<u>52</u>	<u>5,011</u>	<u>107</u>		<u>367,727</u>
0	0	0	0		34,782
0	0	0	1,053		19,734
0	0	0	0		0
0	0	0	0		94,826
0	0	0	0		34,500
0	0	0	0		6,171
0	0	0	0		0
82,080	0	0	0		82,080
<u>82,080</u>	<u>0</u>	<u>0</u>	<u>1,053</u>		<u>272,093</u>
(20,483)	52	5,011	(946)		95,634
0	0	0	0		70,424
0	0	0	(24)		(71,460)
0	0	0	(24)		(1,036)
(20,483)	52	5,011	(970)		94,598
0	2,408	100,282	1,024		235,016
<u>(20,483)</u>	<u>2,460</u>	<u>105,293</u>	<u>54</u>		<u>329,614</u>
0	0	0	0		242,290
(20,483)	0	0	0		(20,483)
0	2,460	105,293	54		107,807
<u>(20,483)</u>	<u>2,460</u>	<u>105,293</u>	<u>54</u>		<u>329,614</u>

CITY OF COON RAPIDS

Schedule of Indebtedness

Year Ended June 30, 2007

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation Bonds/Notes:			
Aquatic Center	June 1, 1997	5.05 - 5.40 %	\$ 950,000
Sumpter Bridge	May 31, 2002	3.50	350,000
Total			
Urban Renewal Tax Increment Financing (TIF)	April 5, 2004	2.91 %	\$ 444,922

See accompanying independent auditors' report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
465,000	0	70,000	395,000	24,383	1,679
<u>224,272</u>	<u>0</u>	<u>34,238</u>	<u>190,034</u>	<u>7,850</u>	<u>292</u>
\$ <u>689,272</u>	<u>0</u>	<u>104,238</u>	<u>585,034</u>	<u>32,233</u>	<u>1,971</u>
<u>220,932</u>	<u>0</u>	<u>33,923</u>	<u>187,009</u>	<u>8,211</u>	<u>239</u>

## CITY OF COON RAPIDS

## Bond and Note Maturities

June 30, 2007

Year Ending June 30,	Aquatic Center Issued June 1, 1997		5th Avenue Bridge Issued May 31, 2002		Total
	Interest Rates	Amount	Interest Rates	Amount	
2008	5.10 %	\$ 70,000	3.50 %	\$ 35,437	105,437
2009	5.20	75,000	3.50	36,677	111,677
2010	5.30	80,000	3.50	37,961	117,961
2011	5.35	85,000	3.50	39,289	124,289
2012	5.40	85,000	3.50	40,670	125,670
Total		\$ 395,000		\$ 190,034	585,034

Year Ending June 30,	Urban Renewal Tax Increment Financing (TIF) Revenue Bonds Issued April 5, 2004	
	Interest Rates	Amount
2008	2.91 %	\$ See Note below
Total		\$ 0

Urban Renewal Tax Incremental Financing Payment Schedule - Payments will be made by June 30 of each fiscal year, to the extent that there are funds available in the Urban Renewal Tax Reserve Fund beginning June 2005 and continuing through until debt is paid. The payments shall not constitute general obligations of the City, but shall be solely and only from incremental property taxes received by the City from the Carroll County Treasurer which are attributable to the Coon Rapids Urban Renewal Area. The following is a summary of payments made to Coon Rapids Municipal Utility since the inception of this agreement:

Beginning Balance	444,922
2004 discount from CRMU	(44,439)
February 8, 2005 Payment	(75,000)
2005 Interest	9,866
March 8, 2006 Payment	(125,000)
2006 Interest	10,583
June 14, 2007 Payment	(42,134)
2007 Interest	8,211
June 30, 2007 Balance	<u>187,009</u>

See accompanying independent auditors' report.

## CITY OF COON RAPIDS

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

For the Last Four Years

	2007	2006	2005	2004
<b>Receipts:</b>				
Property Tax	\$ 344,910	327,056	317,135	333,276
Tax Increment Financing	114,770	112,059	139,955	105,351
Other City Tax	151,950	152,193	150,716	121,347
Licenses & Permits	3,083	2,387	3,581	3,140
Use of Money & Property	38,819	27,201	12,115	3,380
Intergovernmental	426,728	340,190	225,928	293,173
Charges for Service	125,744	124,510	147,506	173,126
Miscellaneous	50,025	74,772	159,823	69,055
Other Financing Sources	0	24,210	96,423	72,335
<b>Total</b>	<b>\$ 1,256,029</b>	<b>1,184,578</b>	<b>1,253,182</b>	<b>1,174,183</b>
<b>Disbursements:</b>				
<b>Operating:</b>				
Public Safety	\$ 212,395	183,569	365,433	182,545
Public Works	258,723	217,780	260,638	302,552
Health & Social Services	0	0	0	1,300
Culture & Recreation	282,532	182,763	169,533	169,235
Community & Economic Development	140,468	175,703	165,062	115,473
General Government	138,620	154,757	105,379	129,615
Debt Service	136,871	135,121	91,002	93,843
Capital Projects	82,080	0	0	0
<b>Total</b>	<b>\$ 1,251,689</b>	<b>1,049,693</b>	<b>1,157,047</b>	<b>994,563</b>

See accompanying independent auditors' report.

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

*Certified Public Accountants*

PARTNERS

RICHARD D. MUHLBAUER  
PATRICK J. O'BRIEN  
TRUDENE L. WITTMACK  
KARLA L. FULTON

1127 PLAZA DR.  
VILLAGE PARK EAST  
CARROLL, IOWA 51401  
712-792-4314  
FAX 712-792-4503

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Coon Rapids, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated March 19, 2008. Our report expressed unqualified opinions on the financial statements, which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Coon Rapids' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Coon Rapids' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Coon Rapids' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Coon Rapids' ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City of Coon Rapids' financial statements that is more than inconsequential will not be prevented or detected by the City of Coon Rapids' internal control. We consider the deficiencies in internal

control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Coon Rapids's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-07 and II-C-07 are material weaknesses.

### Compliance and Other Matters

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 grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part III of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2007 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.

The City of Coon Rapids' responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Coon Rapids' responses and, accordingly, we express no opinion on them.

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.

We would like to acknowledge the many courtesies and assistance extended to us by 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  
March 19, 2008

CITY OF COON RAPIDS

Schedule of Findings and Questioned Costs

Years Ended June 30, 2007

Part I: Summary of the Independent Auditors' Results:

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

CITY OF COON RAPIDS

Schedule of Findings and Questioned Costs

Years Ended June 30, 2007

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

- II-A-07      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 - We realize segregation of duties is difficult with a limited number of office employees. 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 acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.
- II-B-07      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, 2007

- II-C-07      Financial Reporting – We believe that a material weakness in internal control over financial reporting exists in the City’s financial statement close process for preparing its year-end financial statements including the lack of expertise to prevent, detect and correct potential material misstatements to the financial statements on a timely basis. This material weakness could result in a material misstatement to the City’s financial statements that would not be detected on a timely basis.
- Recommendation – To improve the financial statement preparation process, we recommend that the City should implement procedures to more timely review its receipts and disbursements for the year to provide accurate financial statement data.
- Response – We will use all available resources to ensure accurate information is available for financial statement preparation.
- Conclusion – Response accepted.

### INSTANCES OF NON-COMPLIANCE

No matters were reported.

### Part III: Other Findings Related to Required Statutory Reporting:

- III-A-07      Certified Budget - Disbursements during the year ended June 30, 2007, exceeded the amounts budgeted for the primary government unit. Chapter 384.20 of the Code of Iowa states part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.” The budget was amended in May 2007, and June 2007, 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.
- III-B-07      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, 2007

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

III-C-07      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>
Jon Esdohr, Council Member Independent Contractor	Parts and Supplies	<u>\$      82</u>
Geraldine Thacker, Council Member Independent Contractor	Training	<u>\$      930</u>

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with the Council Members do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,000 during the fiscal year.

III-D-07      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.

III-E-07      Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

III-F-07      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.

III-G-07      Financial Condition - The Capital Projects Fund, 5<sup>th</sup> Avenue Bridge account had a deficit balance at June 30, 2007 of \$20,483.

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

Response - The deficit in the Capital Projects Fund, 5<sup>th</sup> Avenue Bridge Account was due to costs incurred prior to receipt of federal grant monies. The deficit should be subsequently eliminated.

Conclusion - Response accepted.

CITY OF COON RAPIDS

Schedule of Findings and Questioned Costs

Years Ended June 30, 2007

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

III-H-07      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, 2007.

III-I-07      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.

III-J-07      Fixed Asset Records - A record of fixed assets has not been created.

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. The City of Coon Rapids has not implemented 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.

III-K-07      Record Retention - During the audit, we identified that the city was not receiving copies of the endorsements from cancelled checks.

Recommendation - The City of Coon Rapids should contact Iowa Savings Bank for printed copies of the front and back of cancelled checks or retain a permanent electronic record of the front and back of the checks.

Response - We will correct this issue immediately.

Conclusion - Response accepted.

CITY OF COON RAPIDS

Audit Staff

This audit was performed by:

Robert L. Muhlbauer, CPA, Manager

Karla L. Fulton, CPA, Senior Auditor

Richard D. Muhlbauer, CPA, Senior Auditor

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