



# OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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David A. Vaudt, CPA  
Auditor of State

## Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor and  
Members of the City Council;

We have performed the procedures enumerated below, which were agreed to by the City of Garber, solely to assist the City in evaluating the accuracy of the annual Street Finance Report submitted to the Iowa Department of Transportation by the City of Garber for the year ended June 30, 2007. In addition, while performing procedures on the City's annual Street Finance Report, we also performed procedures on the City's Annual Financial Report for the year ended June 30, 2007. Management is responsible for the City of Garber's annual Street Finance Reports and the City's Annual Financial Reports.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are summarized as follows:

1. We obtained and reviewed copies of the City's Street Finance Reports filed with the Iowa Department of Transportation for the ten years ended June 30, 2006 and the Street Finance Report prepared by the City for the fiscal year ended June 30, 2007. We reviewed the City's documentation for a proposed adjustment for \$22,265 to decrease the Road Use Tax Fund beginning balance to be reported on the 2007 Street Finance Report.

The proposed adjustment was not supported. Accordingly, the City did not include the adjustment in the 2007 Street Finance Report approved by the City Council and filed with the Iowa Department of Transportation.

2. We obtained and reviewed copies of the City's Annual Financial Report (AFR) submitted for the years ended June 30, 2005 and June 30, 2006 and the AFR prepared for the fiscal year ended June 30, 2007. We also obtained and reviewed copies of the City's bank statements and bank reconciliations for June 30, 2005, 2006 and 2007.

The AFR's for the fiscal years ended June 30, 2005 and June 30, 2006 contained calculation errors. The respective amounts of receipts in excess of disbursements were incorrectly deducted from instead of added to available balances. Also, the City's disbursements for the fiscal year ended June 30, 2006 included \$132,221 of FEMA claims for which the checks were dated July 1, 2006 and later. The City revised the 2006 AFR fund balance to \$199,510 by excluding the checks dated in July 2006 for FEMA claims and increasing the fund balance by \$50,875 to correct the calculation errors identified above for the fiscal years ended June 30, 2005 and June 30, 2006. The 2006 AFR was reissued and posted with corrected amounts and ending fund balance. The corrected fund balance was properly used for the 2007 AFR which was approved by the City Council and filed with the Office of Auditor of State.

3. We provided assistance for setting up a Special Revenue Fund to properly account for road use tax funds for the 2006 and 2007 Annual Financial Reports.

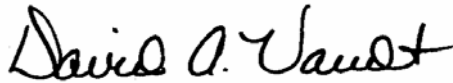
The City did not report road use tax receipts and disbursements in a Special Revenue Fund for the fiscal year ended June 30, 2006. The City revised the 2006 AFR after re-establishing a Special Revenue, Road Use Tax Fund. The Special Revenue, Road Use Tax Fund was properly used for reporting the road use tax activity and balance for the 2007 AFR.

4. We obtained a listing of the road use tax allocations from the Office of Treasurer of State to compare to the amount reported for the Special Revenue, Road Use Tax Fund on the City's revised 2006 AFR.

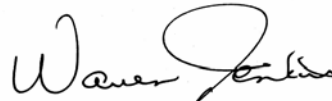
The road use tax allocation was properly reported.

We were not engaged to conduct an examination, the objective of which would be the expression of an opinion on the annual Street Finance Report submitted to the Iowa Department of Transportation or the Annual Financial Report submitted to the Office of Auditor of State by the City of Garber for the year ended June 30, 2007. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



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Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

June 3, 2008