



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

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NEWS RELEASE

FOR RELEASE

January 22, 2003

**Contact: Andy Nielsen
515/281-5515**

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

The City's primary government receipts totaled \$1,559,652 for the year ended June 30, 2002. The receipts included \$320,818 in property tax, \$177,027 in local option sales tax, \$202,171 from the state, \$89,536 from tax increment financing collections, \$57,473 in interest on investments and \$784,700 in note proceeds that are recorded as an other financing source.

Disbursements for the year totaled \$2,257,879, and included \$210,553 for community protection, \$139,553 for human development, \$1,648,684 for home and community environment and \$259,089 for policy and administration.

This report contains recommendations to the City Council and other City officials. For example, the City should review its operating procedures to obtain the maximum internal control possible under the circumstances. The City has responded that operating procedures will be reviewed.

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

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CITY OF CASCADE
INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2002

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City of Cascade

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2002)		
Rich Knepper	Mayor	Jan 2002
Brian Schlemme	Mayor Pro tem	Jan 2002
Fred Gross	Council Member	Resigned
Theresa Steinhoff	Council Member	Resigned
Becky Dolphin (Appointed)	Council Member	Nov 2001
David Gudenkauf (Appointed)	Council Member	Nov 2001
Kathy Barden	Council Member	Jan 2002
Vivian Cleman	Council Member	Jan 2002
(After January 2002)		
Rich Knepper	Mayor	Jan 2004
Brian Schlemme	Mayor Pro tem	Jan 2004
Kathy Barden	Council Member	Jan 2004
Vivian Clemen	Council Member	Jan 2006
Becky Dolphin	Council Member	Jan 2006
David Gudenkauf	Council Member	Jan 2006
Randy Lansing	City Administrator	Indefinite
Patty Greenwood	City Clerk/Treasurer	Indefinite
William G. Blum	City Attorney	Indefinite

City of Cascade



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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements, listed as exhibits in the table of contents of this report, of the City of Cascade, Iowa, as of and for the year ended June 30, 2002. These financial statements are the responsibility of the City of Cascade's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Also, as permitted by the Code of Iowa, the accounting records of the City have not been audited for all prior years. Accordingly, we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2001.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2001, as discussed in the preceding paragraph, the aforementioned financial statements present fairly, in all material respects, the results of the cash transactions of the funds of the City of Cascade as of and for the year ended June 30, 2002, and its indebtedness at June 30, 2002, on the basis of accounting described in note 1.

In accordance with Government Auditing Standards, we have also issued our report dated October 1, 2002 on our consideration of the City of Cascade's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information included in Schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the aforementioned financial statements taken as a whole.

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 1, 2002

City of Cascade

Financial Statements

City of Cascade

Combined Statement of Cash Transactions

All Fund Types and the Discretely Presented Component Unit

Year ended June 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Receipts:			
Property tax	\$ 320,818	-	-
Tax increment financing collections	-	89,536	-
Other city tax	190,556	-	-
Licenses and permits	7,636	-	-
Use of money and property	23,535	4,042	3,860
Intergovernmental	88,875	159,931	-
Charges for service	183,744	-	-
Special assessments	-	-	25,621
Miscellaneous	56,240	47,852	20,868
Total receipts	871,404	301,361	50,349
Disbursements:			
Community Protection Program	157,558	52,995	-
Human Development Program	139,553	-	-
Home and Community Environment Program	179,499	97,227	181,231
Policy and Administration Program	259,089	-	-
Total disbursements	735,699	150,222	181,231
Excess (deficiency) of receipts over (under) disbursements	135,705	151,139	(130,882)
Other financing sources (uses):			
Note proceeds, net of \$15,300 discount for primary government and \$17,190 for component unit	-	-	-
Operating transfers in	66,278	-	146,426
Operating transfers out	(182,121)	(74,470)	-
Total other financing sources (uses)	(115,843)	(74,470)	146,426
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	19,862	76,669	15,544
Balance beginning of year	513,625	110,830	71,439
Balance end of year	\$ 533,487	187,499	86,983

See notes to financial statements.

Capital Projects	Proprietary Fund Type Enterprise	Total Primary Government (Memorandum Only)	Component Unit Municipal Utilities	Total Reporting Entity (Memorandum Only)
-	-	320,818	-	320,818
-	-	89,536	-	89,536
-	-	190,556	-	190,556
-	-	7,636	-	7,636
1,137	24,939	57,513	28,619	86,132
-	-	248,806	-	248,806
-	293,920	477,664	1,721,240	2,198,904
-	-	25,621	-	25,621
-	16,542	141,502	125,333	266,835
1,137	335,401	1,559,652	1,875,192	3,434,844
-	-	210,553	-	210,553
-	-	139,553	-	139,553
73,487	1,117,240	1,648,684	2,550,306	4,198,990
-	-	259,089	-	259,089
73,487	1,117,240	2,257,879	2,550,306	4,808,185
(72,350)	(781,839)	(698,227)	(675,114)	(1,373,341)
94,164	690,536	784,700	962,810	1,747,510
-	98,116	310,820	-	310,820
-	(54,229)	(310,820)	-	(310,820)
94,164	734,423	784,700	962,810	1,747,510
21,814	(47,416)	86,473	287,696	374,169
15,034	560,480	1,271,408	580,388	1,851,796
36,848	513,064	1,357,881	868,084	2,225,965

City of Cascade

Comparison of Receipts, Disbursements and Changes in Balances -

Actual to Budget

Year ended June 30, 2002

	Primary Government Actual	Component Unit Actual	Total Reporting Entity	Budget
Receipts:				
Property tax	\$ 320,818	-	320,818	305,328
Tax increment financing collections	89,536	-	89,536	91,625
Other city tax	190,556	-	190,556	160,000
Licenses and permits	7,636	-	7,636	1,750
Use of money and property	57,513	28,619	86,132	74,930
Intergovernmental	248,806	-	248,806	276,684
Charges for service	477,664	1,721,240	2,198,904	2,263,200
Special assessments	25,621	-	25,621	40,000
Miscellaneous	141,502	125,333	266,835	39,000
Total receipts	<u>1,559,652</u>	<u>1,875,192</u>	<u>3,434,844</u>	<u>3,252,517</u>
Disbursements:				
Community Protection Program	210,553	-	210,553	202,560
Human Development Program	139,553	-	139,553	175,667
Home and Community Environment Program	1,648,684	2,550,306	4,198,990	4,454,611
Policy and Administration Program	259,089	-	259,089	300,953
Total disbursements	<u>2,257,879</u>	<u>2,550,306</u>	<u>4,808,185</u>	<u>5,133,791</u>
Deficiency of receipts under disbursements	(698,227)	(675,114)	(1,373,341)	(1,881,274)
Other financing sources, net	<u>784,700</u>	<u>962,810</u>	<u>1,747,510</u>	<u>1,400,000</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	86,473	287,696	374,169	(481,274)
Balance beginning of year	<u>1,271,408</u>	<u>580,388</u>	<u>1,851,796</u>	<u>1,398,744</u>
Balance end of year	<u>\$ 1,357,881</u>	<u>868,084</u>	<u>2,225,965</u>	<u>917,470</u>

See notes to financial statements.

<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u> <u>as % of</u> <u>Amended</u> <u>Budget</u>
15,490	105%
(2,089)	98%
30,556	119%
5,886	436%
11,202	115%
(27,878)	90%
(64,296)	97%
(14,379)	64%
<u>227,835</u>	<u>684%</u>
<u>182,327</u>	<u>106%</u>
(7,993)	104%
36,114	79%
255,621	94%
41,864	86%
<u>325,606</u>	<u>94%</u>

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

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes:			
Street improvements	Mar 1, 1993	5.40-5.60%	\$ 200,000
Street improvements	Mar 1, 1995	6.50-6.75	195,000
General corporate purpose	Sep 1, 1997	4.70-5.05	290,000
General corporate purpose	Oct 1, 2001	3.75-4.80	800,000
Total			
Urban renewal tax increment financing (TIF) revenue bonds	Mar 3, 1997	5.75%	\$ 200,000
Loans:			
Cascade Municipal Utilities	Mar 8, 1993		\$ 150,000
Storm sewer improvements	Dec 12, 1995	5.75%	70,000
Revitalize Iowa's Sound Economy	Jul 22, 1996	5.60	60,975
Total			

See notes to financial statements.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
50,000	-	25,000	25,000	2,750
95,000	-	20,000	75,000	6,313
215,000	-	25,000	190,000	10,543
-	800,000	-	800,000	23,133
\$ 360,000	800,000	70,000	1,090,000	42,739

140,000	-	20,000	120,000	10,500
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30,000	-	15,000	15,000	-
43,499	-	6,262	37,237	2,412
26,399	-	12,840	13,559	1,478
\$ 99,898	-	34,102	65,796	3,890

City of Cascade

Notes to Financial Statements

June 30, 2002

(1) Summary of Significant Accounting Policies

The City of Cascade is a political subdivision of the State of Iowa located in Dubuque and Jones Counties. It was first incorporated in 1958 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture, recreation, public improvements and general administrative services.

A. Reporting Entity

For financial reporting purposes, the City of Cascade has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Cascade (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. Certain disclosures about the discretely presented component unit are not included because the component unit has been audited separately and a report has been issued under separate cover. The audited financial statements are available at the City Clerks office.

Discretely Presented Component Unit

The Cascade Municipal Utilities is presented in a separate column to emphasize that it is legally separate from the City, but is financially accountable to the City, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The Utility is governed by a three-member board appointed by the City Council and the Utility's operating budget is subject to the approval of the City Council.

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: Dubuque and Jones County Assessor's Conference Boards, Dubuque and Jones County Emergency Management Commissions, and Dubuque and Jones County Joint E911 Service Boards.

B. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its receipts, disbursements and fund balances. The various funds and their designated purposes are as follows:

Governmental Funds

General Fund - The General Fund is the general operating fund of the City. All general tax receipts and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid through other funds.

Special Revenue Funds - The Special Revenue Funds are utilized to account for receipts derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

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

Capital Projects Fund - The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through the enterprise fund.

Proprietary Funds

Enterprise Funds - The Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

C. Basis of Accounting

The City of Cascade maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

D. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

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

E. Total (Memorandum Only)

The total column on the combined statement of cash transactions is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Cash and Pooled Investments

Except for \$349,385 at the Tri-County Bank & Trust, the City's deposits in banks at June 30, 2002 were entirely covered by federal depository insurance or 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.

(3) Bonds and Notes Payable

Annual debt service requirements to maturity for general obligation notes and urban renewal tax increment financing revenue bonds are as follows:

Year Ending June 30,	General Obligation Capital Loan Notes		Urban Renewal Tax Increment Financing Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	2003	\$ 140,000	50,481	20,000	9,000	160,000
2004	115,000	43,741	20,000	7,500	135,000	51,241
2005	120,000	38,271	20,000	6,000	140,000	44,271
2006	95,000	32,513	20,000	4,500	115,000	37,013
2007	105,000	28,363	20,000	3,000	125,000	31,363
2008	105,000	23,673	20,000	1,500	125,000	25,173
2009	75,000	18,895	-	-	75,000	18,895
2010	80,000	15,595	-	-	80,000	15,595
2011	80,000	11,995	-	-	80,000	11,995
2012	85,000	8,315	-	-	85,000	8,315
2013	90,000	4,320	-	-	90,000	4,320
Total	\$ 1,090,000	276,162	120,000	31,500	1,210,000	307,662

The urban renewal tax increment financing revenue bonds were issued for the purpose of defraying a portion of the costs of carrying out an urban renewal project of the City. The bonds are payable solely from the income and proceeds of the Special Revenue Fund - Urban Renewal Tax Increment account and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. The proceeds of the urban renewal tax increment revenue financing bonds are to be expended only for the purposes which are consistent with the plans of the City's urban renewal area. The bonds are not a general obligation of the City, however the debt is subject to the constitutional debt limitation of the City.

(4) Loans

- A. Cascade Municipal Utilities Loan - On March 8, 1993, the City entered into a loan agreement with the Cascade Municipal Utilities in the amount of \$150,000. The loan is to be paid in ten annual installments of \$15,000 beginning March 1, 1994. The loan bears no interest and shall be repaid in full by March 1, 2003. The unpaid balance at June 30, 2002 is \$15,000.
- B. General Obligation Storm Sewer Improvement Notes - During the year ended June 30, 1996, the City entered into a loan agreement of \$70,000 for storm sewer improvements. The loan requires twenty-one equal semi-annual payments of \$4,338, including 5.75% per annum interest on the unpaid balance. The balance outstanding on this loan at June 30, 2002 to \$37,237, due as follows:

Year Ending June 30,	Principal	Interest	Total
2003	\$ 6,628	2,048	8,676
2004	7,014	1,662	8,676
2005	7,424	1,252	8,676
2006	7,856	820	8,676
2007	8,315	361	8,676
Total	<u>\$ 37,237</u>	<u>6,143</u>	<u>43,380</u>

- C. Iowa Department of Transportation Revitalize Iowa's Sound Economy (RISE) Program Loan - On July 22, 1996, the City entered into a loan agreement with the Iowa Department of Transportation in the amount of \$60,975. The loan proceeds were used to pay a portion of the costs of construction and improvements for a street project. The City is obligated to repay the loan in five equal annual installments of \$14,318, including interest of 5.60% per annum, beginning October 13, 1998. The loan balance at June 30, 2002 is \$13,559.

(5) Contingent Liability

On February 11, 1998, the City co-signed a loan agreement with Dubuque County for \$182,000 for the purpose of making and economic development loan to the Cascade Economic Development Corporation for the construction of a speculative building. The terms of the loan provide for 180 monthly installments of \$1,487, including interest of 5.5% per annum, beginning March 1, 1998. The Cascade Economic Development Corporation is currently leasing the speculative building and, in accordance with the agreement, the monthly lease payments cover the monthly loan payments. In the event the speculative building becomes vacant, the City will be responsible for the loan repayment. The loan provides for an annual levy on all taxable property in amounts sufficient to cover the payments. At June 30, 2002, \$143,758 remains outstanding on the loan.

(6) Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual salary and the City is required to contribute 5.75% of annual covered payroll except for police employees, in which case the percentages are 6.20% and 9.29%, respectively. Contribution requirements are established by state statute. The City's contribution to IPERS for the year ended June 30, 2002 was \$20,054, equal to the required contribution for that year.

(7) Compensated Absences

City employees accumulate vacation 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 maximum liability for unrecognized accrued employee benefits at June 30, 2002, primarily relating to the General Fund, is \$15,000. This liability has been computed based on rates of pay in effect at June 30, 2002.

(8) Risk Management

The City of Cascade 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 past fiscal year.

(9) Budget Overexpenditure

Per the Code of Iowa, expenditures may not exceed budgeted appropriations at the program level. During the year ended June 30, 2002, expenditures in the Community Protection Program exceeded the amount budgeted.

(10) Construction Contract

During the year ended June 30, 2002, the City entered into various construction contracts for street, lift station, city hall and utility improvements totaling \$977,451. At June 30, 2002, \$51,162 remains unpaid and will be paid as work on the projects progresses.

(11) Subsequent Events

On August 12, 2002, the City accepted bids for water main extension, utility extensions and grading and snow removal equipment. The bids were for \$24,835, \$17,404 and \$72,739, respectively. Costs will be paid with local sources and loans as necessary.

Supplemental Information

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

	General	Police Car Reserve	Fire Truck Reserve	Library Trust Reserve
Receipts:				
Property tax	\$ 320,818	-	-	-
Other city tax:				
Mobile home tax	594	-	-	-
Cable franchise fee	12,935	-	-	-
Local option sales tax	177,027	-	-	-
	<u>190,556</u>	-	-	-
Licenses and permits:				
Liquor	5,448	-	-	-
Cigarette	694	-	-	-
Building	1,230	-	-	-
Pet	264	-	-	-
	<u>7,636</u>	-	-	-
Use of money and property:				
Interest on investments	14,579	382	1,124	60
Rent	40	-	-	-
	<u>14,619</u>	<u>382</u>	<u>1,124</u>	<u>60</u>
Intergovernmental:				
State allocation	26,617	-	-	-
Open access	3,976	-	-	-
Bank franchise tax	11,689	-	-	-
Police tobacco grant	700	-	-	-
Cascade Municipal Utility allocation	36,633	-	-	-
Gas tax refunds	2,358	-	-	-
Township fire protection	6,902	-	-	-
	<u>88,875</u>	-	-	-
Charges for service:				
Garbage collections	110,864	-	-	-
Recycling fees	55,244	-	-	-
Street, sidewalk & curb repair	263	-	-	-
Swimming pool	17,373	-	-	-
	<u>183,744</u>	-	-	-
Miscellaneous:				
Library fines and fees	1,224	-	-	-
Court fines	3,853	-	-	-

Pool Slide Reserve	Playground Reserve	Park Reserve	Garbage Truck Reserve	Truck Reserve	Council Chamber Reserve	RPA Trail Grant	Total
-	-	-	-	-	-	-	320,818
-	-	-	-	-	-	-	594
-	-	-	-	-	-	-	12,935
-	-	-	-	-	-	-	177,027
-	-	-	-	-	-	-	190,556
-	-	-	-	-	-	-	5,448
-	-	-	-	-	-	-	694
-	-	-	-	-	-	-	1,230
-	-	-	-	-	-	-	264
-	-	-	-	-	-	-	7,636
67	91	-	6,108	489	595	-	23,495
-	-	-	-	-	-	-	40
67	91	-	6,108	489	595	-	23,535
-	-	-	-	-	-	-	26,617
-	-	-	-	-	-	-	3,976
-	-	-	-	-	-	-	11,689
-	-	-	-	-	-	-	700
-	-	-	-	-	-	-	36,633
-	-	-	-	-	-	-	2,358
-	-	-	-	-	-	-	6,902
-	-	-	-	-	-	-	88,875
-	-	-	-	-	-	-	110,864
-	-	-	-	-	-	-	55,244
-	-	-	-	-	-	-	263
-	-	-	-	-	-	-	17,373
-	-	-	-	-	-	-	183,744
-	-	-	-	-	-	-	1,224
-	-	-	-	-	-	-	3,853

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

	General	Police Car Reserve	Fire Truck Reserve	Library Trust Reserve
Receipts (continued):				
Miscellaneous:				
Gifts and donations	10,757	-	-	-
Refunds and reimbursements	1,464	-	-	-
Forgivable home loan repayment	18,749	-	-	-
Sales tax refund	12,564	-	-	-
Miscellaneous	2,629	-	-	-
	51,240	-	-	-
Total receipts	857,488	382	1,124	60
Disbursements:				
Community Protection Program:				
Police:				
Personal services	102,339	-	-	-
Contractual services	6,641	-	-	-
Commodities	4,659	-	-	-
	113,639	-	-	-
Civil defense	3,409	-	-	-
	17,525	-	-	-
Community Protection Program:				
Ambulance				
	17,525	-	-	-
Fire:				
Personal services	1,131	-	-	-
Contractual services	16,211	-	-	-
Commodities	1,071	-	-	-
Capital outlay	4,572	-	-	-
	22,985	-	-	-
	157,558	-	-	-
Human Development Program:				
Animal control				
	8	-	-	-
Parks:				
Personal services	6,622	-	-	-
Contractual services	6,792	-	-	-
Commodities	49	-	-	-
Capital outlay	7,929	-	-	-
	21,392	-	-	-
Swimming pool:				
Personal services	19,375	-	-	-
Contractual services	16,149	-	-	-
Commodities	4,675	-	-	-
	40,199	-	-	-

Pool Slide Reserve	Playground Reserve	Park Reserve	Garbage Truck Reserve	Truck Reserve	Council Chamber Reserve	RPA Trail Grant	Total
-	5,000	-	-	-	-	-	15,757
-	-	-	-	-	-	-	1,464
-	-	-	-	-	-	-	18,749
-	-	-	-	-	-	-	12,564
-	-	-	-	-	-	-	2,629
-	5,000	-	-	-	-	-	56,240
67	5,091	-	6,108	489	595	-	871,404
-	-	-	-	-	-	-	102,339
-	-	-	-	-	-	-	6,641
-	-	-	-	-	-	-	4,659
-	-	-	-	-	-	-	113,639
-	-	-	-	-	-	-	3,409
-	-	-	-	-	-	-	17,525
-	-	-	-	-	-	-	1,131
-	-	-	-	-	-	-	16,211
-	-	-	-	-	-	-	1,071
-	-	-	-	-	-	-	4,572
-	-	-	-	-	-	-	22,985
-	-	-	-	-	-	-	157,558
-	-	-	-	-	-	-	8
-	-	-	-	-	-	-	6,622
-	-	-	-	-	-	231	7,023
-	-	-	-	-	-	-	49
-	13,486	861	-	-	-	-	22,276
-	13,486	861	-	-	-	231	35,970
-	-	-	-	-	-	-	19,375
423	-	-	-	-	-	-	16,572
-	-	-	-	-	-	-	4,675
423	-	-	-	-	-	-	40,622

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

	General	Police Car Reserve	Fire Truck Reserve	Library Trust Reserve
Disbursements (continued):				
Human Development Program:				
Youth league	1,000	-	-	-
Library:				
Personal services	34,688	-	-	-
Contractual services	8,293	-	-	-
Commodities	2,726	-	-	-
Capital outlay	16,246	-	-	-
	<u>61,953</u>	-	-	-
	<u>124,552</u>	-	-	-
Home and Community Environment Program:				
Solid waste:				
Personal services	9,076	-	-	-
Contractual services	98,683	-	-	-
	<u>107,759</u>	-	-	-
Street maintenance:				
Personal services	1,526	-	-	-
Contractual services	6,499	-	-	-
Capital outlay	63,715	-	-	-
	<u>71,740</u>	-	-	-
	<u>179,499</u>	-	-	-
Policy and Administration Program:				
Mayor and Council:				
Personal services	6,730	-	-	-
City hall:				
Contractual services	18,791	-	-	-
Commodities	5,215	-	-	-
Capital outlay	1,391	-	-	-
	<u>25,397</u>	-	-	-
Elections	718	-	-	-
Legal services	1,882	-	-	-

Pool Slide Reserve	Playground Reserve	Park Reserve	Garbage Truck Reserve	Truck Reserve	Council Chamber Reserve	RPA Trail Grant	Total
-	-	-	-	-	-	-	1,000
-	-	-	-	-	-	-	34,688
-	-	-	-	-	-	-	8,293
-	-	-	-	-	-	-	2,726
-	-	-	-	-	-	-	16,246
-	-	-	-	-	-	-	61,953
423	13,486	861	-	-	-	231	139,553
-	-	-	-	-	-	-	9,076
-	-	-	-	-	-	-	98,683
-	-	-	-	-	-	-	107,759
-	-	-	-	-	-	-	1,526
-	-	-	-	-	-	-	6,499
-	-	-	-	-	-	-	63,715
-	-	-	-	-	-	-	71,740
-	-	-	-	-	-	-	179,499
-	-	-	-	-	-	-	6,730
-	-	-	-	-	-	-	18,791
-	-	-	-	-	-	-	5,215
-	-	-	-	-	-	-	1,391
-	-	-	-	-	-	-	25,397
-	-	-	-	-	-	-	718
-	-	-	-	-	-	-	1,882

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

	General	Police Car Reserve	Fire Truck Reserve	Library Trust Reserve
Disbursements (continued):				
Policy and Administration Program:				
Financial administration:				
Personal services	119,487	-	-	-
Contractual services	25,863	-	-	-
Commodities	2,459	-	-	-
Capital outlay	4,555	-	-	-
	<u>152,364</u>	-	-	-
City Hall:				
Capital outlay	-	-	-	-
	<u>187,091</u>	-	-	-
Total disbursements	<u>648,700</u>	-	-	-
Excess (deficiency) of receipts over (under) disbursements	<u>208,788</u>	<u>382</u>	<u>1,124</u>	<u>60</u>
Other financing sources (uses):				
Operating transfers in (out):				
General:				
General	-	5,000	20,000	3,529
Police Car Reserve	(5,000)	-	-	-
Fire Truck Reserve	(20,000)	-	-	-
Library Trust Reserve	(3,529)	-	-	-
Pool Slide Reserve	(356)	-	-	-
Playground Reserve	(11,686)	-	-	-
Truck Reserve	(16,500)	-	-	-
Council Chamber Reserve	(3,542)	-	-	-
RPA Trail Grant	(231)	-	-	-
Special Revenue:				
Housing	5,434	-	-	-
Debt Service	(69,062)	-	-	-
Enterprise:				
Storm Sewer Project	(52,215)	-	-	-
Total other financing sources	<u>(176,687)</u>	<u>5,000</u>	<u>20,000</u>	<u>3,529</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	32,101	5,382	21,124	3,589
Balance beginning of year	<u>249,369</u>	<u>10,416</u>	<u>32,423</u>	-
Balance end of year	<u>\$281,470</u>	<u>15,798</u>	<u>53,547</u>	<u>3,589</u>

See accompanying independent auditor's report.

Pool Slide Reserve	Playground Reserve	Park Reserve	Garbage Truck Reserve	Truck Reserve	Council Chamber Reserve	RPA Trail Grant	Total
-	-	-	-	-	-	-	119,487
-	-	-	-	-	-	-	25,863
-	-	-	-	-	-	-	2,459
-	-	-	-	-	-	-	4,555
-	-	-	-	-	-	-	152,364
-	-	-	-	-	71,998	-	71,998
-	-	-	-	-	71,998	-	259,089
423	13,486	861	-	-	71,998	231	735,699
(356)	(8,395)	(861)	6,108	489	(71,403)	(231)	135,705
356	11,686	-	-	16,500	3,542	231	60,844
-	-	-	-	-	-	-	(5,000)
-	-	-	-	-	-	-	(20,000)
-	-	-	-	-	-	-	(3,529)
-	-	-	-	-	-	-	(356)
-	-	-	-	-	-	-	(11,686)
-	-	-	-	-	-	-	(16,500)
-	-	-	-	-	-	-	(3,542)
-	-	-	-	-	-	-	(231)
-	-	-	-	-	-	-	5,434
-	-	-	-	-	-	-	(69,062)
-	-	-	-	-	-	-	(52,215)
356	11,686	-	-	16,500	3,542	231	(115,843)
-	3,291	(861)	6,108	16,989	(67,861)	-	19,862
-	1,612	861	134,480	16,603	67,861	-	513,625
-	4,903	-	140,588	33,592	-	-	533,487

Schedule 2

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

	Road Use Tax	Urban Renewal Tax Increment	Housing	Cascade Volunteer Fire Department	Total
Receipts:					
Tax increment financing collections	\$ -	89,536	-	-	89,536
Use of money and property:					
Interest on investments	-	1,989	214	1,839	4,042
Intergovernmental:					
City allocation	-	-	-	3,100	3,100
Road use tax allocation	156,831	-	-	-	156,831
	156,831	-	-	3,100	159,931
Miscellaneous:					
Refunds and reimbursements	-	-	-	360	360
Fundraisers and donations	-	-	-	47,492	47,492
	-	-	-	47,852	47,852
Total receipts	156,831	91,525	214	52,791	301,361
Disbursements:					
Community Protection Program:					
Street lighting	14,355	-	-	-	14,355
Traffic control	800	-	-	-	800
	15,155	-	-	-	15,155
Fire:					
Personal services	-	-	-	5,829	5,829
Contractual services	-	-	-	2,063	2,063
Commodities	-	-	-	10,785	10,785
Capital outlay	-	-	-	19,163	19,163
	-	-	-	37,840	37,840
	15,155	-	-	37,840	52,995
Home and Community Environment Program:					
Street maintenance:					
Personal services	47,325	-	-	-	47,325
Contractual services	12,151	-	-	-	12,151
Commodities	37,751	-	-	-	37,751
	97,227	-	-	-	97,227
Total disbursements	112,382	-	-	37,840	150,222
Excess of receipts over disbursements	44,449	91,525	214	14,951	151,139

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

	Road Use Tax	Urban Renewal Tax Increment	Housing	Cascade Volunteer Fire Department	Total
Other financing uses:					
Operating transfers out:					
General:					
General	-	-	(5,434)	-	(5,434)
Debt Service	-	(69,036)		-	(69,036)
Total other financing (uses)	-	(69,036)	(5,434)		(74,470)
Excess (deficiency) of receipts over (under) disbursements and other financing uses	44,449	22,489	(5,220)	14,951	76,669
Balance beginning of year	42,820	34,474	5,220	28,316	110,830
Balance end of year	\$ 87,269	56,963	-	43,267	187,499

See accompanying independent auditor's report.

Schedule 3

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

Receipts:	
Use of money and property:	
Interest on investments	\$ 3,860
Special assessments	<u>25,621</u>
Miscellaneous:	
Accrued interest on sale of capital loan notes	868
Cascade Lumber TIF loan repayment	<u>20,000</u>
	<u>20,868</u>
Total receipts	<u>50,349</u>
Disbursements:	
Home and Community Environment Program:	
Debt service:	
Principal redemption	124,102
Interest payments	<u>57,129</u>
Total disbursements	<u>181,231</u>
Deficiency of receipts under disbursements	(130,882)
Other financing sources:	
Operating transfers in:	
General:	
General	69,062
Special Revenue:	
Urban Renewal Tax Increment	69,036
Enterprise:	
Sewer Rental	<u>8,328</u>
Total other financing sources	<u>146,426</u>
Excess of receipts and other financing sources over disbursements	15,544
Balance beginning of year	<u>71,439</u>
Balance end of year	<u>\$ 86,983</u>

See accompanying independent auditor's report.

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

	Bypass Project	6th Avenue NW Street Improvement Project	Total
Receipts:			
Use of money and property:			
Interest on investments	\$ -	1,137	1,137
Disbursements:			
Home and Community Environment Program:			
Contractual services	-	73,487	73,487
Deficiency of receipts under disbursements	-	(72,350)	(72,350)
Other financing sources:			
Note proceeds, net of \$1,836 discount	-	94,164	94,164
Excess of receipts and financing sources over disbursements	-	21,814	21,814
Balance beginning of year	15,034	-	15,034
Balance end of year	<u>\$ 15,034</u>	<u>21,814</u>	<u>36,848</u>

See accompanying independent auditor's report.

City of Cascade
Combining Schedule of Cash Transactions

Enterprise Funds

Year ended June 30, 2002

	Water	Sewer Rental
Receipts:		
Use of money and property:		
Interest on investments	\$ 16,415	6,890
Charges for service:		
Sale of water	191,311	-
Installations and connections	2,617	2,392
Sewer rental fees	-	97,600
	193,928	99,992
Miscellaneous:		
Sale of materials	7,573	6,239
Customer deposits	-	-
	7,573	6,239
Total receipts	217,916	113,121
Disbursements:		
Home and Community Environment Program:		
Personal services	54,756	45,760
Contractual services	33,113	28,376
Commodities	58,116	16,704
Capital outlay	8,451	1,520
Total disbursements	154,436	92,360
Excess (deficiency) of receipts over (under) disbursements	63,480	20,761
Other financing sources (uses):		
Note proceeds, net of \$13,464 discount	-	-
Operating transfers in (out):		
General:		
General	-	-
Debt Service	-	(8,328)
Enterprise:		
Sewer Rental	-	-
Sewer Project	-	(45,901)
Total other financing sources (uses)	-	(54,229)

Sewer Project	Storm Sewer Project	Water/Sewer Deposits	Total
1,029	605	-	24,939
-	-	-	191,311
-	-	-	5,009
-	-	-	97,600
-	-	-	293,920
-	-	-	13,812
-	-	2,730	2,730
-	-	2,730	16,542
1,029	605	2,730	335,401
-	-	-	100,516
154,587	437,323	2,680	656,079
-	-	-	74,820
275,854	-	-	285,825
430,441	437,323	2,680	1,117,240
(429,412)	(436,718)	50	(781,839)
306,033	384,503	-	690,536
-	52,215	-	52,215
-	-	-	(8,328)
45,901	-	-	45,901
-	-	-	(45,901)
351,934	436,718	-	734,423

City of Cascade
Combining Schedule of Cash Transactions

Enterprise Funds

Year ended June 30, 2002

	<u>Water</u>	<u>Sewer Rental</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	63,480	(33,468)
Balance beginning of year	<u>352,373</u>	<u>121,717</u>
Balance end of year	<u>\$ 415,853</u>	<u>88,249</u>

See accompanying independent auditor's report.

<u>Sewer Project</u>	<u>Storm Sewer Project</u>	<u>Water/ Sewer Deposits</u>	<u>Total</u>
(77,478)	-	50	(47,416)
<u>77,478</u>	-	<u>8,912</u>	<u>560,480</u>
<u>-</u>	<u>-</u>	<u>8,962</u>	<u>513,064</u>

City of Cascade
 Bond and Note Maturities
 June 30, 2002

Year Ending June 30,	General Obligation					
	Street Improvements		Street Improvements		General	
	Issued Mar 1, 1993		Issued Mar 1, 1995		Corporate Purpose	
	Interest		Interest		Interest	
	Rates	Amounts	Rates	Amount	Rates	Amount
2003	5.60%	\$ 25,000	6.60%	\$ 25,000	4.80%	\$ 30,000
2004		-	6.70	25,000	4.85	30,000
2005		-	6.75	25,000	4.90	30,000
2006		-		-	4.95	30,000
2007		-		-	5.00	35,000
2008		-		-	5.05	35,000
2009		-		-		-
2010		-		-		-
2011		-		-		-
2012		-		-		-
2013		-		-		-
Total		<u>\$ 25,000</u>		<u>\$ 75,000</u>		<u>\$190,000</u>

See accompanying independent auditor's report.

Notes			Tax Increment Financing Revenue Bonds		
General Corporate Purpose			Issued Mar 3, 1997		
Issued Oct 1, 2001			Issued Mar 3, 1997		
Interest			Interest		
Rates	Amount	Total	Rates	Amount	
3.75%	\$ 60,000	\$ 140,000	7.50%	\$ 20,000	
3.90	60,000	115,000	7.50	20,000	
4.00	65,000	120,000	7.50	20,000	
4.10	65,000	95,000	7.50	20,000	
4.20	70,000	105,000	7.50	20,000	
4.30	70,000	105,000	7.50	20,000	
4.40	75,000	75,000		-	
4.50	80,000	80,000		-	
4.60	80,000	80,000		-	
4.70	85,000	85,000		-	
4.80	90,000	90,000		-	
	<u>\$800,000</u>	<u>\$1,090,000</u>		<u>\$ 120,000</u>	

City of Cascade



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David A. Vaudt, CPA
Auditor of State

Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting

To the Honorable Mayor and
Members of the City Council:

We have audited the financial statements of the City of Cascade, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated October 1, 2002. Our report on the financial statements, which were prepared in conformity with an other comprehensive basis of accounting, expressed a qualified opinion since we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2001.

Except as noted in the Independent Auditor's Report, we conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Cascade's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City of Cascade's operations for the year ended June 30, 2002 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior audit statutory comments have been resolved.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Cascade's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Cascade's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in 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. Our 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, we believe that reportable condition (A) described above is a material weakness. Prior audit reportable conditions have been resolved except for item (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 Cascade and other parties to whom the City of Cascade may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 1, 2002

City of Cascade
Schedule of Findings
Year ended June 30, 2002

Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

(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. When duties are properly segregated, the activities of one employee act as a check on those of another. One person had control over each of the following areas for the City:

- (1) Cash – preparing bank account reconciliations, initiating cash receipts and disbursement functions and handling and recording cash.
- (2) Receipts – collecting, depositing, journalizing and posting.
- (3) Disbursements – purchasing, check signing, recording and reconciling.
- (4) Payroll – preparing and distributing.
- (5) Information system (computer usage) – performing all general accounting functions and controlling all data input and output.

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

Response – The City of Cascade shall review its control procedures to obtain the maximum internal control with its small administrative staff. One thought on this issue is to have a Council member and the City Administrator meet once a month and review the bank reconciliation statements, receipts, disbursements, and payroll.

Conclusion – Response accepted.

(B) Information System – During our review of internal control, the existing control activities in the City's computer-based systems were evaluated in order to determine that activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The following weaknesses in the City's computer-based systems were noted:

The City does not have written policies for:

- Requiring password changes every 60 to 90 days or to maintain password privacy and confidentially.

City of Cascade

Schedule of Findings

Year ended June 30, 2002

- Requiring a time out and/or log off function or a screen saver password to protect a terminal if left unattended.
- Requiring the use of an anti-virus program.
- Usage of the Internet.
- Disaster recovery plan.

Recommendation - The City should develop written policies addressing the above items in order to improve the City's control over its information system.

Response - The City shall adopt a written policy and incorporate a computer program that requires its computer users to change their passwords every 60 to 90 days and also requires the user to re-enter their password if their computer terminal has been inactive for more than 10 minutes. The City shall also install an anti-virus detection program on each computer terminal. The City shall also develop and adopt an Internet user policy and disaster recovery policy.

Conclusion - Response accepted.

City of Cascade

Schedule of Findings

Year ended June 30, 2002

Other Findings Related to Required Statutory Reporting:

- (1) Official Depositories - A resolution naming the official depositories has been approved by the City. The maximum deposit amount stated in the resolution was exceeded during the year ended June 30, 2002.

Recommendation - A new depository resolution, in sufficient amounts, should be approved in accordance with Chapter 12C of the Code of Iowa.

Response - The City shall approve a written depository resolution in an amount sufficient to cover the City's deposits at its approved depositories.

Conclusion - Response accepted.

- (2) Certified Budget - Disbursements during the year ended June 30, 2002 exceeded the amount budgeted in the Community Protection Program.

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 budgeted amount.

Response - The City shall establish internal controls that ensure the City does not disburse monies in excess of any budgeted Program without first amending the Program budget.

Conclusion - Response accepted.

- (3) Questionable Disbursements - No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

- (4) Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

- (5) Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business connection	Transaction Description	Amount
Vivian Clemen, Council Member, Owner of Viv's Cleaning	City hall cleaning	\$ 1,420

In accordance with Chapter 362.5(11) of the Code of Iowa, these transactions do not appear to represent a conflict of interest since total transactions were less than \$2,500.

City of Cascade

Schedule of Findings

Year ended June 30, 2002

- (6) 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.
- (7) Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- (8) Deposits and Investments - Except as noted above, no instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- (9) Notice of Public Hearing for Public Improvements - The City did not publish a notice of public hearing and bid letting on the 3rd Avenue NW - Johnson to McKinley street improvement project as required by Chapters 362.3 and 384.102 of the Code of Iowa.

Recommendation - Before entering into any contract for public improvements where the cost is \$25,000 or more, the Council should set a date for a public hearing and give notice at least four but not more than twenty days prior to the hearing as provided in Chapters 362.3 and 384.102 of the Code of Iowa.

Response - The City shall publish notice and hold a public hearing in accordance with the Code of Iowa before entering into any contract for public improvements in excess of the \$25,000.

Conclusion - Response accepted.

City of Cascade

Staff

This audit was performed by:

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