



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

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Warren G. Jenkins, CPA
Chief Deputy Auditor of State

NEWS RELEASE

FOR RELEASE _____

October 31, 2002

Contact: Andy Nielsen

515/281-5515

Auditor of State Richard Johnson today released an audit report on the City of Jesup, Iowa.

Johnson reported that the City's receipts totaled \$2,003,964 for the year ended June 30, 2002, a one percent increase from 2001. The receipts included \$470,127 in property tax, \$260,710 in tax increment financing collections, \$154,832 in local option sales tax, \$215,914 from the state, \$1,272 from the federal government and \$58,246 in interest on investments. The City also had note proceeds \$405,850 that are recorded as an other financing source.

Disbursements for the year totaled \$1,846,692, a nine percent increase from the prior year, and included \$325,335 for community protection, \$136,603 for human development, \$1,304,646 for home and community environment, and \$80,108 for policy and administration. The increase in disbursements is due primarily to an increase in capital project activity.

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

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City of Jesup

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mark J. H. Collett	Mayor	Jan 2004
Paul Gudenkauf	Mayor Pro tem	Jan 2006
Mark A. Hansen	Council Member	Jan 2004
Randy McGill	Council Member	Jan 2004
Roger J. Williams	Council Member	Jan 2004
Jacob Spiegel	Council Member	Jan 2006
Marsha M. McGlaughlin, CMC, AAE	Clerk/Treasurer	Indefinite
Linda Bunnell	Deputy Clerk	Indefinite
LeAnn Nicols	Billing Clerk	Indefinite
John S. Pieters	Attorney	Indefinite

City of Jesup



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Chief Deputy Auditor of State

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 Jesup, Iowa, as of and for the year ended June 30, 2002. These financial statements are the responsibility of the City of Jesup's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the results of the cash transactions of the funds of the City of Jesup 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 August 27, 2002 on our consideration of the City of Jesup's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 aforementioned financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2001 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 8 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.

RICHARD D. JOHNSON, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

August 27, 2002

City of Jesup

Financial Statements

City of Jesup
 Combined Statement of Cash Transactions
 All Funds Types
 Year ended June 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Receipts:			
Property tax	\$ 332,817	88,286	49,024
Tax increment financing collections	-	260,710	-
Other City tax	12,329	158,114	1,814
Licenses and permits	12,938	-	-
Use of money and property	17,397	20,680	770
Intergovernmental	75,962	179,057	-
Charges for service	107,443	-	-
Special assessments	1,403	-	-
Miscellaneous	24,503	101,517	-
Total receipts	584,792	808,364	51,608
Disbursements:			
Community Protection Program	258,942	66,393	-
Human Development Program	123,694	12,909	-
Home and Community Environment Program	164,580	249,727	263,660
Policy and Administration Program	76,176	3,932	-
Total disbursements	623,392	332,961	263,660
Excess (deficiency) of receipts over (under) disbursements	(38,600)	475,403	(212,052)
Other financing sources (uses):			
Note proceeds, less discount and management fees	-	-	-
Operating transfers in	47,294	-	203,192
Operating transfers out	(60,416)	(325,911)	-
Total other financing sources (uses)	(13,122)	(325,911)	203,192
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(51,722)	149,492	(8,860)
Balance beginning of year	445,967	933,647	22,348
Balance end of year	\$ 394,245	1,083,139	13,488

See notes to financial statements.

Capital Projects	Proprietary Fund Type Enterprise	Fiduciary Fund Type Trust	Total (Memorandum Only)
-	-	-	470,127
-	-	-	260,710
-	-	-	172,257
-	-	-	12,938
95	18,247	1,057	58,246
24,998	-	-	280,017
-	452,587	-	560,030
41,373	-	-	42,776
5,198	15,271	374	146,863
71,664	486,105	1,431	2,003,964
-	-	-	325,335
-	-	-	136,603
233,322	393,357	-	1,304,646
-	-	-	80,108
233,322	393,357	-	1,846,692
(161,658)	92,748	1,431	157,272
405,850	-	-	405,850
170,000	198,735	5,000	624,221
(36,471)	(201,423)	-	(624,221)
539,379	(2,688)	5,000	405,850
377,721	90,060	6,431	563,122
4,419	591,517	41,540	2,039,438
382,140	681,577	47,971	2,602,560

City of Jesup

Comparison of Receipts, Disbursements and Changes in Balances -

Actual to Budget

Year ended June 30, 2002

	Actual	Less Funds Not Required to be budgeted
Receipts:		
Property tax	\$ 470,127	-
Tax increment financing collections	260,710	-
Other City tax	172,257	-
Licenses and permits	12,938	-
Use of money and property	58,246	3,155
Intergovernmental	280,017	-
Charges for service	560,030	-
Special assessments	42,776	-
Miscellaneous	146,863	53,001
Total receipts	2,003,964	56,156
Disbursements:		
Community Protection Program	325,335	26,385
Human Development Program	136,603	-
Home and Community Environment Program	1,304,646	-
Policy and Administration Program	80,108	-
Total disbursements	1,846,692	26,385
Excess (deficiency) of receipts over (under) disbursements	157,272	29,771
Other financing sources, net	405,850	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements	563,122	29,771
Balance beginning of year	2,039,438	84,757
Balance end of year	\$ 2,602,560	114,528

See notes to financial statements.

Net	Amended Budget	Variance Favorable (Unfavorable)	Net as % of Amended Budget
470,127	481,944	(11,817)	98%
260,710	170,000	90,710	153%
172,257	167,929	4,328	103%
12,938	9,820	3,118	132%
55,091	64,030	(8,939)	86%
280,017	286,513	(6,496)	98%
560,030	609,520	(49,490)	92%
42,776	41,370	1,406	103%
93,862	43,000	50,862	218%
1,947,808	1,874,126	73,682	104%
298,950	332,000	(33,050)	90%
136,603	195,000	(58,397)	70%
1,304,646	2,150,228	(845,582)	61%
80,108	98,267	(18,159)	82%
1,820,307	2,775,495	(955,188)	66%
127,501	(901,369)		
405,850	595,628		
533,351	(305,741)		
1,954,681	1,954,681		
2,488,032	1,648,940		

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

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Sewer improvement	Jun 1, 1988	7.30-7.50%	\$ 200,000
Street improvement	May 1, 1990	7.00	235,000
Total			
General obligation capital loan notes:			
Street improvement	Mar 1, 1994	4.20-5.25%	\$ 115,000
Essential corporate purpose	Jun 1, 1995	4.90-5.45	100,000
Sewer improvement and refunding	Jan 1, 1999	4.00-4.35	830,000
Street, sewer, and water improvements	Jun 1, 2002	3.50-5.10	415,000
Total			
Revenue bonds:			
Water	Nov 25, 1975	5.00%	\$ 600,000
Revenue notes:			
Sewer	Dec 1, 1998	4.15-5.10%	\$ 1,080,000
Lease purchase agreement (note 8):			
Backhoe	Apr 12, 2001	6.50%	\$ 18,110
Digital document recorder	Oct 10, 2001	8.81	6,701
Total			
Real estate contract (note 8)	Jul 1, 1998	6.00%	\$ 35,000

See notes to financial statements.

Balance Beginning of Year	Issured During Year	Redeemed During Year	Balance End of Year	Interest Paid
25,000	-	25,000	-	1,875
50,000	-	25,000	25,000	3,500
\$ 75,000	-	50,000	25,000	5,375
50,000	-	10,000	40,000	2,445
55,000	-	10,000	45,000	2,898
535,000	-	160,000	375,000	22,342
-	415,000	-	415,000	-
\$ 640,000	415,000	180,000	875,000	27,685
330,000	-	20,000	310,000	16,500
930,000	-	60,000	870,000	43,448
18,110	-	18,110	-	396
-	6,701	1,842	4,859	285
\$ 18,110	6,701	19,952	4,859	681
21,140	-	4,832	16,308	1,268

City of Jesup

Notes to Financial Statements

June 30, 2002

(1) Summary of Significant Accounting Policies

The City of Jesup is a political subdivision of the State of Iowa located in Buchanan and Black Hawk County. It was first incorporated in 1876 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 Jesup 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 Jesup (the primary government), the Jesup Fire Department (component unit), and the Jesup Ambulance Crew Association (component unit). These component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Blended Component Units

The Jesup Fire Department is legally separate from the City but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Fund. The Jesup Fire Department has been established pursuant to local ordinance to prevent and extinguish fires and to protect lives and property against fires, to promote fire prevention and fire safety, and to answer all emergency calls for which there is no other established agency. Although the Jesup Fire Department is legally separate from the City, its purpose is to benefit the City of Jesup (the primary government) by providing the above services and by soliciting contributions and managing those funds.

The Jesup Ambulance Crew Association is legally separate from the City but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Fund. Although the Jesup Ambulance Crew Association is legally separate from the City, its purpose is to benefit the City of Jesup (the primary government) by soliciting contributions and managing those funds.

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: County Assessor's Conference Board and E911 Joint Service Board. The City also participates in the Buchanan County Solid Waste Commission, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa.

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, special assessment and tax increment financing long-term debt.

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

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.

Fiduciary Funds

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

C. Basis of Accounting

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

D. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds, except for the blended component units. 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

The City's deposits in banks at June 30, 2002 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

(3) Bonds and Notes Payable

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

Year Ending June 30,	General		General Obligation		Revenue Bonds	
	Obligation Bonds		Capital Loan Notes		Water	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 25,000	1,750	180,000	38,803	20,000	15,500
2004	-	-	160,000	31,173	20,000	14,500
2005	-	-	90,000	24,528	20,000	13,500
2006	-	-	95,000	20,683	20,000	12,500
2007	-	-	80,000	16,435	25,000	11,500
2008	-	-	40,000	13,015	25,000	10,250
2009	-	-	40,000	11,255	25,000	9,000
2010	-	-	45,000	9,415	25,000	7,750
2011	-	-	45,000	7,255	30,000	6,500
2012	-	-	50,000	5,050	30,000	5,000
2013	-	-	50,000	2,550	30,000	3,500
2014	-	-	-	-	30,000	2,000
2015	-	-	-	-	10,000	500
Total	\$ 25,000	1,750	875,000	180,162	310,000	112,000

Year Ending June 30,	Revenue Notes		Total	
	Sewer		Principal	Interest
	Principal	Interest		
2003	\$ 60,000	40,898	285,000	96,951
2004	65,000	38,318	245,000	83,991
2005	70,000	35,458	180,000	73,486
2006	70,000	32,343	185,000	65,526
2007	75,000	29,193	180,000	57,128
2008	80,000	25,780	145,000	49,045
2009	80,000	22,100	145,000	42,355
2010	85,000	18,340	155,000	35,505
2011	90,000	14,260	165,000	28,015
2012	95,000	9,850	175,000	19,900
2013	100,000	5,100	180,000	11,150
2014	-	-	30,000	2,000
2015	-	-	10,000	500
Total	\$ 870,000	271,640	2,080,000	565,552

The resolutions providing for the issuance of the revenue bonds/notes include the following provisions:

- (a) The bonds/notes will only be redeemed from the future earnings of the enterprise activity and the bond/note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to separate water revenue bond and sewer revenue note debt service accounts for the purpose of making the principal and interest payments when due.

- (c) A required amount is to be held in water and sewer reserve accounts. These accounts are restricted for the purpose of paying for any additional improvements, extensions or repair to the systems or, when necessary, for the purpose of making principal and interest payments when due. The balances in the water and sewer reserve accounts at June 30, 2002 were \$36,653 and \$127,291 respectively.

(4) Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual salary and the City is required to contribute 5.75% of annual covered payroll except for police employees, in which case the percentages are 6.20% and 9.29%, respectively. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2002, 2001 and 2000 were \$23,887, \$21,725, and \$17,677 respectively, equal to the required contributions for each year.

(5) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation termination payments payable to employees at June 30, 2002, primarily relating to the General Fund, was \$19,000. This liability has been computed based on rates of pay in effect at June 30, 2002.

(6) Community Development Block Grants

Loan:

During the year ended June 30, 2000, the City was awarded State of Iowa, Community Development Block Grant (CDBG) funds of \$230,000 from the Iowa Department of Economic Development. The City subsequently loaned \$225,000 to a business in Jesup in accordance with the grant contract. The remaining \$5,000 was used by the City for administrative costs.

The City's liability for the repayment of this loan is limited to the amounts collected from the qualified business. Therefore, the liability for this loan is not included on the Statement of Indebtedness (Exhibit C). The unpaid principal balance at June 30, 2002 was \$127,909.

Housing Rehabilitation Grant:

During the year ended June 30, 2002, the City was awarded State of Iowa, CDBG funds of \$423,500 from the Iowa Department of Economic Development for housing rehabilitation. The City had not received or spent any grant funds as of June 30, 2002.

(7) Jesup Economic Development Foundation Grant

During the year ended June 30, 2002, the City received a rural initiative grant from the Jesup Economic Development Foundation to support the cost of improvements in the affordable housing subdivision, including engineering costs and installation of water, sanitary sewer and streets. The City will also use its own funds and proceeds of the street, sewer and water improvement general obligation capital loan notes issued June 1, 2002 to pay for the project. As of June 30, 2002, the City had received \$24,998 from the Jesup Economic Development Foundation for this project.

(8) Real Estate Contract and Lease Purchase Agreement

The City of Jesup entered into a contract on June 5, 1998 to purchase real estate for \$35,000. At closing on July 1, 1998, the City paid \$5,000 and took possession of the property. The contract requires annual installments of \$6,101, including interest at 6 percent per annum, each July 1 for six years beginning on July 1, 1999. The unpaid balance at June 30, 2002 was \$16,308.

The City of Jesup entered into a lease purchase agreement on October 10, 2001 to purchase a digital document recorder costing \$6,701. The agreement requires 24 monthly payments of \$304, beginning December 1, 2001, including interest at 8.81% per annum. The unpaid balance at June 30, 2002 was \$4,859.

(9) Risk Management

The City of Jesup 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.

(10) Construction Contracts

During the year ended June 30, 2002, the City entered into construction contracts for curb and gutter improvements and economic development of \$44,866 and \$243,051 respectively. Payments were made on the projects totaling \$28,783 and \$11,497 respectively. Payments will be made as work on the projects progresses.

(11) Tax Increment Development Commitment

The City entered into an agreement with a business in Jesup under which incremental tax revenues are to be paid to the business, \$40,000 per year for ten years, up to \$400,000, when certain conditions are met. Payments totaling \$40,000 were made to the business in the year ended June 30, 2002. The cumulative amount of the payments that have been made since the inception of this agreement is \$40,000.

(12) Related Party Transactions

The City had business transactions totaling \$7,296 between the City and a City volunteer fire fighter during the year ended June 30, 2002.

(13) Deficit Balance

The Capital Projects Fund, Economic Development Bertch account had a deficit balance of \$800 at June 30, 2002. The deficit balance will be eliminated when state grant proceeds are received by the City.

City of Jesup

Supplemental Information

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

	General	Library Trust	Library Equipment and Replacement
Receipts:			
Property tax	\$ 332,817	-	-
Other City tax:			
Mobile home tax	1,518	-	-
Utility tax replacement excise tax	10,811	-	-
	12,329	-	-
Licenses and permits:			
Liquor	2,352	-	-
Cigarette	375	-	-
Building	10,043	-	-
Miscellaneous	168	-	-
	12,938	-	-
Use of money and property:			
Interest on investments	14,321	432	78
Intergovernmental:			
State allocation	27,952	-	-
Bank franchise tax	5,942	-	-
Library open access program	1,846	-	-
County library allocation	10,528	-	-
Township contribution	18,534	-	-
Black Hawk County Solid Waste Commission recycling award	6,890	-	-
Enrich Iowa	2,998	-	-
Body armour grant	660	-	-
Public safety partnership and community policing grant	612	-	-
	75,962	-	-
Charges for service:			
Garbage collection	67,532	-	-
Ambulance	35,894	-	-
Fire service charges	-	-	-
Miscellaneous	2,050	-	-
	105,476	-	-
Special assessments	1,403	-	-

Ambulance Replacement	Fire Department Building	Police Vehicle	Fire Vehicle Replacement	Street Department	Total
-	-	-	-	-	332,817
-	-	-	-	-	1,518
-	-	-	-	-	10,811
-	-	-	-	-	12,329
-	-	-	-	-	2,352
-	-	-	-	-	375
-	-	-	-	-	10,043
-	-	-	-	-	168
-	-	-	-	-	12,938
1,394	577	-	244	351	17,397
-	-	-	-	-	27,952
-	-	-	-	-	5,942
-	-	-	-	-	1,846
-	-	-	-	-	10,528
-	-	-	-	-	18,534
-	-	-	-	-	6,890
-	-	-	-	-	2,998
-	-	-	-	-	660
-	-	-	-	-	612
-	-	-	-	-	75,962
-	-	-	-	-	67,532
-	-	-	-	-	35,894
-	-	-	1,967	-	1,967
-	-	-	-	-	2,050
-	-	-	1,967	-	107,443
-	-	-	-	-	1,403

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

	General	Library Trust	Library Equipment and Replacement
Receipts (continued):			
Miscellaneous:			
Court fines	4,021	-	-
Fuel tax refund	2,162	-	-
Refunds and reimbursements	367	-	-
Donations	-	2,345	-
Miscellaneous	11,081	27	-
	17,631	2,372	-
Total receipts	572,877	2,804	78
Disbursements:			
Community Protection Program:			
Police:			
Personal services	106,271	-	-
Contractual services	28,013	-	-
Commodities	11,441	-	-
Capital outlay	3,307	-	-
	149,032	-	-
Traffic safety	6,197	-	-
	20,584	-	-
Fire:			
Personal services	4,125	-	-
Contractual services	38,909	-	-
Commodities	2,417	-	-
Capital outlay	11,788	-	-
	57,239	-	-
Ambulance:			
Personal services	2,030	-	-
Contractual services	11,838	-	-
Commodities	7,424	-	-
Capital outlay	4,598	-	-
	25,890	-	-
	258,942	-	-

Ambulance Replacement	Fire Department Building	Police Vehicle	Fire Vehicle Replacement	Street Department	Total
-	-	-	-	-	4,021
-	-	-	-	-	2,162
-	-	-	-	-	367
-	-	-	-	-	2,345
-	-	-	4,500	-	15,608
-	-	-	4,500	-	24,503
1,394	577	-	6,711	351	584,792
-	-	-	-	-	106,271
-	-	-	-	-	28,013
-	-	-	-	-	11,441
-	-	-	-	-	3,307
-	-	-	-	-	149,032
-	-	-	-	-	6,197
-	-	-	-	-	20,584
-	-	-	-	-	4,125
-	-	-	-	-	38,909
-	-	-	-	-	2,417
-	-	-	-	-	11,788
-	-	-	-	-	57,239
-	-	-	-	-	2,030
-	-	-	-	-	11,838
-	-	-	-	-	7,424
-	-	-	-	-	4,598
-	-	-	-	-	25,890
-	-	-	-	-	258,942

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

	General	Library Trust	Library Equipment and Replacement
Disbursements (continued):			
Human Development Program:			
Animal control:			
Contractual services	155	-	-
Library:			
Personal services	48,070	-	-
Contractual services	11,266	-	-
Commodities	1,261	-	-
Capital outlay	21,462	-	-
Debt service:			
Loan principal redemption	4,832	-	-
Interest payments	1,268	-	-
	88,159	-	-
Parks and recreation:			
Contractual services	8,371	-	-
Commodities	1,384	-	-
Capital outlay	5,098	-	-
	14,853	-	-
Community Celebration	2,202	-	-
Community ball programs	6,400	-	-
Senior Citizens	1,925	-	-
Jesup Community School swimming pool subsidy	10,000	-	-
	123,694	-	-
Home and Community Environment Program:			
Building Inspection:			
Personal services	4,800	-	-
Commodities	1,069	-	-
	5,869	-	-

Ambulance Replacement	Fire Department Building	Police Vehicle	Fire Vehicle Replacement	Street Department	Total
-	-	-	-	-	155
-	-	-	-	-	48,070
-	-	-	-	-	11,266
-	-	-	-	-	1,261
-	-	-	-	-	21,462
-	-	-	-	-	4,832
-	-	-	-	-	1,268
-	-	-	-	-	88,159
-	-	-	-	-	8,371
-	-	-	-	-	1,384
-	-	-	-	-	5,098
-	-	-	-	-	14,853
-	-	-	-	-	2,202
-	-	-	-	-	6,400
-	-	-	-	-	1,925
-	-	-	-	-	10,000
-	-	-	-	-	123,694
-	-	-	-	-	4,800
-	-	-	-	-	1,069
-	-	-	-	-	5,869

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

	General	Library Trust	Library Equipment and Replacement
Disbursements (continued):			
Home and Community Environment Program:			
Solid Waste:			
Contractual services	18,613	-	-
Street Cleaning	1,747	-	-
Cemetery	600	-	-
Street maintenance:			
Personal services	59,835	-	-
Contractual services	26,928	-	-
Commodities	5,257	-	-
Capital outlay	45,731	-	-
	137,751	-	-
	164,580	-	-
Policy and Administration Program:			
Mayor and Council Members:			
Personal services	4,800	-	-
Financial administration:			
Personal services	24,484	-	-
Contractual services	27,940	-	-
Commodities	1,520	-	-
	53,944	-	-
Elections	1,055	-	-
Legal services	6,651	-	-
Planning & Zoning	74	-	-
City Hall:			
Contractual services	7,351	-	-
Commodities	1,666	-	-
	9,017	-	-

Ambulance Replacement	Fire Department Building	Police Vehicle	Fire Vehicle Replacement	Street Department	Total
-	-	-	-	-	18,613
-	-	-	-	-	1,747
-	-	-	-	-	600
-	-	-	-	-	59,835
-	-	-	-	-	26,928
-	-	-	-	-	5,257
-	-	-	-	-	45,731
-	-	-	-	-	137,751
-	-	-	-	-	164,580
-	-	-	-	-	4,800
-	-	-	-	-	24,484
-	-	-	-	-	27,940
-	-	-	-	-	1,520
-	-	-	-	-	53,944
-	-	-	-	-	1,055
-	-	-	-	-	6,651
-	-	-	-	-	74
-	-	-	-	-	7,351
-	-	-	-	-	1,666
-	-	-	-	-	9,017

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

	General	Library Trust	Library Equipment and Replacement
Disbursements (continued):			
Policy and Administration Program:			
Miscellaneous:			
Contractual services	635	-	-
	<u>76,176</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>623,392</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(50,515)</u>	<u>2,804</u>	<u>78</u>
Other financing sources (uses):			
Operating transfers in (out):			
General:			
General	-	(2,500)	500
Library Trust	2,500	-	-
Library Equipment and Replacement	(500)	-	-
Ambulance Replacement	(10,000)	-	-
Fire Department Building	527	-	-
Police Vehicle	(6,000)	-	-
Fire Vehicle Replacement	(400)	-	-
Street Department	15,000	-	-
Special Revenue:			
Emergency Planning	10,823	-	-
Debt Service	(5,416)	-	-
Capital Projects:			
Sanitary Sewer	(50,000)	-	-
Street Project	36,471	-	-
Trust:			
Park Equipment Trust	(5,000)	-	-
Total other financing sources (uses)	<u>(11,995)</u>	<u>(2,500)</u>	<u>500</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>(62,510)</u>	<u>304</u>	<u>578</u>
Balance beginning of year	<u>334,281</u>	<u>13,503</u>	<u>2,082</u>
Balance end of year	<u>\$ 271,771</u>	<u>13,807</u>	<u>2,660</u>

See accompanying independent auditor's report.

Ambulance Replacement	Fire Department Building	Police Vehicle	Fire Vehicle Replacement	Street Department	Total
-	-	-	-	-	635
-	-	-	-	-	76,176
-	-	-	-	-	623,392
1,394	577	-	6,711	351	(38,600)
10,000	(527)	6,000	400	(15,000)	(1,127)
-	-	-	-	-	2,500
-	-	-	-	-	(500)
-	-	-	-	-	(10,000)
-	-	-	-	-	527
-	-	-	-	-	(6,000)
-	-	-	-	-	(400)
-	-	-	-	-	15,000
-	-	-	-	-	10,823
-	-	-	-	-	(5,416)
-	-	-	-	-	(50,000)
-	-	-	-	-	36,471
-	-	-	-	-	(5,000)
10,000	(527)	6,000	400	(15,000)	(13,122)
11,394	50	6,000	7,111	(14,649)	(51,722)
-	-	-	-	-	-
50,986	21,926	-	7,779	15,410	445,967
62,380	21,976	6,000	14,890	761	394,245

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

	Road Use Tax	Employees' Benefits	Tax Increment Financing	Emergency Planning
Receipts:				
Property tax	\$ -	78,252	-	10,034
Tax increment financing collections	-	-	260,710	-
Other City tax:				
Mobile home tax	-	358	-	45
Utility tax replacement excise tax	-	2,551	-	328
Local option sales tax	-	-	-	-
	-	2,909	-	373
Use of money and property:				
Interest on investments	-	2,097	11,518	79
Intergovernmental:				
Community Development Block Grants/State's Program	-	-	-	-
Road use tax allocation	177,176	-	-	-
	177,176	-	-	-
Miscellaneous:				
Loan payment	-	-	-	-
Donations	-	-	-	-
	-	-	-	-
Total receipts	177,176	83,258	272,228	10,486
Disbursements:				
Community Protection Program:				
Personal services	-	40,008	-	-
Commodities	-	-	-	-
Capital outlay	-	-	-	-
	-	40,008	-	-
Human Development Program:				
Personal services	-	12,909	-	-

Economic Development #2	Economic Development Bertch	Local Option Sales Tax	Jesup Fire Department	Jesup Ambulance	Total
-	-	-	-	-	88,286
-	-	-	-	-	260,710
-	-	-	-	-	403
-	-	-	-	-	2,879
-	-	154,832	-	-	154,832
-	-	154,832	-	-	158,114
-	-	3,831	1,947	1,208	20,680
-	1,881	-	-	-	1,881
-	-	-	-	-	177,176
-	1,881	-	-	-	179,057
-	48,516	-	-	-	48,516
-	-	-	35,887	17,114	53,001
-	48,516	-	35,887	17,114	101,517
-	50,397	158,663	37,834	18,322	808,364
-	-	-	-	-	40,008
-	-	-	9,923	4,227	14,150
-	-	-	12,235	-	12,235
-	-	-	22,158	4,227	66,393
-	-	-	-	-	12,909

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

	Road Use Tax	Employees' Benefits	Tax Increment Financing	Emergency Planning
Disbursements (continued):				
Home and Community Environment Program:				
Personal services	-	19,558	-	-
Contractual services	19,148	-	-	-
Commodities	34,048	-	-	-
Capital outlay	83,613	-	40,000	-
	136,809	19,558	40,000	-
Policy and Administration Program:				
Personal services	-	3,932	-	-
Total disbursements	136,809	76,407	40,000	-
Excess (deficiency) of receipts over (under) disbursements	40,367	6,851	232,228	10,486
Other financing uses:				
Operating transfers out:				
General:				
General	-	-	-	(10,823)
Debt Service	-	-	(12,445)	-
Capital Projects:				
Sanitary Sewer	-	-	(60,000)	-
Street Project	-	-	(60,000)	-
Total other financing uses	-	-	(132,445)	(10,823)
Excess (deficiency) of receipts over (under) disbursements and other financing uses	40,367	6,851	99,783	(337)
Balance beginning of year	257,692	79,227	416,065	396
Balance end of year	\$ 298,059	86,078	515,848	59

See accompanying independent auditor's report.

Economic Development #2	Economic Development Bertch	Local Option Sales Tax	Jesup Fire Department	Jesup Ambulance	Total
-	-	-	-	-	19,558
-	53,360	-	-	-	72,508
-	-	-	-	-	34,048
-	-	-	-	-	123,613
-	53,360	-	-	-	249,727
-	-	-	-	-	3,932
-	53,360	-	22,158	4,227	332,961
-	(2,963)	158,663	15,676	14,095	475,403
-	-	-	-	-	(10,823)
-	-	(182,643)	-	-	(195,088)
-	-	-	-	-	(60,000)
-	-	-	-	-	(60,000)
-	-	(182,643)	-	-	(325,911)
-	(2,963)	(23,980)	15,676	14,095	149,492
133	2,163	93,214	41,400	43,357	933,647
133	(800)	69,234	57,076	57,452	1,083,139

City of Jesup

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

Receipts:	
Property tax	\$ 49,024
Other City tax:	
Mobile home tax	226
Utility tax replacement excise tax	1,588
	<u>1,814</u>
Use of money and property:	
Interest on investments	770
Total receipts	<u>51,608</u>
Disbursements:	
Home and Community Environment Program:	
Debt service:	
Principal redemption	230,000
Interest payments	33,060
Registrar fees	600
Total disbursements	<u>263,660</u>
Deficiency of receipts under disbursements	<u>(212,052)</u>
Other financing sources:	
Operating transfers in:	
General:	
General	5,416
Special Revenue:	
Tax Increment Financing	12,445
Local Option Sales Tax	182,643
Enterprise:	
Sewer Utility	2,688
Total other financing sources	<u>203,192</u>
Deficiency of receipts and other financing sources under disbursements	<u>(8,860)</u>
Balance beginning of year	<u>22,348</u>
Balance end of year	<u>\$ 13,488</u>

See accompanying independent auditor's report.

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

	Sanitary Sewer
Receipts:	
Use of money and property:	
Interest on investments	\$ 31
Intergovernmental:	
Rural initiative grant	-
Special assessments	-
Miscellaneous:	
Accrued interest on notes sold	1,016
Refunds and reimbursements	1,438
	2,454
Total receipts	2,485
Disbursements:	
Home and Community Environment Program:	
Contractual services	42,519
Capital outlay	83,610
Total disbursements	126,129
Deficiency of receipts under disbursements	(123,644)
Other financing sources (uses):	
Note proceeds, less discount and management fees	206,984
Operating transfers in (out):	
General:	
General	50,000
Special Revenue:	
Tax Increment Financing	60,000
Total other financing sources (uses)	316,984
Excess of receipts and other financing sources over disbursements and other financing uses	193,340
Balance beginning of year	4,419
Balance end of year	\$ 197,759

See accompanying independent auditor's report.

Water/Sewer Main	Street Project	Total
-	64	95
24,998	-	24,998
-	41,373	41,373
226	-	1,242
-	2,518	3,956
226	2,518	5,198
25,224	43,955	71,664
28,511	1,819	72,849
13,716	63,147	160,473
42,227	64,966	233,322
(17,003)	(21,011)	(161,658)
198,866	-	405,850
-	(36,471)	13,529
-	60,000	120,000
198,866	23,529	539,379
181,863	2,518	377,721
-	-	4,419
181,863	2,518	382,140

City of Jesup
Combining Schedule of Cash Transactions
Enterprise Funds
Year ended June 30, 2002

	Water Utility	Sewer Utility	Water Debt Service
Receipts:			
Use of money and property			
Interest on investments	\$ 706	1,717	876
Charges for service:			
Sale of water	163,149	-	-
Penalties for water	7,753	-	-
Sewer rental fees	-	157,286	-
Surcharge for debt reduction	-	112,663	-
Miscellaneous	9,901	1,835	-
	<u>180,803</u>	<u>271,784</u>	<u>-</u>
Miscellaneous:			
Customer deposits	-	-	-
Sales tax collected	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>181,509</u>	<u>273,501</u>	<u>876</u>
Disbursements:			
Home and Community Environment Program:			
Personal services	58,721	68,985	-
Contractual services	26,252	37,838	-
Commodities	3,936	4,569	-
Capital outlay	18,169	25,275	-
Debt service:			
Principal redemption	-	-	20,000
Interest payments	-	-	16,500
Registrar fees	-	-	-
Total disbursements	<u>107,078</u>	<u>136,667</u>	<u>36,500</u>
Excess (deficiency) of receipts over (under) disbursements	<u>74,431</u>	<u>136,834</u>	<u>(35,624)</u>

Water Reserve	Water Depreciation and Improvement	Sewer Reserve	Sewer Depreciation	Sewer Debt Service	Water Deposits	Sales Tax	Total
1,952	2,283	3,068	3,159	4,055	324	107	18,247
-	-	-	-	-	-	-	163,149
-	-	-	-	-	-	-	7,753
-	-	-	-	-	-	-	157,286
-	-	-	-	-	-	-	112,663
-	-	-	-	-	-	-	11,736
-	-	-	-	-	-	-	452,587
-	-	-	-	-	5,050	-	5,050
-	-	-	-	-	-	10,221	10,221
-	-	-	-	-	5,050	10,221	15,271
1,952	2,283	3,068	3,159	4,055	5,374	10,328	486,105
-	-	-	-	-	-	-	127,706
-	-	-	-	-	2,270	7,094	73,454
-	-	-	-	-	-	-	8,505
-	-	-	-	-	-	-	43,444
-	-	-	-	60,000	-	-	80,000
-	-	-	-	43,448	-	-	59,948
-	-	-	-	300	-	-	300
-	-	-	-	103,748	2,270	7,094	393,357
1,952	2,283	3,068	3,159	(99,693)	3,104	3,234	92,748

City of Jesup
Combining Schedule of Cash Transactions
Enterprise Funds
Year ended June 30, 2002

	Water Utility	Sewer Utility	Water Debt Service
Other financing sources (uses):			
Operating transfers in (out):			
Debt service	-	(2,688)	-
Enterprise:			
Water Utility	-	-	36,000
Sewer Utility	-	-	-
Water Reserve	-	-	-
Water Depreciation and Improvement	(3,000)	-	-
Water Debt Service	(36,000)	-	-
Sewer Depreciation	-	(13,541)	-
Sewer Debt Service	-	(143,622)	-
Total other financing sources (uses)	(39,000)	(159,851)	36,000
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	35,431	(23,017)	376
Balance beginning of year	18,999	73,208	19,545
Balance end of year	\$ 54,430	50,191	19,921

See accompanying independent auditor's report.

Water Reserve	Water Depreciation and Improvement	Sewer Reserve	Sewer Depreciation	Sewer Debt Service	Water Deposits	Sales Tax	Total
-	-	-	-	-	-	-	(2,688)
-	3,000	-	-	143,622	-	-	182,622
-	-	-	13,541	-	-	-	13,541
-	2,572	-	-	-	-	-	2,572
(2,572)	-	-	-	-	-	-	(5,572)
-	-	-	-	-	-	-	(36,000)
-	-	-	-	-	-	-	(13,541)
-	-	-	-	-	-	-	(143,622)
(2,572)	5,572	-	13,541	143,622	-	-	(2,688)
(620)	7,855	3,068	16,700	43,929	3,104	3,234	90,060
37,273	75,626	124,223	122,606	101,446	11,940	6,651	591,517
36,653	83,481	127,291	139,306	145,375	15,044	9,885	681,577

City of Jesup
 Combining Schedule of Cash Transactions
 Trust Funds
 Year ended June 30, 2002

	Library Memorial
Receipts:	
Use of money and property:	
Interest on investments	\$ 98
Miscellaneous:	
Donations	219
Total receipts	317
Disbursements:	
None	-
Excess of receipts over disbursements	317
Other financing sources:	
Operating transfers in:	
General:	
General	-
Excess of receipts and other financing sources over disbursements	317
Balance beginning of year	5,168
Balance end of year	\$ 5,485

See accompanying independent auditor's report.

Expendable Trusts				
Library Community Room Trust	Park Board Trust	Park Equipment Trust	Park Gazebo Trust	Total
27	42	851	39	1,057
55	-	-	100	374
82	42	851	139	1,431
-	-	-	-	-
82	42	851	139	1,431
-	-	5,000	-	5,000
82	42	5,851	139	6,431
319	3,733	31,845	475	41,540
401	3,775	37,696	614	47,971

City of Jesup

City of Jesup
 Bond and Note Maturities
 June 30, 2002

Year Ending June 30,	General Obligation Bonds	
	Street Improvement	
	Issued May 1, 1990	
	Interest Rates	Amount
2003	7.00%	\$ 25,000
2004		-
2005		-
2006		-
2007		-
2008		-
2009		-
2010		-
2011		-
2012		-
2013		-
Total		<u>\$ 25,000</u>

City of Jesup
 Bond and Note Maturities
 June 30, 2002

Year Ending June 30,	General Obligation				
	Street Improvement		Essential		
	Issued Mar 1, 1994		Corporate Purpose		
	Interest Rates	Amount	Issued Jun 1, 1995		
	Interest Rates	Amount	Interest Rates	Amount	
2003	4.75%	\$ 10,000	5.15%	\$ 10,000	
2004	4.85	10,000	5.25	10,000	
2005	5.10	10,000	5.35	10,000	
2006	5.25	10,000	5.45	15,000	
2007		-		-	
2008		-		-	
2009		-		-	
2010		-		-	
2011		-		-	
2012		-		-	
2013		-		-	
Total		<u>\$ 40,000</u>		<u>\$ 45,000</u>	

City of Jesup
Bond and Note Maturities
June 30, 2002

Capital Loan Notes				
Sewer Improvement and Refunding		Street, Sewer, and Water Improvement		
Issued Jan 1, 1999		Issued June 1, 2002		
Interest		Interest		
Rates	Amount	Rates	Amount	Total
4.15%	\$ 160,000	3.50%	\$ -	\$ 180,000
4.20	105,000	3.50	35,000	160,000
4.25	35,000	3.75	35,000	90,000
4.30	35,000	4.00	35,000	95,000
4.35	40,000	4.20	40,000	80,000
	-	4.40	40,000	40,000
	-	4.60	40,000	40,000
	-	4.80	45,000	45,000
	-	4.90	45,000	45,000
	-	5.00	50,000	50,000
	-	5.10	50,000	50,000
	<u>\$ 375,000</u>		<u>\$ 415,000</u>	<u>\$ 875,000</u>

Schedule 7

City of Jesup
Bond and Note Maturities
June 30, 2002

Year Ending June 30,	Revenue Bonds		Revenue Notes	
	Water		Sewer	
	Issued Nov 25, 1975		Issued Dec 1, 1998	
	Interest Rates	Amount	Interest Rates	Amount
2003	5.00%	\$ 20,000	4.30%	\$ 60,000
2004	5.00	20,000	4.40	65,000
2005	5.00	20,000	4.45	70,000
2006	5.00	20,000	4.50	70,000
2007	5.00	25,000	4.55	75,000
2008	5.00	25,000	4.60	80,000
2009	5.00	25,000	4.70	80,000
2010	5.00	25,000	4.80	85,000
2011	5.00	30,000	4.90	90,000
2012	5.00	30,000	5.00	95,000
2013	5.00	30,000	5.10	100,000
2014	5.00	30,000		-
2015	5.00	10,000		-
Totals		<u>\$ 310,000</u>		<u>\$ 870,000</u>

City of Jesup

Comparison of Taxes and Intergovernmental Receipts

	Years ended June 30,			
	2002	2001	2000	1999
Property tax	\$ 470,127	513,704	520,316	487,243
Tax increment financing collections	260,710	194,240	159,155	130,219
Other City tax:				
Local option sales tax	154,832	199,931	130,441	83,614
Utility tax replacement tax	15,278	6,618	-	-
Mobile home tax	2,147	2,227	1,553	1,537
	172,257	208,776	131,994	85,151
Intergovernmental:				
Road use tax allocation	177,176	171,919	172,045	162,688
State allocation	27,952	29,220	29,306	29,285
Grants and loans	1,272	25,137	272,796	24,968
Bank franchise tax	5,942	6,576	6,824	8,843
Black Hawk County Solid Waste				
Commission recycling programs	6,890	-	-	-
Rural initiative grant	24,998	-	-	-
Miscellaneous	35,787	32,823	27,327	14,619
	280,017	265,675	508,298	240,403
Total	\$ 1,183,111	1,182,395	1,319,763	943,016

See accompanying independent auditor's report.

City of Jesup



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

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Auditor of State

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Warren G. Jenkins, CPA
Chief Deputy 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 Jesup, Iowa as of and for the year ended June 30, 2002, and have issued our report thereon dated August 27, 2002. Our report expressed an unqualified opinion 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, 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 Jesup'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 an immaterial instance of non-compliance that is described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City'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 year statutory comments have been resolved, except for items 5-02 and 10-02.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Jesup'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses.

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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weakness.

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

RICHARD D. JOHNSON, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

August 27, 2002

City of Jesup
 Schedule of Findings
 June 30, 2002

Findings Related to the Financial Statements:

INSTANCE OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

No material weaknesses in internal control over financial reporting were identified.

Other Findings Related to Required Statutory Reporting:

- 1-02 Official Depositories - A resolution naming official depositories has been approved by the City. The maximum deposit amount stated in the resolution was not exceeded during the year ended June 30, 2002.
- 2-02 Certified Budget - Disbursements during the year ended June 30, 2002 did not exceed the amounts budgeted.
- 3-02 Questionable Disbursements - No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- 4-02 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- 5-02 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Roger J. Williams, Council Member, owner of Williams Electrical Service	Electrical service and parts	\$ 1,269
Margaret Shaffer, Deputy Clerk, husband owns Primrose Heating	A/C and furnace repair	257
Shane Clark, Volunteer Fireman, owner of Ward Service Center, Inc.	Parts and repair	7,296

In accordance with Chapter 362.5(11) of the Code of Iowa, the above transactions with Council Member Williams and Deputy Clerk Shaffer do not appear to represent conflicts of interest since the cumulative totals for each official or employee were less than \$2,500 during the fiscal year. The transactions with Ward Service Center, Inc. for parts and repair may represent a conflict of interest since the total cumulative transactions were greater than \$2,500 during the fiscal year.

City of Jesup
Schedule of Findings
June 30, 2002

Recommendation – The City should consult legal counsel to determine the disposition of this matter.

Response – The City will consult the City Attorney to resolve this situation. Margaret Shaffer is not with the City anymore. She has resigned.

Conclusion – Response accepted.

- 6-02 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.
- 7-02 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- 8-02 Revenue Bonds/Notes – No instances of non-compliance with the provisions of the revenue bonds/notes indentures were noted.
- 9-02 Deposits and Investments – 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.
- 10-02 Notice of Public Hearing for Public Improvement – The City did not hold a public hearing and did not advertise for bids on the curb and gutter projects as required by Chapters 384.96 and 384.102 of the Code of Iowa.

Recommendation – Before entering into any contract for public improvements when the total cost is \$25,000 or more, the City Council should hold a public hearing and advertise for bids as required by Chapter 384.96 and 384.102 of the Code of Iowa.

Response – It is the City's policy to follow Chapter 384.96 and 384.102 of the Code of Iowa, and will do so in the future.

Conclusion – Response accepted.

- 11-02 General Obligation Capital Loan Notes – Accrued interest on the general obligation capital loan notes sold was not placed in the Debt Service Fund as required by the note resolution but rather was recorded in the Capital Projects Funds, Sanitary Sewer account and Water/Sewer Main account.

Recommendation – A corrective transfer of \$1,017 and \$226, respectively, should be made.

Response – The corrections will be made. Thank you for bringing this to our attention.

Conclusion – Response accepted.

12-02 Employee Benefits - The City paid \$143 from the Special Revenue Fund, Employee Benefits Account property tax levy for the Enterprise Fund, Water Utility Account and Sewer Utility Account, which is contrary to rules adopted by the City Council in accordance with Chapter 384.15 of the Code of Iowa.

Recommendation - The City should review this matter and take appropriate corrective action. Also, the City should insure that property tax is levied and expended for employee benefits only for employees paid from the General Fund and the Special Revenue Fund, Road Use Tax Account.

Response - The City will review this matter. I have already talked with the new Deputy Clerk and the new Clerk that is replacing me as to the reasoning why this should be checked very carefully to be in accordance with rules adopted by the City Council in accordance with Chapter 384.15 of the Code of Iowa.

Conclusion - Response accepted.

City of Jesup

Staff

This audit was performed by:

Kay F. Dunn, CPA, Manager
John G. Vanis, CGFM, Senior Auditor
Shawn P. Limback, CPA, Staff Auditor
Jedd D. Moore, Assistant Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State