



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

Richard D. Johnson, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Warren G. Jenkins, CPA  
Chief Deputy Auditor of State

**NEWS RELEASE**

**Contact: Warren Jenkins**  
**(515/281-4889)**  
**or Andy Nielsen**  
**(515/281-5515)**

**FOR RELEASE** July 29, 2002 1:00 p.m.

Auditor of State Richard Johnson today released an audit report on the City of Granger, Iowa. The audit was performed as a result of a petition filed with the Auditor of State by a group of citizens of the City of Granger.

Johnson reported that the City did not maintain an accurate and complete account of its financial transactions and the City's records did not support the amounts included in the Annual Financial Report filed by the City. For example, the actual cash balance and investment balance at June 30, 2001 was \$42,375 more than the reported balance. As a result, Johnson issued an adverse opinion on the City's financial statements.

Johnson also reported certain unauthorized payroll and other unsupported payments to the City Clerk and former Mayor during the period July 1, 1999 through January 31, 2002. The unauthorized and unsupported payments totaled \$24,043.46, including \$22,070.37 for the City Clerk and \$1,973.09 for the former Mayor.

This report also contains recommendations to the City Council and other City officials to review accounting and operating procedures to obtain the maximum internal control possible under the circumstances and to maintain proper financial accounting records. The report also includes findings pertaining to noncompliance with several statutory provisions and recommendations to comply with these provisions in the future. The City has responded that procedures will be established to accomplish the recommendations.

A copy of the report has been filed with the Dallas County Attorney's Office. A copy of the audit report is available for review in the office of the Auditor of State and the City Clerk's office. A copy of the report is also available on the Auditor of State's web site at [www.state.ia.us/government/auditor/reports](http://www.state.ia.us/government/auditor/reports).

# # #



**CITY OF GRANGER**  
**INDEPENDENT AUDITOR'S REPORTS**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2001**

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## City of Granger

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(At June 30, 2001)</b>		
Shelley Blair	Mayor	Jan 2002
Tom Schenk	Mayor Pro tem	Jan 2002
Dan Minor	Council Member	Jan 2004
Gerald Moorehead	Council Member	Jan 2002
Kevin Wilson	Council Member	Nov 2001
Bettie Nixon	Council Member	Jan 2004
Josephine Geneser	Clerk/Treasurer	Indefinite
Ralph R. Brown	Attorney	Indefinite
<b>(Current)</b>		
Dan Minor	Mayor	Jan 2004
Tom Schenk	Mayor Pro tem	Jan 2006
Bob Herrold	Council Member	Jan 2004
Kevin Wilson	Council Member	Jan 2004
Bettie Nixon	Council Member	Jan 2004
Gerald Moorehead	Council Member	Jan 2006
Josephine Geneser	Clerk/Treasurer	Indefinite
Ralph R. Brown	Attorney	Indefinite

**City of Granger**



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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 Granger, Iowa, as of and for the year ended June 30, 2001. These financial statements are the responsibility of the City of Granger'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, 2000.

As discussed in Note (7), the City did not maintain an accurate and complete account of its receipts, disbursements and balances and the City's financial records do not support the financial statement amounts. Also, the City's actual cash and investment balance at June 30, 2001 is \$42,375 more than the reported balance at that date.

Also, as discussed in Note (8), during the period July 1, 1999 through January 31, 2002, the City Clerk issued herself unauthorized and unsupported payroll, insurance reimbursement and other checks totaling \$22,070.37. Also, during this period, the former Mayor was issued checks totaling \$1,973.09 in excess of authorized amounts.

In our opinion, because of the effects of the matters discussed in the preceding paragraphs, the financial statements referred to above do not present fairly the results of the cash transactions of the funds of the City of Granger as of and for the year ended June 30, 2001, and its indebtedness at June 30, 2001, on the basis of accounting described in note 1.

In accordance with Government Auditing Standards, we have also issued our report dated April 26, 2002 on our consideration of the City of Granger'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. 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 not been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, accordingly, we express no opinion on it.

RICHARD D. JOHNSON, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

April 26, 2002



## **Financial Statements**

City of Granger  
Combined Statement of Cash Transactions

All Funds

Year ended June 30, 2001

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Receipts:			
Property tax	\$ 147,798	2,000	33,611
Tax increment financing collections	-	1,019	-
Other city tax	340	-	-
Licenses and permits	3,937	-	-
Use of money and property	1,625	-	-
Intergovernmental	24,439	45,148	-
Charges for service	601	-	-
Miscellaneous	9,622	-	-
Total receipts	188,362	48,167	33,611
Disbursements:			
Community Protection Program	69,767	-	-
Human Development Program	36,399	-	-
Home and Community Environment Program	14,193	35,291	92,912
Policy and Administration Program	83,049	-	-
Total disbursements	203,408	35,291	92,912
Excess (deficiency) of receipts over (under) disbursements	(15,046)	12,876	(59,301)
Other financing sources (uses):			
Operating transfers in	-	-	12,500
Operating transfers out	-	(12,500)	-
Total other financing sources (uses)	-	(12,500)	12,500
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(15,046)	376	(46,801)
Balance beginning of year	65,895	(376)	46,801
Balance end of year	\$ 50,849	-	-

See notes to financial statements.

Capital Projects	Proprietary Fund Type Enterprise	Total (Memorandum Only)
-	-	183,409
-	-	1,019
-	-	340
-	-	3,937
-	-	1,625
440,841	-	510,428
-	172,109	172,710
-	-	9,622
440,841	172,109	883,090
-	-	69,767
-	-	36,399
523,026	155,352	820,774
-	-	83,049
523,026	155,352	1,009,989
(82,185)	16,757	(126,899)
-	-	12,500
-	-	(12,500)
-	-	-
(82,185)	16,757	(126,899)
83,747	98,739	294,806
1,562	115,496	167,907

**City of Granger**

## City of Granger

## Comparison of Receipts, Disbursements and Changes in Balances -

## Actual to Budget

Year ended June 30, 2001

	Actual	Budget	Variance Favorable (Unfavorable)	Actual as % of Budget
<b>Receipts:</b>				
Property tax	\$ 183,409	176,445	6,964	104%
Tax increment financing collections	1,019	-	1,019	
Other city tax	340	6,350	(6,010)	5%
Licenses and permits	3,937	6,548	(2,611)	60%
Use of money and property	1,625	7,816	(6,191)	21%
Intergovernmental	510,428	77,256	433,172	661%
Charges for service	172,710	122,808	49,902	141%
Miscellaneous	9,622	3,407	6,215	282%
Total receipts	883,090	400,630	482,460	220%
<b>Disbursements:</b>				
Community Protection Program	69,767	75,700	5,933	92%
Human Development Program	36,399	23,700	(12,699)	154%
Home and Community Environment Program	820,774	191,313	(629,461)	429%
Policy and Administration Program	83,049	63,700	(19,349)	130%
Total disbursements	1,009,989	354,413	(655,576)	285%
Excess (deficiency) of receipts over (under) disbursements	(126,899)	46,217		
Balance beginning of year	294,806	332,445		
Balance end of year	\$ 167,907	378,662		

See notes to financial statements.

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City of Granger  
Statement of Indebtedness  
Year ended June 30, 2001

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Street improvement	Jul 1, 1993	3.25-5.75%	\$ 365,000
General obligation notes:			
Street improvement	Jan 1, 1995	5.65-7.00%	\$ 120,000
Utility improvement	Nov 1, 1998	3.90-4.80	150,000
Street improvement	Sep 1, 2000	6.25	75,000
Total			
Revenue notes:			
Sewer	Sep 30, 1999	3.92%	\$ 655,000
Loan:			
Truck	Dec 27, 1999	7.64%	\$ 15,208

See notes to financial statements.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due but Unpaid
270,000	-	20,000	250,000	14,212	-
100,000	-	5,000	95,000	3,299	3,299
150,000	-	-	150,000	6,587	-
-	75,000	-	75,000	3,658	-
\$ 250,000	75,000	5,000	320,000	13,544	3,299
599,156	30,844	23,000	607,000	24,345	-
12,266	-	7,574	4,692	675	-

City of Granger  
Notes to Financial Statements  
June 30, 2001

**(1) Summary of Significant Accounting Policies**

The City of Granger is a political subdivision of the State of Iowa located in Dallas County. It was first incorporated in 1885 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 Granger 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. The City of Granger has no component units which meet the Governmental Accounting Standards Board criteria.

**Jointly Governed Organizations**

The City participates in one jointly governed organization for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the Dallas County Assessor's Conference Board.

**B. Fund Accounting**

The accounts of the City are not organized on the basis of funds, as required by governmental accounting standards and the Code of Iowa. However, the City has classified transactions by fund types for reporting purposes. The various fund types and their ordinary 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 Fund - The Special Revenue Fund is 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 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 enterprise funds.

## Proprietary Fund

Enterprise Fund - The Enterprise Fund is 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 Granger 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 Column

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 at June 30, 2001 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

**(3) Long Term Debt**

General Obligation Bonds and Notes

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

Year Ending June 30,	General Obligation Bonds/Notes	
	Principal	Interest
2002	\$ 60,000	30,904
2003	65,000	27,727
2004	70,000	24,180
2005	45,000	20,254
2006	45,000	17,903
2007	45,000	15,498
2008	45,000	13,047
2009	50,000	10,557
2010	55,000	7,743
2011	45,000	4,538
2012	15,000	2,130
2013	15,000	1,432
2014	15,000	720
Total	\$ 570,000	176,633

During the year ended June 30, 2001, general obligation bonds/notes of \$25,000 were retired by the City.

Sewer Revenue Capital Loan Notes

On September 30, 1999, the City entered into an agreement which, under the provisions of the State Revolving Fund, resulted in the issuance of \$665,000 of Sewer Revenue Capital Loan Notes that were held by Wells Fargo Bank Iowa, N.A. as Trustee. The notes were issued pursuant to the provisions of Sections 384.24A and 384.83 of the Code of Iowa for the purpose of paying the costs of constructing a wastewater treatment facility. The City received disbursements from the Trustee upon request to reimburse the City for costs as they were incurred. The project cost less than the original note amount and the note and repayment schedule were amended to the principal amount borrowed of \$655,000. The interest rate on the notes is 3.92%.

At June 30, 2001, the City had drawn down \$653,000 of the \$655,000 authorized. A formal repayment schedule has not been adopted for the debt. The City has repaid \$46,000 leaving a balance of \$607,000 at June 30, 2001.

The resolution providing for the issuance of the sewer revenue capital loan notes includes the following provisions:

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to a separate sewer revenue note sinking account for the purpose of making the note principal and interest payments when due.
- (c) Additional monthly transfers to the sewer revenue reserve account shall be made until a specific minimum balance has been accumulated. This account is restricted for the purpose of paying for any additional improvements, extensions or repairs to the system.

The City has not established the sinking and reserve accounts required by the sewer revenue capital loan note resolution.

The City has not maintained sufficient revenues to redeem the notes only from earnings of the enterprise activity.

#### Truck Loan

On December 27, 1999, the City entered into a loan agreement for \$15,208 to purchase a truck. The loan is due in monthly installments of \$687, including interest at 7.64% per annum. The unpaid principal balance at June 30, 2001 totaled \$4,692.

#### **(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 payroll except for police employees, in which case the percentages are 5.90% and 8.86%, respectively. Contribution requirements are established by State statute. The City's required contribution to IPERS for the year ended June 30, 2001 was \$7,633.

#### **(5) Risk Management**

The City of Granger 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.

**(6) Budget Overexpenditure**

Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the program level. During the year ended June 30, 2001, disbursements in the Human Development, Home and Community Environment and Policy and Administration Programs exceeded the amounts budgeted.

**(7) Financial Accounting Records and Reporting**

The City's records were not maintained on a fund accounting basis as required by governmental accounting standards and the Code of Iowa. Receipt and disbursement activity is not accumulated in a manner to facilitate calculating and accounting for individual fund balances as required by Chapter 384.20 of the Code of Iowa. Receipt and disbursement records were not always accurate or complete and did not support the amounts reported in the City's annual financial report. The June 30, 2001 total ending balance reported in the annual financial report was \$42,375 less than the actual bank and investment balances at that date.

**(8) Unauthorized and Other Unsupported Payments**

In addition to the audit of the fiscal year ended June 30, 2001, certain tests and procedures were applied to selected accounting records and related information of the City of Granger for the periods July 1, 1999 through June 30, 2000 and July 1, 2001 through January 31, 2002. Based on that audit and the procedures performed pertaining to the additional periods reviewed, the following was noted:

During the period July 1, 1999 through January 31, 2002, the City Clerk issued herself unauthorized and unsupported payroll, insurance reimbursement and other checks totaling \$22,070.37. Also during that period, the former Mayor was issued checks totaling \$1,973.09 in excess of authorized amounts. Checks issued to the City Clerk or former Mayor prior to July 1, 1999 were not reviewed. Had checks prior to July 1, 1999 been reviewed, additional unauthorized and unsupported payments may have been noted.

The unauthorized and unsupported payments to the City Clerk and former Mayor for the period July 1, 1999 through January 31, 2002 are summarized in the following table. These payments are detailed in the Schedule of Findings and Appendices A to D.

	Josephine Geneser, City Clerk	Shelley Blair, Former Mayor	Total
Unauthorized payroll	\$ 15,259.48	1,973.09	17,232.57
Unauthorized insurance reimbursements	2,877.78	-	2,877.78
Other unsupported payments	3,933.11	-	3,933.11
Total	\$ 22,070.37	1,973.09	24,043.46

### **Supplemental Information**

**City of Granger**

City of Granger  
Schedule of Cash Transactions  
General Fund  
Year ended June 30, 2001

## Receipts:

Property tax	\$ 147,798
Other city tax:	
Utility franchise tax	340
Licenses and permits	3,937
Use of money and property:	
Interest on investments	1,625
Intergovernmental:	
State allocation	7,550
Bank franchise tax	1,160
Open access	523
Enrichment library	715
County payments for library	3,491
Fire contracts	11,000
	24,439
Charges for service:	
Library charges	340
Park, recreation, and cultural charges	70
Animal control charges	191
	601
Miscellaneous:	
Donations from private sources	1,046
Refunds	8,576
	9,622
Total receipts	188,362

**Schedule 1**

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City of Granger  
Schedule of Cash Transactions  
General Fund  
Year ended June 30, 2001

## Disbursements:

## Community Protection Program:

Police	34,809
Fire	16,916
Street lighting	7,586
Ambulance	10,156
Traffic control and safety	300
	<u>69,767</u>

## Human Development Program:

Animal control	154
Water, air and mosquito control	1,000
Library	20,562
Park and recreation activities	14,683
	<u>36,399</u>

## Home and Community Environment Program:

Roads, bridges and sidewalks	13,413
Economic development	780
Contractual services	<u>14,193</u>

## Policy and Administration Program:

Mayor and Council Members	7,107
Clerk/Treasurer	22,857
Planning and zoning	2,570
City hall and general buildings	8,386
Legal services	6,324
Other administrative expenses	5,183
Tort liability	30,622
	<u>83,049</u>
Total disbursements	<u>203,408</u>

Deficiency of receipts under disbursements (15,046)

Balance beginning of year 65,895

Balance end of year \$ 50,849

See accompanying independent auditor's report.



City of Granger  
Schedule of Cash Transactions  
Special Revenue Fund  
Year ended June 30, 2001

Receipts:	
Property tax	\$ 2,000
Tax increment financing collections	1,019
Intergovernmental:	
Road use tax allocation	45,148
Total receipts	<u>48,167</u>
Disbursements:	
Home and Community Environment Program:	
Roads, bridges and sidewalks	29,745
Snow removal	5,546
Total disbursements	<u>35,291</u>
Excess of receipts over disbursements	12,876
Other financing uses:	
Operating transfers out:	
Debt Service	<u>(12,500)</u>
Excess of receipts over disbursements and other financing uses	376
Balance beginning of year	<u>(376)</u>
Balance end of year	<u><u>\$ -</u></u>

See accompanying independent auditor's report.

**Schedule 3**

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City of Granger  
Schedule of Cash Transactions  
Debt Service Fund  
Year ended June 30, 2001

Receipts:	
Property tax	\$ 33,611
Disbursements:	
Home and Community Environment Program:	
Debt service	<u>92,912</u>
Deficiency of receipts under disbursements	(59,301)
Other financing sources:	
Operating transfers in:	
Special Revenue	<u>12,500</u>
Deficiency of receipts and other financing sources under disbursements	(46,801)
Balance beginning of year	<u>46,801</u>
Balance end of year	<u><u>\$ -</u></u>

See accompanying independent auditor's report.

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City of Granger  
Schedule of Cash Transactions  
Capital Projects Fund  
Year ended June 30, 2001

Receipts:

Intergovernmental:

Revitalize Iowa's Sound Economy  
(RISE grant)

\$ 440,841

Disbursements:

Home and Community Environment Program:  
Roads, bridges and sidewalks

523,026

Deficiency of receipts under disbursements

(82,185)

Balance beginning of year

83,747

Balance end of year

\$ 1,562

See accompanying independent auditor's report.

**Schedule 5**

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City of Granger  
Schedule of Cash Transactions  
Enterprise Fund  
Year ended June 30, 2001

**Receipts:****Charges for service:**

Sale of water	\$ 92,745
Sewer rental fees	79,364
Total receipts	<u>172,109</u>

**Disbursements:****Home and Community Environment  
Program:****Sewer and sewage disposal:**

Current operations	46,597
Construction	38,973
	<u>85,570</u>

Water utility	69,782
Total disbursements	<u>155,352</u>

Excess of receipts over disbursements 16,757

Balance beginning of year 98,739

Balance end of year \$ 115,496

See accompanying independent auditor's report.

City of Granger  
Bond and Note Maturities  
June 30, 2001

General Obligation				
Year Ending June 30,	Street Improvement Bonds		Street Improvement Notes	
	Issued July 1, 1993		Issued Jan 1, 1995	
	Interest Rates	Amount	Interest Rates	Amount
2002	4.60%	\$ 20,000	6.15%	\$ 10,000
2003	4.80	20,000	6.25	10,000
2004	5.00	20,000	6.40	10,000
2005	5.15	25,000	6.50	10,000
2006	5.30	25,000	6.60	10,000
2007	5.40	25,000	6.75	10,000
2008	5.50	25,000	6.85	10,000
2009	5.60	30,000	6.95	10,000
2010	5.70	30,000	7.00	15,000
2011	5.75	30,000		-
2012		-		-
2013		-		-
2014		-		-
Total		<u>\$ 250,000</u>		<u>\$ 95,000</u>

General Obligation						
Year Ending June 30,	Utility Improvement Notes		Street Improvement Notes		Total	
	Issued Nov 1, 1998		Issued Sept 1, 2000			
	Interest Rate	Amount	Interest Rate	Amount		
2002	3.90%	\$ 10,000	5.20%	\$ 20,000	\$ 60,000	
2003	4.00	10,000	6.25	25,000	65,000	
2004	4.10	10,000	6.25	30,000	70,000	
2005	4.15	10,000		-	45,000	
2006	4.20	10,000		-	45,000	
2007	4.25	10,000		-	45,000	
2008	4.30	10,000		-	45,000	
2009	4.40	10,000		-	50,000	
2010	4.45	10,000		-	55,000	
2011	4.55	15,000		-	45,000	
2012	4.65	15,000		-	15,000	
2013	4.75	15,000		-	15,000	
2014	4.80	15,000		-	15,000	
Total		\$ 150,000		\$ 75,000	\$ 570,000	

See accompanying independent auditor's report.

**City of Granger**



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

Richard D. Johnson, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

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 Granger, Iowa, as of and for the year ended June 30, 2001, and have issued our report thereon dated April 26, 2002. We expressed an adverse opinion on the financial statements, which were prepared in conformity with an other comprehensive basis of accounting, since the underlying accounting records were inaccurate, incomplete and did not support the financial statements.

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 Granger's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance 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 an instance of noncompliance that is required to be reported under Government Auditing Standards. We also noted certain immaterial instances of noncompliance that are 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, 2001, 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Granger'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 Granger's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in 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, of the reportable conditions described in the accompanying Schedule of Findings, we believe items (A), (B), (C), (D), (E), (F), (G), (H) and (I) are material weaknesses.

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 Granger and other parties to whom the City of Granger 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 Granger 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

April 26, 2002



City of Granger

Schedule of Findings

For the Year ended June 30, 2001 and the periods July 1, 1999  
through June 30, 2000 and July 1, 2001 through January 31, 2002

**Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

**Unauthorized and Other Unsupported Payments**

During the period July 1, 1999 through January 31, 2002, the City Clerk issued herself unauthorized and unsupported payroll, insurance reimbursement and other checks totaling \$22,070.37. Also during that period, the former Mayor was issued checks totaling \$1,973.09 in excess of authorized amounts. Checks issued to the City Clerk or former Mayor prior to July 1, 1999 were not reviewed. Had checks prior to July 1, 1999 been reviewed, additional unauthorized and unsupported payments may have been noted. Each of the unauthorized expenditures are explained in greater detail in parts (1) through (4) of this finding.

The City Attorney performed a review of checks issued to the City Clerk from June 2001 through August 2001 and issued a letter dated November 5, 2001 documenting the findings from his review. The letter included a listing of all checks issued to the City Clerk during that period and an explanation for each check. According to the City Attorney, the explanations for the checks were obtained through inquiry of the City Clerk and no supporting documentation was requested or provided.

The following table summarizes the identified unauthorized and other unsupported payments from July 1, 1999 through January 31, 2002:

	Josephine Geneser, City Clerk	Shelley Blair, Former Mayor	Total
(1), (4) Unauthorized payroll checks	\$ 15,259.48	1,973.09	17,232.57
(2) Unauthorized insurance reimbursements	2,877.78	-	2,877.78
(3) Other unsupported payments	3,933.11	-	3,933.11
Total	\$ 22,070.37	1,973.09	24,043.46

(1) **Unauthorized Payroll Checks Issued to the City Clerk:**

In accordance with Council Resolution 239, "All officials and full-time employees shall be paid on the 15<sup>th</sup> and the last day of each month". The City Council is to approve an annual salary for the City Clerk, but approval of the fiscal 2000 salary for the City Clerk could not be located in the Council minutes. Based on the gross amount of semi-monthly payments for that year, the City Clerk's fiscal 2000 salary was \$19,153.20. For the year ended June 30, 2001, the City Clerk's salary was approved at \$24,000.00 and a 3.5 percent increase was approved for fiscal 2002, raising the Clerk's annual salary to \$24,840.00.

## City of Granger

### Schedule of Findings

For the Year ended June 30, 2001 and the periods July 1, 1999 through June 30, 2000 and July 1, 2001 through January 31, 2002

Also, in accordance with Council Resolution 239, the City Clerk receives three weeks of vacation at the end of each year worked. This resolution states "Vacation leave shall be taken in the year following its being earned....No employee shall work for pay in lieu of taking vacation leave unless approved by the Mayor....No 'leave bank' exists to carryover unused vacation leave".

Council Resolution 239 also states, "Overtime, in emergencies or as required to complete work under special or ordinary circumstances, shall be compensated for by time off for the time worked....Compensatory time earned...must be used within one year of its being earned. Compensatory time shall not be allowed to accumulate over a maximum of 40 hours. All time accumulated over that shall be lost at the end of the year."

As detailed in **Appendix A**, during the period July 1, 1999 through January 31, 2002, the City Clerk issued herself payroll checks totaling \$57,913.48. Based on a calculation of authorized net pay, the City Clerk received \$15,259.48 of unauthorized pay, as illustrated in the following table:

	July 1, 1999 through June 30, 2000	July 1, 2000 through June 30, 2001	July 1, 2001 through January 31, 2002	Total
City Clerk's authorized gross pay	\$ 19,153.20	24,000.00	14,490.00	57,643.20
Less: Withholdings on authorized pay	4,645.68	6,430.96	3,912.56	14,989.20
City Clerk's authorized net pay	14,507.52	17,569.04	10,577.44	42,654.00
Pay issued to City Clerk	18,134.22	26,962.80	12,816.46	57,913.48
Unauthorized payroll	\$ 3,626.70	9,393.76	2,239.02	15,259.48

For the year July 1, 2000 through June 30, 2001, we reviewed payroll checks issued to the three other full-time City employees and determined that each of these employees received their approved salary for that period. Each of the three full time employees received 24 regular payroll checks for the year that were issued on the authorized payroll dates. The two street employees each received one additional payroll check in March, 2001 for an approved overtime payout. The City Clerk was issued 30 payroll related checks during fiscal 2000, 37 payroll related checks in fiscal 2001 and 17 payroll related checks during the seven month period beginning July 1, 2001 and ended January 31, 2002.

The City Clerk's unauthorized pay of \$15,259.48 was not reported as compensation based on the City Clerk's IRS Form W-2 for calendar year 2000 because the W-2 agrees with the Clerk's authorized calendar year salary of \$21,576.60. As noted in finding (13) below, the City has not yet issued an IRS Form W-2 for the Clerk for calendar 2001. However, the City Clerk's annual authorized salary for calendar 2001 of \$24,420 plus overtime checks totaling \$539.50 agree to the 2001 W-2 worksheet prepared by the City Clerk within a variance of \$270.50.

## City of Granger

### Schedule of Findings

For the Year ended June 30, 2001 and the periods July 1, 1999 through June 30, 2000 and July 1, 2001 through January 31, 2002

The City Clerk has stated that many of the additional payroll related checks were for pay advances, unused vacation payouts and/or overtime approved by the former Mayor. The Clerk was unable to provide documentation of approval by the former Mayor or City Council for these payments and several of the checks in question were signed only by the City Clerk. The following should also be noted:

- With regard to pay advances, the information provided indicates the Clerk's payroll checks were not reduced to pay back any advances and a review of City records did not indicate the City was ever repaid in any other manner.
- With regard to unused vacation payouts, all of the payroll related checks are in amounts equaling a net semimonthly payroll amount, and none of these checks calculate to a one, two or three week vacation payout. We found no documentation to support the representation that any of the payments are for unused vacation payouts.
- In regard to overtime, except as noted below, we found no documentation to support the representation that some of the payments in **Appendix A** are for overtime payouts. As noted in finding (K) below, the Clerk did not retain timesheets for the period September 1999 through June 2000 and part of August 2001 and, beginning in December 2000, the City Clerk no longer accounts for overtime hours worked on her timesheet. Per inquiry of the City Clerk, any overtime worked after December 2000 should be noted on a slip of paper and filed with the regular bills each month. We reviewed the available timesheets for the period July 1999 through December 2000 and noted a total of 30.25 hours of overtime hours earned and 22 hours used, leaving a net of 8.25 unused hours (not converted to time and a half). We also reviewed the paid bill files for the period July 1, 1999 through January 31, 2002 and found no documentation of overtime worked.

In addition, as noted above, in accordance with Council Resolution 239, compensatory time (overtime) is required to be used as time off for the time worked. Payouts for unused overtime are not allowable per City policy.

In addition, as noted in **Appendix A**, certain checks issued to the City Clerk were redeemed prior to the date recorded as issued.

Certain payroll checks issued to the City Clerk during the period were not properly recorded in the disbursement journal or check stubs, as follows:

- Five checks were listed as "void" in the disbursement journal. For three of these checks, the check stubs also indicated "void". For one check, the check stub indicated it was a re-issue for another check that was also issued to the City Clerk and redeemed. The check stub for the remaining check did not indicate a payee or amount.
- Seven checks were not listed in the disbursement journal. The check stubs for two of these checks indicated void, one check stub was left blank, two check stubs were missing and one check stub indicated no payee or amount. The check stub for the remaining check included all pertinent information.

# City of Granger

## Schedule of Findings

For the Year ended June 30, 2001 and the periods July 1, 1999 through June 30, 2000 and July 1, 2001 through January 31, 2002

- Two checks were listed in the disbursement journal as issued to a different payee. For one of these checks, the check stub also indicated a different payee.
- Three checks were listed in the disbursement journal with no payee or amount identified.
- One check was listed in the disbursement journal, but the payee and amount were whited out.
- One check was listed in the disbursement journal, and on the check stub with an amount different than the actual check amount.

### (2) Unauthorized Insurance Reimbursements to the City Clerk:

As discussed in finding (14) below, the City Clerk received reimbursement for premiums paid by her for individual insurance coverage obtained outside the City. The premium for the City Clerk's insurance is automatically deducted from the City Clerk's personal bank account monthly. The City Clerk provided copies of her personal bank statements for several months within the period under review as support for the amounts reimbursed to her.

As detailed in **Appendix B**, during the period July 1, 1999 through January 31, 2002, the City Clerk issued herself insurance reimbursement checks totaling \$9,562.60. This amount exceeds the premiums paid by the City Clerk by \$2,877.78 as illustrated in the following table:

	July 1, 1999 through June 30, 2000	July 1, 2000 through June 30, 2001	July 1, 2001 through January 31, 2002	Total
Actual insurance premiums paid by Clerk:				
July 1999 through				
December 1999 @ \$154.24	\$ 925.44	-	-	925.44
January 2000 through				
December 2000 @ \$229.62	1,377.72	1,377.72	-	2,755.44
January 2001 through				
December 2001 @ \$228.92	-	1,373.52	1,373.52	2,747.04
January 2002 @ \$256.39	-	-	256.39	256.39
	<u>2,303.16</u>	<u>2,751.24</u>	<u>1,629.91</u>	<u>6,684.31</u>
Insurance reimbursement checks issued to City Clerk (1)	<u>3,363.25</u>	<u>4,593.04</u>	<u>1,605.80</u>	<u>9,562.09</u>
Unauthorized payments	<u>\$ 1,060.09</u>	<u>1,841.80</u>	<u>(24.11)</u>	<u>2,877.78</u>
(1) Beginning in November 2001, the City Clerk stopped receiving reimbursement for insurance due to overpayments reported by the City Attorney in his letter dated November 5, 2001.				

## City of Granger

### Schedule of Findings

For the Year ended June 30, 2001 and the periods July 1, 1999 through June 30, 2000 and July 1, 2001 through January 31, 2002

Certain insurance reimbursements paid to the Clerk during the period were not properly recorded in the disbursement journal or check stubs, as follows:

- Three checks were listed as “void” in the disbursement journal as well as on the check stub.
- One check was not listed in the disbursement journal and the check stub was missing.
- One check was listed in the disbursement journal and on the check stub as issued to a different payee.
- One check was listed in the disbursement journal, but no payee or amount was identified.

#### (3) Other Unsupported Payments to the City Clerk

We reviewed all other payments made to the City Clerk during the period July 1, 1999 through January 31, 2002. **Appendix C** details those payments, totaling \$3,933.11, for which we were unable to locate supporting documentation for the disbursement and for which Council approval was not evident.

The following should also be noted:

- Check number 14088, dated June 22, 2001, indicates a \$749.00 reimbursement to the City Clerk for C.O.D. payment for supplies. The payment is not supported by an invoice or other documentation. Per inquiry of the City Clerk, she stated that she personally paid \$749.00 cash for the supplies to vendors located in Newton and Waterloo, Iowa and wrote a City check to reimburse herself. The description on the City's check stub indicates the reimbursement is for City envelopes and two years of ledger sheets. The check stub also indicates a vendor location of “Fort Dodge”, but per inquiry of the City Clerk, this was an error and the vendors were actually located in Newton and Waterloo. We contacted the Newton and Waterloo vendors where the supplies were reportedly purchased and noted the following:
  - The Newton vendor, who indicated it supplies envelopes but not ledger sheets, confirmed it had no record of a sale to or payment received from the City of Granger or Josephine Geneser in the past seven years.
  - The Waterloo vendor provided a history of transactions since 1998 which showed no transactions with Josephine Geneser, but noted a transaction with the City of Granger in December 2001 for meter reading sheets and meter binder totaling \$417.46. We reviewed the City's disbursement journal and cancelled checks for this period and found a City check, number 14652, issued to the vendor for this same amount.

Based on the above information, we question the propriety of the \$749.00 reimbursement to the City Clerk.

## City of Granger

### Schedule of Findings

For the Year ended June 30, 2001 and the periods July 1, 1999 through June 30, 2000 and July 1, 2001 through January 31, 2002

- Check numbers 14115 and 14147 indicate a total of \$1,000.00 reimbursement to the City Clerk for computer assistance. Per inquiry of the City Clerk, she stated that she paid an individual \$1,000.00 in cash for computer instruction and training. The payment is not supported by an invoice or other documentation. Although the Clerk provided the name of the individual who reportedly provided these services, she was unwilling to provide a phone number or mailing address. On May 15, 2002, we received an unsolicited letter signed with the individual's name stating that computer services were provided to the City at a cost of \$1,200 to \$1,400. We were unsuccessful in an attempt to locate an address for the individual named by the Clerk and included in the letter. We were unable to determine the propriety of this payment.

Certain of the other unsupported payments made to the Clerk during the period were not properly recorded in the disbursement journal or check stubs, as follows:

- Two checks were listed as "void" in the disbursement journal. For one check, the check stub also indicated "void". For the other check, the original notation on the check appears to indicate "void" but this was whited out and a new description was added.
- Two checks were listed in the disbursement journal with no payee or amount identified. For one of these checks, the check stub also did not indicate a payee or amount.

(4) Unauthorized Payroll Checks Issued to the Former Mayor:

As detailed in **Appendix D**, during the period July 1, 1999 through December 31, 2001, the former Mayor received payroll checks totaling \$7,348.44, which exceeds her authorized pay by \$1,973.09, as illustrated in the following table. The former Mayor received only three payroll checks between July 1, 2001 and December 31, 2001.

	July 1, 1999 through June 30, 2000	July 1, 2000 through June 30, 2001	July 1, 2001 through December 31, 2001	Total
Former Mayor's authorized gross pay	\$ 2,500.00	2,500.00	1,250.00	6,250.00
Less: Withholdings on authorized pay	350.24	438.60	85.81	874.65
Former Mayor's authorized net pay	2,149.76	2,061.40	1,164.19	5,375.35
Pay issued to the former Mayor	2,868.28	3,940.98	539.18	7,348.44
Unauthorized pay	\$ 718.52	1,879.58	(625.01)	1,973.09

The unauthorized pay of \$1,973.09 was not reported as compensation on the Mayor's IRS Form W-2 for calendar years 2000 and 2001 since the W-2's agree with the Mayor's authorized calendar year salary for each year.

A copy of this report has been filed with the Dallas County Attorney's office. The City should pursue recovery of the unauthorized and unsupported payments.

City of Granger

Schedule of Findings

For the Year ended June 30, 2001 and the periods July 1, 1999  
through June 30, 2000 and July 1, 2001 through January 31, 2002

**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. For the year ended June 30, 2001, the City Clerk had control over each of the following areas for the City:

- (1) Accounting system - performing all general accounting functions and having custody of assets.
- (2) Cash - handling and recording.
- (3) Investments - investing, recording and custody.
- (4) Long-term debt - recording, reconciling and performing cash functions.
- (5) Receipts - collecting, depositing and posting.
- (6) Utility receipts - billing, collecting, depositing and posting.
- (7) Disbursements - purchasing, preparing checks and recording.
- (8) Payroll - preparing and distributing.

The City did not require mandatory vacations for the City Clerk.

Recommendation - We realize that with a one person office, segregation of duties is difficult. However, the City should review its operating procedures to obtain the maximum internal control possible under the circumstances. Vacation taken as time off should be required for all personnel in key financial positions. Their duties should be performed by someone else in their absence.

Response - Granger, with a current population of 583, will continue to have only one person in the City Clerk's office. However, to increase internal controls, the Mayor will recommend at the next Council meeting (held the second Wednesday of each month) that the City Council establish a two-member Finance Committee that each month will (a) review all bills prior to payment, (b) review each month's payroll, (c) review investment and long-term debt transactions and records, (d) review cash receipts and deposits, (e) review utility receipts, deposits and delinquencies, and (f) review each month's bank reconciliation. The Mayor will recommend that each month the Finance Committee make a report of its findings to the City Council, which will become a part of the Council proceedings. The Mayor already has directed that City employees take vacation as time off.

Conclusion - Response accepted.

- (B) Bank Reconciliations - Monthly reconciliations of the book balances to the bank accounts and investments were not prepared. A list of outstanding checks was not prepared for each month.

City of Granger

Schedule of Findings

For the Year ended June 30, 2001 and the periods July 1, 1999  
through June 30, 2000 and July 1, 2001 through January 31, 2002

Recommendation – To establish financial accountability and control, a monthly reconciliation of the book and bank balances should be prepared and retained. Any variances should be investigated and resolved in a timely manner. A listing of outstanding checks should be prepared each month and retained.

Response – In the future, a monthly reconciliation of the book and bank balances will be prepared and retained. The reconciliation will be reviewed by the proposed Finance Committee. Each month a listing of outstanding checks will be prepared.

Conclusion – Response accepted.

- (C) Investments – Although copies of investment renewal notices were retained, the City did not maintain an investment register.

Recommendation – A complete detailed record of investment transactions by fund should be maintained. This record should include investment number, purchase date, redemption date, interest rate and amount of principal and interest received.

Response – In the future, a detailed record (containing the recommended information) of investment transactions will be maintained by the City, and be reviewed by the proposed Finance Committee.

Conclusion – Response accepted.

- (D) Financial Accounting and Reporting – The following findings pertaining to financial reporting were noted:

- (1) The City's records were not maintained on a fund accounting basis as required by governmental accounting standards and the Code of Iowa. Receipt and disbursement activity is not accumulated in a manner to facilitate calculating and accounting for individual fund balances. The accounting records consisted of receipt and disbursement journals and disbursement ledger cards for certain funds. Disbursement ledger cards were not maintained for all funds and receipt ledger cards were not prepared. The journals did not include the receipt and disbursement activity of the sewer outfall relief bank account.
- (2) The Clerk's monthly financial reports did not detail the monthly activity of each of the City's funds. Instead, the Clerk's reports consisted of the budget and actual disbursements by department, but did not include comparisons to the certified budget by program.
- (3) The City's accounting records did not support the amounts reported in the City's annual financial report. Examples of the errors noted are as follows:
  - (a) The June 30, 2001 total ending balance reported in the annual financial report was \$42,375 less than the bank and investment balances at that date.



City of Granger

Schedule of Findings

For the Year ended June 30, 2001 and the periods July 1, 1999 through June 30, 2000 and July 1, 2001 through January 31, 2002

- (b) The total beginning balance reported on the fiscal 2001 annual financial report was \$82,769 higher than the ending balance reported on the fiscal 2000 annual financial report.
- (c) The disbursement ledger cards did not support the disbursements reported on the fiscal 2001 annual financial report.
- (d) The principal and interest payments reported on the fiscal 2001 annual financial report were \$7,190 less than the actual payments made.
- (e) The annual financial report did not include the \$75,000 general obligation capital loan note proceeds received during the fiscal 2001.
- (f) The Revitalize Iowa's Sound Economy (RISE) grant and road use tax receipts were understated on the fiscal 2001 annual financial report by \$4,912 and \$4,186, respectively.

Recommendation -

- (1) The City should maintain complete and accurate receipt and disbursement journals, subsidiary ledgers and beginning and ending balances for all City funds. The total receipts and disbursements in the journals should be reconciled monthly to the bank statements and to the subsidiary ledgers. The total of the ending balances should be reconciled monthly with the banks statement and investments balances.
- (2) The monthly financial reports should include the beginning balances, receipts, disbursements, transfers and ending balances for each fund. To provide better control over budgeted disbursements and provide the opportunity for timely amendments to the budget, the City's financial records should facilitate the accumulation of disbursements by program and the financial reports to the Council should include comparisons to certified budget by program.
- (3) The City's annual financial report should be prepared from and supported by the City's accounting records.

Response - The Mayor will recommend at the next Council meeting (held the second Wednesday of each month) that the Council investigate and review a proposed purchase of computer software (and associated hardware) that will facilitate the maintenance of the City's financial records on a fund accounting basis. This will facilitate the maintenance of complete and accurate receipt and disbursement journals, subsidiary ledgers and beginning and ending balances for all funds.

Until a computerized accounting system is operational, the City will utilize the July 1, 2001 beginning fund balance amounts suggested by the Auditor of State to begin a reformatting of the City's 2001-2002 fiscal year financial records on a fund accounting basis. This will enable the City to prepare and file an accurate financial report for the fiscal year just completed, and to maintain records for the current 2002-2003 fiscal year on a proper basis.

City of Granger

Schedule of Findings

For the Year ended June 30, 2001 and the periods July 1, 1999  
through June 30, 2000 and July 1, 2001 through January 31, 2002

Beginning immediately, monthly financial reports will be prepared that include beginning balances, receipts, disbursements, and ending balances for each fund. These reports will provide comparisons to the certified budget, which will provide better control over budgeted disbursements and enable the Council to make timely amendments to the budget, if necessary.

Conclusion – Response accepted.

(E) Receipt Journal – The City maintained a manual receipt journal which included columns for recording the date received, amount received, description and fund distribution. Various problems were noted with the City's receipt journal including:

- (1) The amounts recorded in the receipt journal were not always accurate. For example, the February 2001 property tax collection was not recorded in the receipt journal and, for several other months, the property tax collections were not recorded the same month the receipt was deposited. Also, the amounts recorded for utility receipts did not agree with deposits.
- (2) The amounts recorded in the receipt journal were not properly classified by fund. For example, property tax collections were all posted to the General Fund column with no breakdown maintained for the employee benefit levy or tax increment financing revenues.
- (3) Amounts recorded in the receipt journal were not reconciled to bank deposits.
- (4) The City did not prepare receipt ledger cards which are necessary in order to maintain an accurate record of receipts by category and fund for the fiscal year.

Recommendation – The City should maintain a complete and accurate receipt journal including the proper classification of receipts by fund. The receipt journal total should be reconciled to bank deposits monthly. Receipt ledger cards should be prepared to facilitate preparation of the annual financial report, and the ledger card totals should be reconciled to the receipt journal monthly.

Response – The City will immediately maintain an accurate receipt journal, will classify all receipts by fund, and will reconcile the journal to bank deposits. This information will be reviewed by the proposed Finance Committee. The proposed computerized accounting system will facilitate this process.

Conclusion – Response accepted.

(F) Disbursement Journal – For the year ended June 30, 2001, we compared all of the checks listed in the disbursement journal to a cancelled or void check. The following discrepancies were noted:

- (1) Void checks were not always retained.
- (2) Certain checks were postdated and issued out of sequence.

City of Granger

Schedule of Findings

For the Year ended June 30, 2001 and the periods July 1, 1999  
through June 30, 2000 and July 1, 2001 through January 31, 2002

- (3) Checks were not always recorded in the disbursement journal in the correct month. For example, the June 2001 disbursement journal included 20 checks that were issued in July 2001.
- (4) Three checks were not listed in the disbursement journal. Of these three, two were checks issued to and redeemed by the City Clerk.
- (5) Nine checks were listed in the disbursement journal as void but the checks were redeemed. Of these nine checks, seven were checks issued to the City Clerk. The remaining checks were issued to ambulance personnel.
- (6) Two checks issued to the City Clerk were whited out in the disbursement journal but were redeemed.
- (7) Three checks were listed in the disbursement journal with no payee or amount included. Of these three checks, one was issued to and redeemed by the City Clerk. The remaining checks were issued to other city personnel.
- (8) Various checks were recorded in the disbursement journal with an incorrect payee and/or amount listed.

Recommendation – A complete and accurate disbursement journal should be maintained. The amounts recorded in the journal should be reconciled to the bank statement and disbursement ledger cards monthly.

Response – The City will immediately maintain an accurate disbursement journal, will classify all expenses by fund, and will reconcile the journal to the bank statement. This information will be reviewed by the proposed Finance Committee. The planned computerized accounting system will facilitate this process.

Conclusion – Response accepted.

- (G) Receipts – The City did not issue prenumbered receipts for collections. Receipts were not always deposited timely and a restrictive endorsement (for deposit only) was not placed on checks until deposits were prepared. Three state warrants reviewed were not deposited for over three weeks.

Recommendation – Prenumbered receipts should be issued at the time of collection to provide control over the proper collection and recording of all money. To safeguard cash, receipts should be deposited timely and a restrictive endorsement (for deposit only) should be placed on all checks immediately upon receipt.

Response – The City will immediately institute the use of prenumbered receipts to reflect the collection and recording of all money. Money received will be deposited promptly, and a “For Deposit Only” endorsement will be placed on all checks immediately upon receipt.

Conclusion – Response accepted.

City of Granger

Schedule of Findings

For the Year ended June 30, 2001 and the periods July 1, 1999  
through June 30, 2000 and July 1, 2001 through January 31, 2002

(H) Utility Receipts – We were unable to determine the propriety of the amounts recorded and deposited for utility collections due to incomplete records, as noted below:

- (1) Utility billings, collections and delinquent accounts were not reconciled. A delinquent account listing was not prepared.
- (2) Although the utility billing register indicates whether the customer account was paid, it does not include the date paid. Customer payment stubs were not retained.
- (3) The utility deposit slips include the customer name and the amount paid, but the method of payment is not documented.
- (4) The utility deposits are not separately identified as water or sewer collections.
- (5) Utility receipts are recorded in the receipt journal once a month rather than by each deposit and the amounts recorded do not agree with the total deposits for the month.

For the period January 2000 through December 2001, we compared the total amount recorded in the receipt journal for water and sewer collections to the total amount of water and sewer deposits for that period and noted the deposits exceeded the recorded collections by \$90,085. However, for the period September 2001 through December 2001, no utility receipts were recorded in the receipt journal. Deposits for this period were \$9,794 less than the amounts billed. For the fiscal year ended June 30, 2001, deposits were \$13,119 less than amounts billed.

Recommendation – A listing of delinquent accounts should be prepared monthly. Procedures should be established to reconcile utility billings, collections and delinquencies monthly. The Council should review the reconciliation monthly and variances, if any, should be resolved timely.

The utility billing register should indicate the date paid for each customer. Each deposit should include a listing that itemizes each customer, the amount and method of payment and the split between water and sewer. The customer payment stubs should be retained and bundled by deposit. Utility receipts should be posted to the receipt journal by deposit.

Response – Effective immediately, each deposit of water and sewer payments will itemize (a) the customer, (b) the amount paid, (c) whether paid in cash or by check and, (d) the split between water and sewer. Payment stubs will be retained. Each month a listing of delinquent accounts will be prepared. Billings, payments, and delinquencies will be reconciled each month and will be reviewed by the proposed Finance Committee of the Council. Postings will be entered in the proposed computerized accounting system that will assist in making an accurate reconciliation.

Conclusion – Response accepted.

- (I) Disbursements – Certain checks were prepared and signed only by the City Clerk or former Mayor. For those checks that were countersigned, there was no evidence indicating the Mayor had reviewed the supporting documentation prior to signing the checks. Unused checks were not properly safeguarded. Invoices and supporting documentation were not always marked paid or canceled to prevent possible duplicate payment.

City of Granger

Schedule of Findings

For the Year ended June 30, 2001 and the periods July 1, 1999  
through June 30, 2000 and July 1, 2001 through January 31, 2002

Recommendation – Checks issued should be countersigned by a person who does not otherwise participate in the preparation of checks. Prior to signing, the checks and supporting documents should be reviewed for propriety and the supporting documentation should be initialed to evidence the review. Unused checks should be adequately controlled and safeguarded. All invoices and supporting documentation should be canceled to prevent possible duplicate payments.

Response – Upon taking office in January, 2002, the Mayor directed that no checks signed by the Clerk be sent or delivered to the payee unless countersigned by the Mayor or Mayor Pro Tem. Beginning immediately, when checks are presented to the Mayor for signature, the invoice or other supporting documents will be paper-clipped to each check. The Mayor will review the supporting materials, mark the invoice as paid, initial, and date those materials when the check is signed. Unused checks will be safeguarded with placement in a locked facility when appropriate.

Conclusion – Response accepted.

(J) Payroll Journal – The following items were noted regarding the payroll journal:

- (1) The journal includes monthly payroll amounts rather than the amounts for each semi-monthly check.
- (2) The journal includes gross pay and deductions but does not include net pay amounts or check numbers.
- (3) The journal does not include cumulative totals to aid in the preparation of the quarterly payroll reports and the IRS Form W-2.
- (4) The journal does not include all of the payroll checks issued to the City Clerk and former Mayor.

Recommendation – Each semi-monthly payment and all additional payroll checks for all employees should be listed in the payroll journal. The journal should detail the gross pay, deductions, net pay and check number. The payroll journal should include monthly, quarterly and yearly totals to aid in the preparation of payroll reports.

Response – Effective immediately, each and every payroll check will be listed in the payroll journal by check number. The journal will include monthly, quarterly, and yearly totals for gross pay, deductions, and net pay. It will be reviewed by the proposed Finance Committee.

Conclusion – Response accepted.

(K) Timesheets – According to City personnel, the Mayor reviews timesheets for all employees. No evidence exists of the review of employee timesheets by the Mayor. Although the City Clerk prepared timesheets, not all of her timesheets were retained. The City Clerk's timesheets for the period September 1999 through June 2000 and part of August 2001 were not available for review.

City of Granger

Schedule of Findings

For the Year ended June 30, 2001 and the periods July 1, 1999  
through June 30, 2000 and July 1, 2001 through January 31, 2002

Beginning December 2000, the City Clerk no longer accounts for overtime hours worked on her timesheets.

Recommendation – Employee timesheets should be reviewed and signed by the Mayor to evidence the approval of the hours worked and/or leave taken. Timesheets should document all hours worked, including overtime hours.

Response – The Mayor does review employee timesheets, and in the future will sign and date timesheets indicating approval of hours worked and/or leave taken. The Mayor will review and sign timesheets each month, and the proposed Finance Committee also will review them. All employees will complete timesheets.

Conclusion – Response acknowledged. The City should also ensure that timesheets properly document all hours worked, including overtime hours.

- (L) Compensated Absences – A detailed record of vacation and sick leave earned and used was not maintained for all City employees. Although certain employees maintained a record of balances, these records were not reviewed by an independent person.

Recommendation – A detailed record of compensated absences should be maintained to account for the proper accumulation and use of this time. An independent person should periodically review the records for accuracy.

Response – Effective immediately, a record of vacation and sick leave, earned and taken, will be maintained. The Mayor will periodically review these records.

Conclusion – Response accepted.

- (M) Long-term Debt – A registered note paid during the year ended June 30, 2001 was not canceled to prevent duplicate payment. The City did not pay \$3,299 in interest due on June 1, 2001 for the General Obligation Capital Loan Notes, Series 1995.

Recommendation - Paid notes should be canceled to help prevent duplicate payment. The City should contact the appropriate note holder regarding the unpaid interest and make the payment required under the note resolution.

Response – Effective immediately, all paid notes will be cancelled. All transactions will be reviewed by the proposed Finance Committee. The City has contacted Wells Fargo Bank (formerly Brenton Bank) to confirm that it received the interest payment due June 1, 2001, in the amount of \$3,298.75. As soon as that confirmation is received it will be forwarded to the Auditor of State. If not paid, however, the payment will be made.

Conclusion – Response accepted.

City of Granger

Schedule of Findings

For the Year ended June 30, 2001 and the periods July 1, 1999  
through June 30, 2000 and July 1, 2001 through January 31, 2002

- (N) Location and Condition of City Records - Various records required for audit purposes could not be located at City Hall and had to be obtained from outside sources. Examples include: certain IPERS quarterly reports, certain bond resolutions and loan agreements, State Revolving Fund (SRF) disbursement requisitions, certain SRF grant correspondence, the RISE grant agreement, RISE contractor pay estimates, RISE contract change orders, and RISE reimbursement requests.

In addition, records that were available were not always filed in an orderly manner.

Recommendation - The City should maintain files of complete records for all business transacted by the City. Records should be filed in a orderly manner.

Response - The City does maintain complete information for all business it transacts, but will update and improve its filing systems so this information is available in an orderly and accessible manner. The proposed computerized accounting system will greatly enhance the availability of City financial records.

Conclusion - Response accepted.

- (O) Accounting Procedures Manuals - We encourage the development of an office procedures and standardized accounting manual for the City. This manual should provide the following benefits:

- (1) Help achieve uniformity in accounting and in the application of policies and procedures.
- (2) Save supervisory time by recording decisions so that they will not have to be made each time the same or a similar situation arises.
- (3) Aid to training additional or replacement personnel.

Recommendation - An office procedures and accounting manual should be prepared.

Response - The City intends to purchase the "Handbook for City Clerks and Finance Officers" updated late in 2000 by the Iowa League of Cities. Reference to this handbook will assist the Clerk in office procedures. The City also will start recording the various accounting procedures that must be performed on a regular or annual basis, and compile these procedures in a reference manual. On an annual basis the Clerk and Finance Committee will review all office accounting procedures. Necessary revisions to the reference manual will be made with these revisions identified and dated on a Revisions Page placed at the beginning of the reference manual.

Conclusion - Response accepted.

City of Granger

Schedule of Findings

For the Year ended June 30, 2001 and the periods July 1, 1999  
through June 30, 2000 and July 1, 2001 through January 31, 2002

**Other Findings Related to Required Statutory Reporting:**

- (1) Official Depositories – A resolution naming official depositories has been adopted by the City Council. The maximum amount stated in the resolution was not exceeded during the year ended June 30, 2001. The City did not adopt a new depository resolution at the time that Brenton Bank became Wells Fargo.

Recommendation – A new depository resolution should be approved to include all of the City's depositories.

Response – When Brenton Bank merged in 2001 with Wells Fargo Bank Iowa, N.A. the City's actual bank did not change. However, by July 10, 2002, the Council will have acted on a Resolution updating the Bank's name to Wells Fargo Bank Iowa, N.A.

Conclusion – Response accepted.

- (2) Certified Budget – Disbursements during the year ended June 30, 2001, exceeded the amounts budgeted in the Human Development, Home and Community Environment and Policy and Administration Programs. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual appropriation.

Recommendation – The budget should have been amended in sufficient amounts as required by Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – In the future, and with the assistance of the proposed computerized accounting system, the City will not permit disbursements for any line item of the budget to exceed the budgeted amount without first amending the budget.

Conclusion – Response accepted.

- (3) Questionable Disbursements – Disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 are included in the finding on pages 31 through 36.

- (4) Business Transactions – No business transactions between the City and City officials or employees were noted.

- (5) 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 coverage is adequate for current operations.

- (6) Council Minutes – Except as noted, no transactions were found that we believe should have been approved in the Council minutes but were not.



City of Granger

Schedule of Findings

For the Year ended June 30, 2001 and the periods July 1, 1999  
through June 30, 2000 and July 1, 2001 through January 31, 2002

- (a) Although minutes of Council proceedings were published, they were not always published within fifteen days and did not always include total disbursements from each fund and a summary of all receipts as required by Chapter 372.13(6) of the Code of Iowa. Also, bills approved at the August 9, 2001 Council meeting were not published as required by Chapter 372.13(6) of the Code of Iowa.
- (b) Certain minutes of the Council meetings were not signed as required by Chapter 380.7 of the Code of Iowa.
- (c) The minutes did not always show information sufficient to indicate the vote of each member present as required by Chapter 21.3 of the Code of Iowa.
- (d) The minutes record did not include minutes for the meetings dated September 13, 2000, March 19, 2001, June 13, 2001 and June 20, 2001 or the bill listing approved in November 2001.
- (e) The City did not publish annual gross salaries as required by Chapter 372.13(6) of the Code of Iowa and an Attorney General's opinion dated April 12, 1978. The monthly approved bill listings included a total amount for salaries and insurance, but did not identify each employee and their gross pay. We were not able to reconcile the totals approved for salaries and insurance to the payroll or disbursement records.
- (f) Approval of authorized salaries for the year ended June 30, 2000 could not be located.

Recommendation – The City should comply with Chapter 372.13(6) of the Code of Iowa and publish minutes, including the approved bill listings, total disbursements from each fund and a summary of all receipts, as required. The minutes of meetings should be signed as required by Chapter 380.7 of the Code of Iowa. The minutes should document the vote of each member present as required by Chapter 21.3 of the Code of Iowa. The City should ensure that the minutes of all Council meetings are filed in the minutes book, including the lists of approved bills. The City should publish individual gross salaries as required by Chapter 372.13 of the Code of Iowa. Salaries listed on the approved bill list and published should be supported by the payroll and disbursement records. The minutes should include approval of employee and officials compensation.

Response – As noted by the Auditor of State, minutes of Council proceedings were published as required. However, during a two-year period the City's copies of the minutes of four meetings were not included in the minutes record. The City's copy may have been misplaced during citizen examination of the minutes. The published copy of the minutes for those meetings will be inserted into the minute book. In the future, the Clerk will make certain all minutes are published within 15 days of any Council meeting. Care will be taken to make certain that bills approved by the Council always are published, as well as total disbursements from each fund and a summary of all receipts.

City of Granger

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For the Year ended June 30, 2001 and the periods July 1, 1999  
through June 30, 2000 and July 1, 2001 through January 31, 2002

The Mayor will make certain the minutes always are signed. The minutes will show the results of each vote taken and information sufficient to indicate the vote of each member present. The City will publish the gross salaries of individual employees.

The Mayor, who was a Council member until his election as Mayor in November, 2001, and Mayor Pro Tem recall approval by the Council of employee salaries for the fiscal year 1999-2000. The Agenda for the July 14, 1999 Council meeting shows employee cost of living pay increase as an action item, and the salaries were set by the Council at that meeting.

Conclusion – Response acknowledged. The City should ensure that the official minutes record properly documents approval of employee salaries.

- (7) Deposits and Investments – The City has not adopted a written investment policy as required by Chapter 12B.10B of the Code of Iowa.

Recommendation – The City should adopt a written investment policy that complies with the provisions of Chapter 12B.10B of the Code of Iowa.

Response – Chapter 7 of the Code of Ordinances establishes a framework for the City's fiscal management. At the next council meeting (held the second Wednesday of each month) the Council will act on adoption on a specific written investment policy as contemplated by section 12B.10B of the Code of Iowa.

Conclusion – Response accepted.

- (8) Sewer Revenue Notes – The City has not complied with certain requirements of the sewer revenue note provisions as follows:

- (a) The City has not established and made the required transfers to separate sewer sinking and reserve accounts as required.

The City has two bank accounts and a certificate of deposit held in the name of the "sewer" fund with balances totaling \$115,491 at June 30, 2001. We were unable to verify these funds actually represent an amount held in a sewer fund since no record of individual book balances by fund are maintained. None of these accounts are identified as a sinking or reserve account. According to the City Clerk, all utility deposits are periodically transferred to the City's general bank account. The operating expenses of the sewer utility and principal and interest payments on the sewer revenues note are paid from the City's general account.

- (b) The City has not kept proper books and accounts for the wastewater treatment system showing the transactions relating thereto as required.

City of Granger

Schedule of Findings

For the Year ended June 30, 2001 and the periods July 1, 1999  
through June 30, 2000 and July 1, 2001 through January 31, 2002

- (c) Sewer rates were not sufficient to produce and maintain net revenues at a level not less than 110% of the amount of principal and interest on the revenue notes due in the year. The sewer net revenues reported in the City's annual financial report (AFR) for the year ended June 30, 2001 are noted in the table below:

Sewer charges for services reported reported in the AFR	\$ 79,364
Sewer expenditures reported in the AFR	<u>(49,597)</u>
Net revenues for fiscal 2001 per the AFR	29,767
Sewer revenue note principal and interest payments for fiscal 2001	<u>(47,345)</u>
Deficiency of net revenues under sewer revenue note principal and interest	<u>\$ (17,578)</u>

- (d) Revenue note and interest were not paid solely from the net revenues of the wastewater treatment system since net revenues were not sufficient to cover note principal and interest payments.

Recommendation – The City should consult legal counsel to determine the disposition of these matters.

Response – Resolution No. 300, adopted September 15, 1999, approved a Loan Agreement whereby the City borrowed funds from the State Revolving Fund (SRF) for the outfall sewer project. That Resolution provides that sewer revenues will be deposited in the (a) operation and maintenance fund, (b) the sinking fund [each month an amount equal to 1/6 of the next interest payment and 1/12 of the next principal payment], and (c) the reserve fund [an amount equal to 25% of the amount required to be deposited in the sinking fund]. The City will promptly comply with these requirements, with future interest and principal payments being made from the sinking and reserve funds as provided in the Resolution. The City will carefully examine the sewer revenues and sewer expenditures to make certain that sewer expenditures have been properly categorized, and to make certain the required level of coverage is provided.

Section 99.04 of the Code of Ordinances of the City of Granger, Iowa, requires that sewer user charges be deposited in an operation and maintenance fund, as well as a Replacement Fund. The City Engineer has advised the Mayor that the City was required to establish the Replacement Fund as a condition of a construction grant received in 1986, and that the Replacement Fund was to be funded by the transfer of \$74,000 of general sewer enterprise fund reserves. This would explain the June 30, 2001 balances totaling \$115,491. A separate account will be established for the Replacement Fund.

City of Granger

Schedule of Findings

For the Year ended June 30, 2001 and the periods July 1, 1999  
through June 30, 2000 and July 1, 2001 through January 31, 2002

Effective immediately, the City will maintain proper books and accounts for the wastewater treatment system as required, and will review sewer rates (last increased by Ordinance No. 151 effective December 1, 1999) to make certain sufficient revenue is being generated.

Conclusion – Response accepted.

- (9) Sales Tax Refund – The City did not apply for or receive sales tax refunds totaling \$14,640 for the Sewer Outfall Relief and Burr Oak Boulevard Construction projects. The projects were certified as complete on July 10, 2000 and December 12, 2000, respectively. Claims for refund must be filed with the Iowa Department of Revenue and Finance within six months after the completion of a project.

Recommendation – The City should contact the Iowa Department of Revenue and Finance to determine whether reimbursement is possible for these projects. The City should apply for future sales tax refunds on a timely basis.

Response – On or about April 30, 2002, the City Clerk filed a request for a \$4,775 sales tax refund for the Burr Oak Boulevard construction project, and for a \$9,865 sales tax refund for the Outfall Sewer construction project. On May 23, 2002, the Iowa Department of Revenue and Finance denied the Burr Oak Boulevard claim, as it was submitted more than one year after the settlement date. By its July 10, 2002 meeting, the Council will have considered its appeal rights. The Clerk has not yet received a response with respect to the Outfall Sewer project refund. In the future, the City will apply for sales tax refunds on a timely basis.

Conclusion – Response accepted.

- (10) Loan Agreement – In December 1999, the City entered into a loan agreement for \$15,208 for a truck. The loan was not authorized pursuant to Chapters 384.24A and 384.25 of the Code of Iowa which require a public hearing and notice of the hearing prior to the entering into the agreement.

Recommendation – The City should comply with Chapters 384.24A and 384.25 of the Code of Iowa when entering into future loan agreements.

Response – The City understands that a public hearing, with prior notice, must be held before the City may enter into any loan agreement. The City will take steps to make certain this requirement always is complied with in the future.

Conclusion – Response accepted.

- (11) Payroll Errors – The following payroll errors were noted:

- (a) Due to large comp-time balances earned for snow removal, the Council approved payment of 80 hours of overtime for the two street employees in March 2001. Rather than calculating the overtime based on 80 hours of work, each employee received an additional semi-monthly paycheck. This resulted in overpayments of \$115 to one employee and \$96 to the other.

City of Granger

Schedule of Findings

For the Year ended June 30, 2001 and the periods July 1, 1999 through June 30, 2000 and July 1, 2001 through January 31, 2002

- (b) The employee share of insurance was not deducted from the Street Superintendent's paycheck dated October 31, 2000, resulting in a \$38 overpayment.
- (c) Four paychecks issued to the Police Chief had errors resulting in overpayments as follows: July 14, 2000, \$181; September 15, 2000, \$7; October 13, 2000, \$7; and February 15, 2001, \$70. The City received reimbursement of \$107 from the Police Chief on July 28, 2000, reducing the overpayments to \$158.

Recommendation – The City should seek reimbursement of these overpayments.

Response – For excess overtime paid in March, 2001, in the amount of \$115 to one employee and \$96 to the other, the City will seek reimbursement. For the overpayment of \$38 to one employee in October, 2000, due to the failure to withhold the employee share of insurance, the City will seek reimbursement.

The Auditor of State cites four overpayments to the Police Chief in 2000 and 2001 in the total amount of \$158 (after a reimbursement of \$107). The City will review the information provided by the Auditor of State to determine whether these were instances of a paycheck also including an expense reimbursement, or if they actually represented overpayment of salary. If the City determines there has been an overpayment of salary, it will seek the appropriate reimbursement.

Conclusion – Response accepted.

- (12) Payroll Tax Remittances and Reports – IPERS and federal monthly payments and quarterly reports were not always filed timely. For the period July 31, 1999 through September 2001, the City paid IPERS and Federal tax penalty charges totaling \$288 and \$110, respectively.

Recommendation – IPERS and federal monthly payments and quarterly reports should be remitted timely to avoid future penalty charges.

Response – The City will take steps to make certain that IPERS and federal monthly payroll tax payments and quarterly payroll reports are timely filed to avoid the imposition of any penalties.

Conclusion – Response accepted.

- (13) Internal Revenue Service (IRS) Reporting – The City is required to complete and file an IRS Form W-2 for all employees by January 31 following the calendar year. As of April 26, 2002, the City has not filed a W-2 for the City Clerk for calendar year 2001. Also, the City does not complete IRS Form 1099 Miscellaneous for individuals paid more than \$600 in a calendar year. The City Attorney and two other individuals paid for utility billing services and computer assistance services all received compensation from the City in amounts greater than \$600 and were not issued a Form 1099.

City of Granger

Schedule of Findings

For the Year ended June 30, 2001 and the periods July 1, 1999  
through June 30, 2000 and July 1, 2001 through January 31, 2002

Recommendation – The City should comply with Internal Revenue Service reporting requirements.

Response – If it has not already been filed, the City will make certain the City Clerk's W-2 for calendar year 2001 is filed. In the future, the City will file any required Forms 1099 to report certain payments in excess of \$600 in a calendar year.

Conclusion – Response accepted.

- (14) Payroll and Payroll Withholdings – As noted in finding (A) above, the City Clerk and former Mayor were paid more than the amount authorized and more than the amounts reported on the IRS Form W-2. Also, the appropriate federal and state withholdings were not deducted from the additional pay.

In addition, the City Clerk received reimbursement for premiums paid by her for individual insurance coverage obtained outside the City. This compensation is not paid pursuant to an approved IRS cafeteria plan and the appropriate federal and state withholdings were not deducted. Also, effective July 1, 1996, City policy no longer provides for insurance reimbursements for insurance obtained outside the City's insurance benefit plan. However, the City Council continued to approve reimbursement of the monthly insurance premium subsequent to July 1, 1996.

Recommendation – The City should consult with the Internal Revenue Service, Iowa Public Employees Retirement System and the Iowa Department of Revenue and Finance regarding the disposition of these matters. Also, the City should discontinue payment of insurance reimbursements to the City Clerk or revise City policy to allow for such payments.

Response – The City already has discontinued the practice of reimbursing an employee for health insurance payments. All health insurance payments by the City for employees will be made directly to an insurance company or agency.

The City will consult with the appropriate federal and state agencies to determine what, if any, additional payroll filings the City should make. The City will seek reimbursement for any salary overpayments made to the City Clerk and former Mayor, and for any insurance premium overpayments made to the City Clerk. If appropriate, the City will contact its insurance carrier and file any required claim.

Conclusion – Response accepted.

City of Granger

Schedule of Findings

For the Year ended June 30, 2001 and the periods July 1, 1999  
through June 30, 2000 and July 1, 2001 through January 31, 2002

- (15) Revitalize Iowa's Sound Economy (RISE) Reimbursements – The City entered into an agreement for RISE funding with the Iowa Department of Transportation (IDOT) for the Burr Oak Boulevard project. The agreement stated the IDOT would reimburse 80% of eligible RISE costs on the project and required copies of the canceled checks as documentation for reimbursement. During the year ended June 30, 2001, the City issued three checks to the contractor totaling \$446,865 and held the checks until reimbursement was received from the State. Copies of the prepared checks were submitted to the State as support for reimbursement.

Recommendation – The City should contact the Iowa Department of Transportation to determine the disposition of this matter. The City should comply with grant requirements in the future.

Response – Under the RISE reimbursement program the City is obligated to provide to the Iowa Department of Transportation (IDOT) evidence of payment to the contractor. The IDOT District office in Atlantic accepted copies of the check issued to the contractor for interim reimbursement. Prior to final closeout of the loan and receipt of the final reimbursement the City was required to provide copies of the cancelled checks, and such documentation was provided to IDOT. All of the City's documentation in connection with the Burr Oak Boulevard RISE grant satisfied IDOT's district office for reimbursement, and the final reimbursement was made to the City. With respect to any future RISE grants, the City will provide copies of the check to IDOT after the check has been delivered to the contractor.

Conclusion – Response acknowledged. However, in a letter dated August 8, 2000, the City's engineer informed the City that evidence of a cancelled check was required before the IDOT would reimburse the City for costs incurred. This was confirmed by district IDOT personnel who indicated that proof of actual payment is required prior to reimbursement. The City should ensure that copies of cancelled checks or other proof of actual payment are provided as evidence for reimbursement on future RISE Projects.

**City of Granger**



City of Granger  
Payroll Checks Issued to the City Clerk  
Period July 1, 1999 through January 31, 2002

Check Number	Check Date	Date Cleared the Bank	Amount	Check Signer	Discrepancies/Notations in Disbursement Journal	Discrepancies/Notations on Check Stub	Appendix
12349	07/15/99	07/16/99	\$ 604.48	JG/SB			
12351	07/15/99	07/19/99	604.48	JG/SB			
12415	08/12/99	08/13/99	604.48	JG/SB			
12426	08/31/99	08/31/99	604.48	JG/SB			
12478	09/14/99	09/14/99	604.48	JG/SB			
12491	09/15/99	09/15/99	604.48	JG	not entered	"void"	A-1
12499	09/24/99	09/24/99	604.48	JG/SB			
12506	10/01/99	10/14/99	604.48	JG/SB			
12585	10/22/99	10/26/99	604.48	JG/SB			
12589	10/29/99	10/29/99	604.48	JG/SB			
12590	10/29/99	10/29/99	604.48	JG/SB			
12593	10/22/99	10/22/99	604.48	JG	not entered	missing	
12595	12/01/99	12/14/99	604.30	JG	not entered	missing	
12642	11/15/99	11/15/99	604.48	JG/SB			
12727	12/15/99	12/15/99	604.48	JG/SB			
12739	12/30/99	12/30/99	604.48	JG/SB			
12742	01/09/00	01/10/00	604.48	JG/SB			
12804	01/27/00	02/02/00	604.48	JG/SB			
12869	02/15/00	02/15/00	604.48	JG/SB			
12876	02/21/00	02/22/00	604.48	JG/SB			
12877	02/21/00	02/22/00	604.48	JG/SB			
12940	03/15/00	03/15/00	604.48	JG/SB			
12950	03/31/00	03/31/00	604.48	JG/SB			
13016	04/14/00	04/14/00	604.48	JG/SB			
13027	04/28/00	04/28/00	604.48	JG			
13088	05/15/00	05/15/00	604.48	JG/SB			
13100	05/30/00	05/30/00	604.48	JG			
13106	06/07/00	06/07/00	604.48	JG/SB			
13168	06/26/00	06/26/00	604.48	JG	different payee (1)	different payee (1)	A-2
13174	06/30/00	06/29/00	* 604.48	JG/SB			
<b>FY00</b>			<b>18,134.22</b>				
13175	07/07/00	07/07/00	604.48	JG	not entered	"void"	A-3
13235	07/14/00	07/14/00	# 722.00	JG/SB			
13239	08/25/00	08/28/00	732.48	JG	whited out; "void"	whited out; "void"	A-4
13247	07/28/00	07/28/00	732.48	JG/SB			
13311	08/15/00	08/15/00	732.48	JG/SB			
13321	08/28/00	08/28/00	732.48	JG/SB			
13326	08/31/00	09/01/00	732.48	JG/SB			
13384	09/15/00	09/15/00	732.48	JG			
13402	09/30/00	09/29/00	* 732.48	JG/SB			
13405	10/06/00	10/06/00	732.48	JG	not entered	no payee or amount identified; "Ck this with Bank Statement"; "Hold"	A-5

## Appendix A

### City of Granger

#### Payroll Checks Issued to the City Clerk

Period July 1, 1999 through January 31, 2002

Check Number	Check Date	Date Cleared the Bank	Amount	Check Signer	Discrepancies/Notations in Disbursement Journal	Discrepancies/Notations on Check Stub	Appendix
13468	10/13/00	10/13/00	732.48	JG/SB			
13476	10/20/00	10/27/00	732.48	JG/SB			
13479	10/27/00	10/27/00	732.48	JG/SB			
13493	11/01/00	11/01/00	732.48	JG	"void"	"void"	A-6
13546	11/15/00	11/16/00	732.48	JG	"void"	no payee or amount identified; "Ck this with Bank Statement";	A-7
13549	11/20/00	11/20/00	732.48	JG/SB			
13558	11/30/00	11/30/00	732.48	JG/SB			
13560	12/11/00	12/12/00	732.48	JG	whited out		
13561	12/24/00	12/12/00	732.48	JG	no payee identified; amount whited out		
13637	12/29/00	01/02/01	732.48	JG			
13693	01/15/01	01/15/01	732.48	JG/SB			
13705	01/26/01	01/26/01	732.48	JG	whited out; "void"	"duplicate"; "reissue"; amount whited out	A-8
13710	01/31/01	02/01/01	732.48	JG/SB			
13719	02/15/01	02/16/01	732.48	JG/SB			
13781	02/28/01	02/28/01	732.48	JG/SB			
13785	03/15/01	03/08/01	732.48	JG			
13786	03/30/01	03/08/01	732.48	JG			
13850	03/23/01	03/23/01	732.48	JG			
13859	03/30/01	03/30/01	732.48	JG/SB	different payee		
13875	04/20/01	04/20/01	732.48	JG/SB	different amount (3)	different amount (2)	A-9
13919	04/15/01	04/13/01	732.48	JG/SB			
13934	04/25/01	04/27/01	732.48	JG/SB			
13941	04/01/01	04/26/01	732.00	JG	whited out; "void"	"void"	A-10
13996	05/15/01	05/15/01	732.48	JG			
14010	05/31/01	06/01/01	732.48	JG			
14019	06/15/01	06/14/01	732.48	JG/SB			
14112	06/29/01	06/29/01	732.48	JG/SB			
<b>FY01</b>			<b>26,962.80</b>				
14123	07/13/01	07/12/01	732.48	JG/SB			
14189	07/24/01	07/24/01	732.48	JG	no payee or amount identified		
14197	07/31/01	07/31/01	732.48	JG			
14255	08/09/01	08/13/01	70.00	JG/SB			
14264	08/15/01	08/16/01	753.54	JG/SB			
14272	08/21/01	08/21/01	753.00	JG	not entered	blank	A-11
14285	08/31/02	08/30/01	753.54	JG/SB	no payee or amount identified		

City of Granger  
Payroll Checks Issued to the City Clerk  
Period July 1, 1999 through January 31, 2002

Check Number	Check Date	Date Cleared the Bank		Amount	Check Signer	Discrepancies/ Notations in Disbursement Journal	Discrepancies/ Notations on Check Stub	Appendix
14341	09/15/01	09/14/01	*	753.54	SB			
14355	09/28/01	09/28/01		753.54	JG/SB			
14407	10/15/01	10/15/01		753.54	JG/SB			
14426	10/31/01	11/01/01		753.54	JG/SB			
14437	11/09/01	11/09/01		753.54	JG			
14504	11/15/01	11/15/01		753.54	JG/SB			
14514	11/27/01	11/26/01	*	753.54	JG			
14596	12/15/01	12/17/01		753.54	JG			
14600	12/28/01	12/28/01		753.54	JG/SB			
14671	01/15/02	01/15/02		753.54	JG/DM			
14681	01/30/02	01/31/02		753.54	JG/DM	not entered		
<b>FY02</b>				<b>12,816.46</b>				
<b>TOTALS</b>				<b>\$ 57,913.48</b>				

**TICKMARK LEGEND:****JG** Josephine Geneser, City Clerk**SB** Shelley Blair, former Mayor**DM** Dan Miner

\* Check was redeemed prior to issue date

# Net pay varies due to error in Medicare withholding

@ Check totaled \$780.48 - \$48 of this check is included on Appendix C

Δ Retroactive salary increase

(1) Check stub indicated this was a reissue of check number 13022. However, check number 13022 was issued to and redeemed by the Iowa Department of Revenue and Finance.

(2) Check stub indicated a check amount of \$229.40. The actual check was redeemed for \$961.88. Check notation indicated it was for insurance reimbursement of \$229.40 and vacation of \$732.48. \$229.40 of this check is included in Appendix B.

## **City of Granger**

City of Granger

Copies of Selected Payroll Checks Issued to the City Clerk

Period July 1, 1999 through January 31, 2002

12491

CITY OF GRANGER

PAY TO THE ORDER OF Josephine Hennessy DATE 9/15/99 \$ 604.48

Six hundred, four dollars and 48/100 DOLLARS

**BRENTON Bank**  
Granger, Iowa 50109

FOR Josephine Hennessy/Debit

SEP 17 99

4073000820

BRENTON BV

SEP 17 99

102340481

12491

DATE 10/13/99

TO Thelma American

FOR Thelma American

TAX DEDUCTIBLE

BAL. BROT FWD

Paul 39.04

St. A. 582.94

Gain 10.00

Gain 16.75

St. A. 53.90

732.80 W. 26.33

632.80 G. 26.33

CHECK

OTHER 2068.37

BALANCE

City of Granger

Copies of Selected Payroll Checks Issued to the City Clerk

Period July 1, 1999 through January 31, 2002

13168

CITY OF GRANGER

PAY TO THE ORDER OF Josephine Geneser

DATE 6/26/2000

\$ 604.48

Six hundred, four dolls, forty eight cents DOLLARS

BRENTON Bank

Granger, Iowa 52108

FOR Re-issue of check 13022 4/2000

Josephine Geneser City Clerk

646 BNB 449 62700H049 - \$604.48CC

13168

DATE

TO Momar

FOR Salesperson

TAX DEDUCTIBLE

TAX

TOTAL

THIS CHECK

OTHER

BALANCE

## City of Granger

## Copies of Selected Payroll Checks Issued to the City Clerk

Period July 1, 1999 through January 31, 2002

13022

CITY OF GRANGER PG 300 0133 0000017100017 5128789 8548760818

PAY TO THE ORDER OF Fora Dept of Revenue & Finance DATE 4/24/2000 \$ 128.54

One hundred, twenty eight dollars 54/100 DOLLARS

**BRENTON Bank**  
Granger, Iowa 52109 201

FOR acct 000901910 Josephine Hansen City Clerk

REVENUE & FINANCE  
NORTHWEST BANK  
DES MOINES, IOWA  
DEPOSIT ONLY  
3000861630  
FIDELITY & SECURITY

100 00 27 3  
000-0091-6

1022191476 NORTHWEST BK, AZ  
04/26/00 10212 NORTH AVE  
PHX, AZ 85023-1000 1022191476  
3303646863

13022 L1410 C1 4C BAL. BRKT FORD

DATE 4/24/2000

TO Fora Dept of Revenue & Finance

FOR William S. J. J.

TOTAL	
THIS CHECK	128.54
OTHER	
BALANCE	✓

TAX DEDUCTIBLE

City of Granger

Copies of Selected Payroll Checks Issued to the City Clerk

Period July 1, 1999 through January 31, 2002

13175

CITY OF GRANGER

PAY TO THE ORDER OF: Josephine Geneser

DATE: 7/7/2000

\$ 604.48

Six hundred, four dollars and forty eight cents

DOLLARS

BRENTON Bank

Granger, Iowa 52106

297

FOR: [Redacted]

Josephine Geneser City Clerk

[Redacted]

6930 71284

BRENTON BANK

DEPOSITED IN F.V.O.

9-0720 00323

AT - 7 00

JY 08 07

0720-003

15411203

13175

LI410 CI 4C

SAL. DED. PORTD

DATE: 7/7/2000

TO: Josephine Geneser

FOR: V. Geneser

TOTAL

THIS CHECK: 604.48

OTHER

TAX DEDUCTIBLE

BALANCE



City of Granger

Copies of Selected Payroll Checks Issued to the City Clerk

Period July 1, 1999 through January 31, 2002

13239

CITY OF GRANGER

DATE 8/25/2000

PAY TO THE ORDER OF Josephine Geneser \$732.48

Seven hundred, thirty two dollars and forty eight cents DOLLARS

BRENTON BANK  
GRANGER, IOWA 50109

FOR [REDACTED]

Josephine Geneser City Clerk

46 20 28  
0727-1001-4

100 4100 001

40265550

13239

DATE

TO

FOR

TAX DEDUCTIBLE

DEPOSITS

TOTAL	
THIS CHECK	
OTHER	
BALANCE	

City of Granger

Copies of Selected Payroll Checks Issued to the City Clerk

Period July 1, 1999 through January 31, 2002

13405

CITY OF GRANGER

DATE 10/6/2000

PAY TO THE ORDER OF Josephine Geneser \$732.48

Seven hundred, thirty two dollars & forty eight cents DOLLARS

BRENTON BANK  
GRANGER, IOWA 50103 291

FOR *13th Oct*

*Josephine Geneser*

01 00 06  
0730-0091--

00 9+ 100

00 40 0 0400

02 61 0 0400

00 22 9 25 43

13405

DATE *OK this with B. G. Geneser*

TO *not*

FOR

DEPOSITS	
TOTAL	
THIS CHECK	
OTHER	
BALANCE	

TAX DEDUCTIBLE

City of Granger

Copies of Selected Payroll Checks Issued to the City Clerk

Period July 1, 1999 through January 31, 2002

13493

CITY OF GRANGER

11/1/2000  
DATE

13-52-730

PAY TO THE ORDER OF Josephine Geneser \$ 732.48

Seven hundred, thirty two dollars & forty eight cents DOLLARS ☒ ☐

BRENTON BANK  
GRANGER, IOWA 50102 291

FOR [Redacted] *Josephine Geneser City Clerk*

NO 001  
0730-0091-4

NOV - 1 00

BRENTON BANK  
540 301 0028  
P 0730 602 044  
NOV 04

2108 12970

*Josephine Geneser*

13493

DATE 6/8/2002

TO Henry Fred Egnis

FOR Payroll

TOTAL	
THIS CHECK	4 08
OTHER	
BALANCE	

TAX DEDUCTIBLE

City of Granger

Copies of Selected Payroll Checks Issued to the City Clerk

Period July 1, 1999 through January 31, 2002

13546

CITY OF GRANGER

33-62-730

DATE 11/15/2000

PAY TO THE ORDER OF Josephine Geneser \$732.48

Seven hundred, thirty two dollars & forty eight cents DOLLARS ☒ ☐

BRENTON BANK  
GRANGER, IOWA 50109 281

FOR City Clerk

NO 00 16  
0730-0091-4  
446 BNB 625111600M032 \$732.4800

00 91 NOV 16 00  
0730000920  
BRENTON BANK  
GRANGER, IOWA 50109  
15711 0490

BRENTON BANK  
 Absence of Endorsement Guaranteed  
 15-1 WITHIN 14 DAYS OF  
 ACCOUNT OF

13546

DATE OK  
TO with bank statement

FOR		TOTAL		
		THIS CHECK		
		OTHER		
		BALANCE		
TAX DEDUCTIBLE				

City of Granger

Copies of Selected Payroll Checks Issued to the City Clerk

Period July 1, 1999 through January 31, 2002

13705

CITY OF GRANGER

DATE 1/26/2001 33-82-730

PAY TO THE ORDER OF Josephine Geneser \$ 732.48

Seven hundred, thirty two dollars and forty eight cents DOLLARS ☐ ☐

BRENTON BANK  
GRANGER, IOWA 50109 291

FOR [REDACTED] *Josephine Geneser*  
*City Clerk*

443 BNB 659 12601#083 1732.48C

JA 01 26  
0730-0091-4

2162 59504

13705

TO *J. Geneser*

FOR *Supervisor*

TOTAL  
THIS CHECK  
OTHER  
BALANCE

TAX DEDUCTIBLE

*Wm. R. [unclear]*

## Appendix A-9

## City of Granger

### Copies of Selected Payroll Checks Issued to the City Clerk

Period July 1, 1999 through January 31, 2002

<b>CITY OF GRANGER</b> 1906 MAIN P.O. BOX 101 GRANGER, IA 50109		13875
PAY TO THE ORDER OF <u>Josephine Geneser</u>		DATE <u>4/20/2001</u>
<u>Nine hundred sixty one dollars &amp; eighty eight cents</u> DOLLARS		\$ <u>961.88</u>
<b>BRENTON Bank</b> <small>Granger, Iowa 50109      201</small>		
FOR <u>Ins.Reimb &amp; vacation check</u>		<i>Josephine Geneser City Clerk</i>

  
  

MICR LINE: ⑆ 1221-0147-64  
 SERIAL NUMBER: 2050824527

  
  

DATE <u>4/1/2001</u>	
TC <u>Jo Geneser</u>	
PC <u>Mrs. Reimbs -</u>	
<u>229.40</u>	<u>587</u>
TAX DEDUCTIBLE	BALANCE

## City of Granger

## Copies of Selected Payroll Checks Issued to the City Clerk

Period July 1, 1999 through January 31, 2002

13941

CITY OF GRANGER  
1906 MAIN P.O. BOX 101  
GRANGER, IA 50109

DATE 4/1/2001

PAY TO THE ORDER OF Josephine Geneser \$ 732.00

Seven hundred, thirty two dollars & no cents

DOLLARS

**BRENTON Bank**  
Granger, Iowa 50109

FOR vacation thru, may 15th

*Josephine Geneser City Clerk*

00-22/00000000  
82002065  
0100  
15:17 1002/20/00  
00000

APR 05, 2001 04263901  
TRACER 3004 061  
1221-0147-64  
2255860529

*Josephine Geneser*

13941

DATE 5/10/2001

TO *Quinn L. Lutz*

FOR *City Clerk*

TOTAL *due amt.*

TMS CHECK *5/10/01*

OTHER

TAX DEDUCTIBLE

BALANCE

City of Granger

Copies of Selected Payroll Checks Issued to the City Clerk

Period July 1, 1999 through January 31, 2002

14272

CITY OF GRANGER  
1806 MAIN P.O. BOX 101  
GRANGER, IA 52109

PAY TO THE ORDER OF Josephine Geneser \$ 753.00

DATE 8/21/2001

Seven hundred, fifty dollars & no cents DOLLARS

WELLS FARGO Wells Fargo Bank Iowa, N.A.  
Granger  
www.wellsfargo.com

FOR *Vacation pay* Josephine Geneser *City Clerk*

14272

DATE

TO

FOR

TOTAL

THIS CHECK

OTHER

TAX DEDUCTIBLE

BALANCE



## City of Granger

## Insurance Reimbursement Checks Issued to the City Clerk

Period July 1, 1999 through January 31, 2002

Check Number	Check Date	Date Cleared the Bank	Amount	Check Signer	Discrepancies/Notations in Disbursement Journal	Discrepancies/Notations on Check Stub	Appendix
12316	07/15/99	07/16/99	\$ 154.00	JG/SB			
12401	08/12/99	08/13/99	154.00	JG/SB			
12446	09/09/99	09/13/99	154.00	JG/SB			
12507	10/01/99	10/01/99	154.00	JG/SB			
12591	11/03/99	11/09/99	154.00	JG/SB			
12594	11/01/99	11/08/99	154.00	JG	not entered	missing	
12662	12/09/99	12/09/99	154.00	JG/SB			
12740	12/30/99	12/30/99	229.00	JG/SB			
12749	01/12/00	01/13/00	229.62	JG/SB			
12809	02/01/00	02/03/00	229.63	JG/SB			
12871	04/15/00	04/18/00	229.00	JG	" void"	" void"	B-1
12878	02/24/00	02/28/00	220.60	JG	" void"	" void"	B-2
12883	03/01/00	03/01/00	229.00	JG/SB			
12949	03/31/00	03/31/00	229.60	JG/SB			
13028	04/28/00	04/28/00	229.60	JG			
13101	05/30/00	05/30/00	229.60	JG			
13112	06/15/00	06/19/00	229.60	JG/SB			
<b>FY00</b>			<b>3,363.25</b>				
13237	07/14/00	07/14/00	229.60	JG/SB			
13306	08/15/00	08/15/00	224.40	JG/SB			
13327	08/31/00	09/01/00	229.60	JG/SB			
13396	09/22/00	09/25/00	229.40	JG	" void"	" void"	B-3
13403	09/30/00	09/29/00	229.40	JG/SB			
13477	10/20/00	10/20/00	229.40	JG			
13484	10/31/00	10/31/00	229.40	JG/SB			
13559	11/30/00	11/30/00	229.40	JG/SB			
13626	12/21/00	12/22/00	228.92	JG			
13694	01/15/01	01/15/01	228.92	JG			
13711	01/31/01	02/01/01	229.40	JG/SB			
13720	02/15/01	02/16/01	229.40	JG/SB			
13782	02/28/01	02/28/01	229.40	JG/SB			
13852	03/19/01	03/20/01	229.40	JG			
13860	03/30/01	03/30/01	229.40	JG/SB			
13875	04/20/01	04/20/01	229.40	JG/SB			
13964	05/10/01	05/11/01	229.40	JG	different payee (1)	different payee (1)	B-4
13965	05/18/01	05/18/01	240.00	JG/SB			
14020	06/15/01	06/14/01 *	229.40	SB			
14113	06/28/01	06/28/01	229.40	JG			
<b>FY01</b>			<b>4,593.04</b>				

## Appendix B

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### City of Granger

#### Insurance Reimbursement Checks Issued to the City Clerk

Period July 1, 1999 through January 31, 2002

Check Number	Check Date	Date Cleared the Bank	Amount	Check Signer	Discrepancies/Notations in Disbursement Journal	Discrepancies/Notations on Check Stub	Appendix
14153	07/13/01	07/12/01 *	229.40	JG/SB			
14188	07/20/01	07/23/01	229.40	JG	no payee/or amount identified		
14198	07/31/01	07/31/01	229.40	JG			
14265	08/15/01	08/16/01	229.40	JG/SB			
14310	09/13/01	09/14/01	229.40	JG/SB			
14356	09/28/01	09/28/01	229.40	JG/SB			
14408	10/15/01	10/15/01	229.40	JG/SB			
	<b>FY02</b>		<b>1,605.80</b>				
	<b>TOTALS</b>		<b>\$ 9,562.09</b>				

#### TICKMARK LEGEND:

**JG** Josephine Geneser, City Clerk

**SB** Shelley Blair, former Mayor

\* Check was redeemed prior to issue date

(1) See Appendix A, explanation for (3)

City of Granger

Copies of Selected Insurance Reimbursement Checks Issued to the City Clerk

Period July 1, 1999 through January 31, 2002

12871

CITY OF GRANGER

PAY TO THE ORDER OF Josephine Hensen DATE 4/15/2000 <sup>25-25</sup> 100

Two hundred, twenty nine dollars and 00/100 \$ 229.00 DOLLARS

**BRENTON Bank**  
Granger, Iowa 50139 291

FOR Ins. Reimb. Josephine Hensen City Clerk

APR 18 00 BRENTON BANK  
DEC 23 2000 12:00 PM  
+ 0730 00620 4

645 947 30 418000045 1229.0000

80205670

2820 70501

Josephine Hensen

12871	2608	VOID
DATE <u>July 1, 1999</u>	TO <u>Rich Hays</u>	FOR <u>Ins. Reimb.</u>
TOTAL	THIS CHECK	OTHER
TAX DEDUCTIBLE	BALANCE	

City of Granger

Copies of Selected Insurance Reimbursement Checks Issued to the City Clerk  
Period July 1, 1999 through January 31, 2002

1054  
HARRIS

CITY OF GRANGER  
1901 Main St.

PAY  
TO THE  
ORDER OF

Josephine Lerner

Two hundred twenty dollars 00/100

DATE 2/24/2000

12878

31-0  
730

\$220 <sup>60</sup>/<sub>100</sub>

DOLLARS

BRENTON Bank

Granger, Iowa 50130

FOR Lerner for Ins. pd.

Josephine Lerner

140048295

02/24/00 19105 115

0010 15 152794729

02/24/00 19105 115

4 73000820-59020028

TOTAL SALE \$2.00

CHECK AMT \$220.60

FS 02 28

8730-0091-4

TRUST-DSM

7073

1915 - Dec 1st, 1

Josephine Lerner

55-990-2253

SS. 481202745

12878

L1410 C1 4C

SAL  
SHEPT  
TORD

DATE

TO

FOR

TOTAL

THIS  
CHECK

OTHER

TAX  
DEDUCTIBLE

BALANCE

had

City of Granger

Copies of Selected Insurance Reimbursement Checks Issued to the City Clerk

Period July 1, 1999 through January 31, 2002

13396

CITY OF GRANGER

PAY TO THE ORDER OF Josephine Geneser

Two hundred, twenty nine dollars & forty cents DOLLARS ☒

FOR Ins. Reimb.

DATE 9/22/2000

\$ 229.40

33-82-730

BRENTON BANK  
GRANGER, IOWA 50105 231

*Josephine Geneser City Clerk*

5E 00 24

0730-0091-4

646 ENB128 92300N041

00 25 00

\$229.40CC

BRENTON BANK

DES MOINES, IOWA 50303

+ 0730 00620

2494 11826

*Josephine Geneser*

13396

DATE 9/20/2000

TO for

FOR for

	TOTAL
	THIS CHECK
	OTHER
TAX DEDUCTIBLE	BALANCE

# Appendix B-4

## City of Granger

Copies of Selected Insurance Reimbursement Checks Issued to the City Clerk

Period July 1, 1999 through January 31, 2002

CITY OF GRANGER 1906 MAIN P.O. BOX 101 GRANGER, IA 50109		13964
DATE <u>5/10/2001</u>		33-02-730
PAY TO THE ORDER OF <u>Josephine Geneser</u>	\$ <u>229.40</u>	
Two hundred, twenty nine dollars & forty cents		DOLLARS
<b>BRENTON Bank</b> Granger, Iowa 50109		
FOR <u>Ins. Reimb.</u>	<u>Josephine Geneser City Clerk</u>	
04'62Z***** 59020020 0010 1 1 05/11/2001 14:13 20052 1 88420		
MAY 11 2001		
0163 50341		
MAY 05, 2001 05112041 TRACER 1356 96 91221-0147-54 2055190290		
13964 DATE <u>5/10/2001</u> TO <u>Municipal Clerk</u> FOR <u>(dupe)</u> TAX DEDUCTIBLE <input checked="" type="checkbox"/>		
DEPOSITS		
TOTAL		
THIS CHECK	240	10
OTHER		
BALANCE		

## City of Granger

## Other Unsupported Checks Issued to the City Clerk

Period July 1, 1999 through January 31, 2002

Check Number	Check Date	Date Cleared the Bank	Amount	Check Signer	Description	Discrepancies/Notations in Disbursement Journal	Discrepancies/Notations on Check Stub	Appendix
12483	09/15/99	09/15/99	\$ 42.11	JG/SB	mailings and misc. for Clerks luncheon; postage			
			<u>42.11</u>					
	<b>FY00</b>							
13842	04/11/01	04/10/01	* 300.00	JG	budget overtime	no payee or amount identified	no payee or amount identified; "Ck this with Bank Statement"; "Hold"	C-1
13850	03/23/01	03/23/01	@ 48.00	JG	reimbursement for computer classes			
13936	05/07/01	05/07/01	740.00	JG	none	"void"	"Void"	C-2
14080	06/19/01	06/19/01	184.00	JG	mileage, postage, overtime			
14088	06/22/01	06/22/01	749.00	JG	reimbursement for C.O.D. payment for supplies			C-3
			<u>2,021.00</u>					
14115	07/06/01	07/09/01	750.00	JG	reimbursement for computer assistance personally paid by the Clerk of \$500 and Clerk overtime of \$250			C-4
14147	07/13/01	07/20/01	750.00	JG/SB	reimbursement for computer assistance personally paid by the Clerk of \$500, instruction booklet \$60, and overtime of \$190	"void"	(1)	C-5
14190	07/24/01	07/24/01	275.00	JG	council hours for 6 months. Per stub: 2 non-glare lamps and office			C-6
14425	10/31/01	11/01/01	95.00	JG/SB	5 hours overtime for check accounting	no payee or amount identified	\$85	
			<u>1,870.00</u>					
	<b>FY02</b>							
	<b>TOTALS</b>		<u>\$ 3,933.11</u>					

## TICKMARK LEGEND:

JG Josephine Geneser, City Clerk

SB Shelley Blair, former Mayor

\* Check was redeemed prior to issue date

@ Check totaled \$780.48 - \$732.48 of this check is included on Appendix A

- (1) It appears that the check stub originally indicated the check was "void". This was whited out and the description noted above was written in. The disbursement journal indicated the check was "void". The notation on the check indicates the check is for vacation.

**City of Granger**





City of Granger

Copies of Other Unsupported Checks Issued to the City Clerk

Period July 1, 1999 through January 31, 2002

**CITY OF GRANGER**  
1505 MAIN P.O. BOX 101  
GRANGER, IA 50109

13936

DATE 5/7/2001 33-42-730

PAY TO THE ORDER OF Josephine Geneser \$ 740.00

Seven hundred, forty dollars & no cents DOLLARS

**BRENTON Bank**  
Granger, Iowa 50109

FOR Josephine Geneser

10-7-01

DES. IOWA 50109  
TRACER 2001  
P 1221-0147-64  
2153644035

Josephine Geneser

13936

DATE 5/10/2001

TO Wells Fargo Bank

FOR Vista

TAX DEDUCTIBLE

BAL. BROKT FORD

56,171.87

1,171.87

1,171.86

1,171.86

TOTAL

THIS CHECK

OTHER

BALANCE

City of Granger

Copies of Other Unsupported Checks Issued to the City Clerk

Period July 1, 1999 through January 31, 2002

14088

CITY OF GRANGER  
1906 MAIN P.O. BOX 101  
GRANGER, IA 50109

DATE 6/22/2001 33-82-730

PAY TO THE ORDER OF Josephine Geneser \$ 749.00

Seven hundred, forty nine dollars & no cents DOLLARS

**BRENTON Bank**  
Granger, Iowa 50109

FOR Josephine Geneser City Clerk

10 2 01

0116 19776

1221-01476

2253157225

14088

DATE 6/20/2001 COD

TO Co. Should be in person for signature

FOR 2000 City Employee

TOTAL

THIS CHECK 749.00

OTHER

TAX DEDUCTIBLE

## Appendix C-4

### City of Granger

#### Copies of Other Unsupported Checks Issued to the City Clerk

Period July 1, 1999 through January 31, 2002

**CITY OF GRANGER**  
1308 MAIN P.O. BOX 101  
GRANGER, IA 50109

14115

DATE 7/5/2001

PAY TO THE ORDER OF Josephine Geneser \$750.00

Seven hundred, fifty dollars & no cents

**BRENTON Bank**  
Granger Iowa 50109

FOR Josephine Geneser City Clerk

00\*05/\*\*\*\*\*  
59020028  
0100 1 1  
07/06/2001 17:05  
02320 1 00067

AFB DES. 200K 07092001  
TRACER 4097  
1821-0147-94  
2356990745

14115

DATE 6/29/2001

TO CK di

FOR Comptroller program assist

TAX DEDUCTIBLE

TOTAL	
THIS CHECK	750.00
OTHER	
BALANCE	



City of Granger

Copies of Other Unsupported Checks Issued to the City Clerk

Period July 1, 1999 through January 31, 2002

14190

CITY OF GRANGER  
1906 MAIN P.O. BOX 101  
GRANGER, IA 50109

DATE 7/24/2001

PAY TO THE ORDER OF Josephine Geneser \$ 275.00

Two hundred, seventy five dollars & no cents DOLLARS

**BRENTON Bank**  
Granger, Iowa 50109

FOR 22 x 1250 Council house & Mrs. Josephine Geneser City Clerk

14190

7/24/2001

To Geneser

FOR 22 x 1250 Council house & Mrs. Josephine Geneser City Clerk

275 00

TAX DEDUCTIBLE

BALANCE

14190

7/24/2001

To Geneser

FOR 22 x 1250 Council house & Mrs. Josephine Geneser City Clerk

275 00

TAX DEDUCTIBLE

BALANCE

14190

7/24/2001

To Geneser

FOR 22 x 1250 Council house & Mrs. Josephine Geneser City Clerk

275 00

TAX DEDUCTIBLE

BALANCE

## City of Granger

## Payroll Checks Issued to the Former Mayor

Period July 1, 1999 through January 31, 2002

Check Number	Check Date	Date Cleared the Bank	Amount	Check Signer
12267	07/08/99	07/12/99	\$ 181.29	JG
12364	07/30/99	08/09/99	179.33	JG/SB
12427	08/31/99	09/01/99	179.09	JG/SB
12504	09/30/99	10/04/99	179.09	JG/SB
12505	09/30/99	10/04/99	179.09	JG/SB
12577	10/20/99	10/22/99	179.29	JG/SB
12728	12/15/99	12/20/99	179.09	JG/SB
12741	01/09/00	01/12/00	179.29	JG/SB
12870	02/15/00	02/24/00	179.09	JG/SB
12882	03/01/00	03/07/00	179.09	JG/SB
12951	03/31/00	04/05/00	179.09	JG/SB
13020	04/20/00	04/20/00	179.09	JG/SB
13090	05/17/00	05/19/00	179.09	JG/SB
13099	05/25/00	05/30/00	179.09	SB
13161	06/20/00	06/23/00	179.09	JG
13162	06/27/00	06/29/00	179.09	SB
<b>FY 00</b>			<b>2,868.28</b>	
13250	07/31/00	08/03/00	179.09	JG/SB
13320	08/23/00	08/25/00	179.09	JG/SB
13408	10/12/00	10/16/00	358.18	JG/SB
13541	11/10/00	11/14/00	358.18	JG
13548	11/20/00	11/22/00	358.18	JG/SB
13550	11/20/00	11/22/00	179.09	JG/SB
13551	11/27/00	11/29/00	895.45	JG/SB
13619	12/18/00	12/20/00	716.36	SB
13726	02/19/01	02/21/01	359.18	SB
13863	04/04/01	04/05/01	358.18	JG/SB
<b>FY 01</b>			<b>3,940.98</b>	
14423	10/26/01	10/30/01	179.78	JG/SB
14435	11/02/01	11/02/01	179.70	JG/SB
14507	11/15/01	11/15/01	179.70	JG/SB
<b>FY 02</b>			<b>539.18</b>	
			<b>\$ 7,348.44</b>	

**TICKMARK LEGEND:****JG** Josephine Geneser, City Clerk**SB** Shelley Blair, former Mayor

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City of Granger

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Manager  
Donna F. Kruger, CPA, Senior Auditor II  
Kim M. Knight, Staff Auditor  
Natalie J. Storm, Staff Auditor

Andrew E. Nielsen, CPA  
Deputy Auditor of State