



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

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Warren G. Jenkins, CPA  
Chief Deputy Auditor of State

**NEWS RELEASE**

FOR RELEASE

December 5, 2002

Contact: Andy Nielsen  
515/281-5515

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

Johnson reported that the City's receipts totaled \$3,425,129 for the year ended June 30, 2002, a twenty-five percent increase from 2001. The receipts included \$1,045,156 in property tax, \$549,458 in other city tax, \$330,226 from the state, \$200,830 from the federal government and \$29,852 in interest from investments.

Disbursements for the year totaled \$3,785,667, a ten percent increase from the prior year, and included \$791,514 for community protection, \$1,077,966 for human development, \$1,685,587 for home and community environment and \$230,600 for policy and administration.

The significant increase in receipts and disbursements is primarily due to grant proceeds received and capital outlay disbursements for the library improvement project.

Johnson recommended compliance with various statutory requirements of the Code of Iowa. For example, the budget for the year ended June 30, 2002 should have been amended in accordance with the Code of Iowa before disbursements were allowed to exceed the budget. The City responded that the budget will be amended in sufficient amounts in the future.

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

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**CITY OF CARTER LAKE**  
**INDEPENDENT AUDITOR'S REPORTS**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FINDINGS**

**JUNE 30, 2002**

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**City of Carter Lake**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 2002)</b>		
Wanda Rosenbaugh	Mayor	Jan 2002
Eric Bentzinger	Council Member	Jan 2002
Russell Kramer	Council Member	Jan 2002
Emil Hausner	Council Member	(Resigned)
George Dahlheimer	Council Member	Jan 2004
Pat Schroeder	Council Member	Jan 2004
<b>(After January 2002)</b>		
Emil Hausner	Mayor	Jan 2006
Eric Bentzinger	Council Member	Jan 2004
George Dahlheimer	Council Member	Jan 2004
Pat Schroeder	Council Member	Jan 2004
Ed Aldmeyer	Council Member	Jan 2006
Russell Kramer	Council Member	Jan 2006
Margaret Delavan	Clerk/Treasurer	(Resigned)
Doreen Mowery (Appointed)	Clerk/Treasurer	Indefinite
Lisa Ruehle	Deputy Clerk	Indefinite
Michael O'Bradovich	Attorney	Indefinite

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Chief Deputy Auditor of State

**Independent Auditor's Report**

To the Honorable Mayor and  
Members of the City Council:

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

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

As described in note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the results of the cash transactions of the funds of the City of Carter Lake as of and for the year ended June 30, 2002, and its indebtedness at June 30, 2002, on the basis of accounting described in note 1.

In accordance with Government Auditing Standards, we have also issued our report dated September 19, 2002 on our consideration of the City of Carter Lake's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the aforementioned financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2001 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 7, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

RICHARD D. JOHNSON, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

September 19, 2002

**City of Carter Lake**



## **Financial Statements**

City of Carter Lake  
 Combined Statement of Cash Transactions  
 All Fund Types  
 Year ended June 30, 2002

	Governmental Fund	
	General	Special Revenue
Receipts:		
Property tax	\$ 542,972	162,919
Tax increment financing collections	-	59,979
Other city tax	278,298	110,778
Licenses and permits	32,780	-
Use of money and property	34,056	6,705
Intergovernmental	543,115	261,043
Charges for service	7,679	-
Special assessments	-	389
Miscellaneous	105,594	2,369
Total receipts	<u>1,544,494</u>	<u>604,182</u>
Disbursements:		
Community Protection Program	536,622	174,322
Human Development Program	1,040,535	37,431
Home and Community Environment Program	21,615	420,645
Policy and Administration Program	219,416	11,184
Total disbursements	<u>1,818,188</u>	<u>643,582</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(273,694)</u>	<u>(39,400)</u>
Other financing sources (uses):		
Operating transfers in	124,012	5,403
Operating transfers out	(60,154)	(16,851)
Total other financing sources (uses)	<u>63,858</u>	<u>(11,448)</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>(209,836)</u>	<u>(50,848)</u>
Balance beginning of year	<u>468,352</u>	<u>290,937</u>
Balance end of year	<u>\$ 258,516</u>	<u>240,089</u>

See notes to financial statements.

Types		Proprietary	Total
Debt	Capital	Fund Type	(Memorandum
Service	Projects	Enterprise	Only)
339,265	-	-	1,045,156
10,903	-	-	70,882
6,516	-	153,866	549,458
-	-	-	32,780
-	9,691	-	50,452
-	-	76,898	881,056
-	-	669,163	676,842
8,048	-	-	8,437
3	-	2,100	110,066
<b>364,735</b>	<b>9,691</b>	<b>902,027</b>	<b>3,425,129</b>
80,570	-	-	791,514
-	-	-	1,077,966
260,297	168,686	814,344	1,685,587
-	-	-	230,600
<b>340,867</b>	<b>168,686</b>	<b>814,344</b>	<b>3,785,667</b>
<b>23,868</b>	<b>(158,995)</b>	<b>87,683</b>	<b>(360,538)</b>
-	30,739	29,161	189,315
-	-	(112,310)	(189,315)
-	30,739	(83,149)	-
23,868	(128,256)	4,534	(360,538)
71,982	436,017	97,152	1,364,440
<b>95,850</b>	<b>307,761</b>	<b>101,686</b>	<b>1,003,902</b>

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City of Carter Lake

Comparison of Receipts, Disbursements and Changes in Balances  
Actual to Budget

Year ended June 30, 2002

	<u>Actual</u>	<u>Amended Budget</u>
Receipts:		
Property tax	\$ 1,045,156	1,043,056
Tax increment financing collections	70,882	15,000
Other city tax	549,458	543,239
Licenses and permits	32,780	49,155
Use of money and property	50,452	15,000
Intergovernmental	881,056	757,952
Charges for service	676,842	696,600
Special assessments	8,437	67,100
Miscellaneous	110,066	147,650
Total receipts	<u>3,425,129</u>	<u>3,334,752</u>
Disbursements:		
Community Protection Program	791,514	785,892
Human Development Program	1,077,966	898,612
Home and Community Environment Program	1,685,587	1,435,939
Policy and Administration Program	230,600	213,089
Total disbursements	<u>3,785,667</u>	<u>3,333,532</u>
Excess (deficiency) of receipts over (under) disbursements	(360,538)	1,220
Balance beginning of year	<u>1,364,440</u>	<u>1,103,050</u>
Balance end of year	<u>\$ 1,003,902</u>	<u>1,104,270</u>

See notes to financial statements.

<b>Variance Favorable (Unfavorable)</b>	<b>Actual as % of Amended Budget</b>
2,100	100%
55,882	473%
6,219	101%
(16,375)	67%
35,452	336%
123,104	116%
(19,758)	97%
(58,663)	13%
(37,584)	75%
<hr/> 90,377	<hr/> 103%
(5,622)	101%
(179,354)	120%
(249,648)	117%
(17,511)	108%
<hr/> (452,135)	<hr/> 114%

City of Carter Lake  
Statement of Indebtedness  
Year ended June 30, 2002

Obligation	Date of Issue	Interest Rates
General obligation bonds:		
Essential corporate purpose	Oct 1, 1991	6.00-6.30%
General obligation notes:		
Capital loan notes	Mar 1, 1994	4.20-4.50%
Capital loan notes	Jan 1, 1995	6.00-6.55
Capital loan notes	Jun 1, 1999	4.500-5.125
Capital loan notes	Dec 1, 2000	4.85-5.80
Capital loan notes	May 1, 2001	5.00-5.30
Total		
Urban renewal tax increment financing revenue notes:		
Capital loan notes	Feb 1, 1999	7.00%
Capital loan notes	Feb 1, 1999	5.00
Total		
Iowa Community and Rural Development Loan	Feb 25, 1991	3.00%
Bank loan:		
Street resurfacing	Aug 28, 1996	5.00%
Lease-purchase agreements:		
Pickup with plow	Feb 10, 1999	6.55%
Street sweeper	Mar 1, 2000	7.57
Park pickup	Apr 12, 2000	7.20
Dump truck	Jun 22, 2000	7.30
Police vehicle	Jul 12, 2000	6.95
Senior citizens van	Jul 12, 2000	7.20
Ambulance	Jan 5, 2001	6.295
Tractor	Jul 20, 2001	6.25
Total		

See notes to financial statements.

Amount Originally Issued	Balance Beginning of Year, as Restated (note 9)	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
\$ 495,000	55,000	-	55,000	-	3,465
\$ 350,000	150,000	-	50,000	100,000	6,700
280,000	135,000	-	25,000	110,000	8,600
550,000	515,000	-	55,000	460,000	25,270
865,000	865,000	-	-	865,000	67,050
1,200,000	1,200,000	-	-	1,200,000	61,492
	\$ 2,865,000	-	130,000	2,735,000	169,112
\$ 200,000	200,000	-	15,000	185,000	14,000
250,000	250,000	-	10,000	240,000	12,500
	\$ 450,000	-	25,000	425,000	26,500
\$ 87,269	33,478	-	6,306	27,172	1,004
\$ 300,000	14,011	-	14,011	-	185
\$ 25,513	9,908	-	6,498	3,410	545
39,000	30,881	-	6,897	23,984	2,337
14,476	10,645	-	3,305	7,340	766
41,302	24,699	-	7,660	17,039	1,803
20,400	13,138	-	6,349	6,789	913
21,370	15,458	-	4,799	10,659	1,113
81,130	81,130	-	9,579	71,551	5,107
45,785	-	45,785	16,196	29,589	-
	\$ 185,859	45,785	61,283	170,361	12,584

City of Carter Lake

Notes to Financial Statements

June 30, 2002

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

The City of Carter Lake is a political subdivision of the State of Iowa located in Pottawattamie County. It was first incorporated in 1930 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 Carter Lake 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 has no component units required to be reported in accordance with the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the Pottawattamie County Assessor's Conference Board and the Pottawattamie County Joint E911 Service Board.

B. Fund Accounting

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



## Governmental Funds

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

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

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

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

## Proprietary Fund

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

### C. Basis of Accounting

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

### D. Budgets and Budgetary Accounting

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

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

### E. Total (Memorandum Only)

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

**(2) Cash and Pooled Investments**

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

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

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

**(3) Long-Term Debt**

Notes Payable

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

Year Ending June 30,	General Obligation Notes		Urban Renewal Tax Increment Financing Revenue Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 270,000	140,194	30,000	24,950	300,000	165,144
2004	290,000	126,774	30,000	23,150	320,000	149,924
2005	185,000	112,343	30,000	21,350	215,000	133,693
2006	180,000	102,644	35,000	19,550	215,000	122,194
2007	155,000	93,098	35,000	17,500	190,000	110,598
2008	160,000	85,681	40,000	15,450	200,000	101,131
2009	165,000	77,925	40,000	13,150	205,000	91,075
2010	95,000	69,848	45,000	10,850	140,000	80,698
2011	95,000	65,028	45,000	8,200	140,000	73,228
2012	100,000	60,191	45,000	5,550	145,000	65,741
2013	100,000	55,085	50,000	2,900	150,000	57,985
2014	105,000	49,963	-	-	105,000	49,963
2015	105,000	44,538	-	-	105,000	44,538
2016	110,000	39,061	-	-	110,000	39,061
2017	115,000	33,272	-	-	115,000	33,272
2018	120,000	27,153	-	-	120,000	27,153
2019	120,000	20,696	-	-	120,000	20,696
2020	125,000	14,220	-	-	125,000	14,220
2021	140,000	7,420	-	-	140,000	7,420
Total	\$2,735,000	1,225,134	425,000	162,600	3,160,000	1,387,734

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

The resolutions providing for the issuance of the urban renewal tax increment financing revenue notes include the following provisions:

- (a) Note proceeds totaling \$61,834 shall be deposited into a capitalized interest account which shall be pledged to pay interest payments coming due on or before June 30, 2002. In lieu of establishing a separate account, the City deposited the required amount into the sinking fund and has pledged this amount as required.
- (b) The notes will only be redeemed from future tax increment financing revenues received by the City.
- (c) Sufficient monthly transfers shall be made to a separate urban renewal revenue note sinking account for the purpose of making the note principal and interest payments when due.
- (d) Additional monthly transfers of 25% of the amount required to be deposited each month in the sinking fund shall be made to an urban renewal revenue reserve account until a specific minimum balance has been accumulated. This account is restricted for the purpose of making the note principal and interest payments when the sinking fund balance is insufficient.

#### Iowa Community and Rural Development Loan

On February 25, 1991, the City entered into a loan agreement with the Iowa Department of Economic Development (DED) for the purpose of financing lake level maintenance from DED's Iowa Community and Rural Development Loan Program. The loan of \$87,269 is to be repaid to DED in 15 annual installments which began January 2, 1992 and will end with the final payment on January 2, 2006. The loan bears interest at 3% per annum interest and the unpaid balance at June 30, 2002 totaled \$27,172.

#### Bank Loan

On August 28, 1996, the City entered into a loan agreement to finance the cost of a street resurfacing project. The loan of \$300,000 was repaid in 20 quarterly installments which began December 1, 1996 and ended with the final payment on September 1, 2001.

#### Lease-Purchase Agreements

On February 10, 1999, the City entered into a lease-purchase agreement to purchase a pickup with plow. The total cost was \$25,513 plus 6.55% per annum interest to be financed over a five-year period. During the year ended June 30, 2002, \$7,043 was paid under this agreement. The principal balance at June 30, 2002 was \$3,410.

On March 1, 2000, the City entered into a lease-purchase agreement to purchase a street sweeper. The total cost was \$39,000 plus 7.57% per annum interest to be financed over a five-year period. During the year ended June 30, 2002, \$9,234 was paid under this agreement. The principal balance at June 30, 2002 was \$23,984.

On April 12, 2000, the City entered into a lease-purchase agreement to purchase a Park Department pickup. The total cost was \$14,476 plus 7.20% per annum interest to be financed over a four-year period. During the year ended June 30, 2002, \$4,071 was paid under this agreement. The principal balance at June 30, 2002 was \$7,340.

On June 22, 2000, the City entered into a lease-purchase agreement to purchase a dump truck. The total cost was \$41,302 plus 7.30% per annum interest to be financed over a five-year period. During the year ended June 30, 2002, \$9,463 was paid under this agreement. The principal balance at June 30, 2002 was \$17,039.

On July 12, 2000, the City entered into a lease-purchase agreement to purchase a police vehicle. The total cost was \$20,400 plus 6.95% per annum interest to be financed over a three-year period. During the year ended June 30, 2002, \$7,262 was paid under this agreement. The principal balance at June 30, 2002 was \$6,789.

On July 12, 2000, the City entered into a lease-purchase agreement to purchase a senior citizens van. The total cost was \$21,370 plus 7.20% per annum interest to be financed over a three-year period. During the year ended June 30, 2002, \$5,912 was paid under this agreement. The principal balance at June 30, 2002 was \$10,659.

On January 5, 2001, the City entered into a lease-purchase agreement to purchase an ambulance. The total cost was \$81,130 plus 6.295% per annum interest to be financed over a seven-year period. During the year ended June 30, 2002, \$14,686 was paid under this agreement. The principal balance at June 30, 2002 was \$71,551.

On July 20, 2001, the City entered into a lease-purchase agreement to purchase a tractor for \$45,785. The City made a down payment of \$16,196 during the year ended June 30, 2002. The City approved a lease purchase agreement for the remaining \$29,589 plus 6.25% per annum interest to be financed over a two-year period. The principal balance at June 30, 2002 was \$29,589.

The following is a schedule of the future minimum rental payments and the present value of the net minimum rental payments under the lease-purchase agreements at June 30, 2002:

Year Ending June 30,	Pickup with Plow	Street Sweeper	Park Pickup	Dump Truck	Police Vehicle	Senior Citizens Van	Ambulance	Tractor	Total
2003	\$ 3,521	9,234	4,071	9,464	7,261	5,912	14,686	16,196	70,345
2004	-	9,234	4,071	9,463	-	5,912	14,686	16,195	59,561
2005	-	9,234	-	-	-	-	14,686	-	23,920
2006	-	-	-	-	-	-	14,686	-	14,686
2007	-	-	-	-	-	-	14,686	-	14,686
2008	-	-	-	-	-	-	14,686	-	14,686
Total rental payments	3,521	27,702	8,142	18,927	7,261	11,824	88,116	32,391	197,884
Less amount representing interest	(111)	(3,718)	(802)	(1,888)	(472)	(1,165)	(16,565)	(2,802)	(27,523)
Principal value of net rental payments	\$ 3,410	23,984	7,340	17,039	6,789	10,659	71,551	29,589	170,361

**(4) Pension and Retirement Benefits**

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

Plan members are required to contribute 3.70% of their annual salary and the City is required to contribute 5.75% of annual covered payroll except for police employees, in which case the percentages are 6.20% and 9.29%, respectively. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2002, 2001, and 2000 were \$52,366, \$47,235, and \$43,250, respectively, equal to the required contributions for each year.

**(5) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory time hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate maximum liability for earned compensated absences payable to employees at June 30, 2002, primarily relating to the General Fund, is as follows:

---

Type of Benefit	Amount
Vacation	\$ 20,000
Compensatory time	3,700
Sick leave	<u>46,300</u>
Total	<u>\$ 70,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2002.

**(6) Risk Management**

The City of Carter Lake 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.

**(7) Deficit Balances**

The General Fund, General Account had a deficit balance of \$43,869 at June 30, 2002. The deficit balance will be eliminated through future property tax collections and other sources and reduction in spending.

The Special Revenue Fund, Employees' Retirement Account had a deficit balance of \$14,454 at June 30, 2002. The deficit balance will be eliminated through future property tax collections.

The Special Revenue Fund, Urban Renewal Area #1 Series A and Urban Renewal Area #1 Series B Accounts had deficit balances of \$67,850 and \$31,087, respectively, at June 30, 2002. The deficit balances will be eliminated through transfers from other City funds and future collection of tax increment financing revenue.

The Special Revenue Fund, Urban Renewal Area #2 Account had a deficit balance of \$11,498 at June 30, 2002. The deficit balance will be eliminated through the future collection of urban renewal tax increment financing revenue.

The Capital Project Funds, Avenue H Paving Account had a deficit balance of \$17,954 at June 30, 2002. The deficit balance will be eliminated through transfers from other City funds.

The Enterprise Fund, Water and Golf Course Accounts, had deficit balances of \$21,665 and \$112,408, respectively, at June 30, 2002. The City plans to eliminate the deficit in the Water Account through subsequent collections of water revenue and the deficit in the Golf Course Account through collection of an emergency tax levy.

**(8) Budget Overexpenditure**

Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the program level. During the year ended June 30, 2002, disbursements in the Community Protection, Human Development, Home and Community Environment and Policy and Administration Programs exceeded the amounts budgeted.

**(9) Restatement**

The July 1, 2001 balance of the Statement of Indebtedness increased by \$15,458 over the prior year to include the lease purchase agreement for the senior citizens van dated July 12, 2000.

**(10) Commitment**

On December 18, 2001, the City approved a contract for the Abbott Drive Plaza project with a City commitment of \$200,000 for the project. Funding for this project has been provided through the issuance of general obligation capital loan notes on December 1, 2000. No payments were made on this contract during the year ended June 30, 2002. Payments will be made as work on the project progresses.

**(11) Subsequent Events**

On July 16, 2002, the City approved contracts for phase two of the Manhole Rehabilitation project for \$27,400 and the Avenue H and 9<sup>th</sup> Street Pump Station project for \$341,244. Funding for the manhole rehabilitation project will be from available sewer system funds and funding for the pump station project has been provided through the issuance of capital loan notes on May 1, 2001.

## **Supplemental Information**

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

	General	East Omaha Drainage District #21
Receipts:		
Property tax	\$ 542,972	-
Other city tax:		
Local option sales tax	46,160	-
Hotel/motel tax	70,326	-
Utility tax replacement excise tax	10,163	-
Cable franchise fee	11,759	-
	138,408	-
Licenses and permits:		
Beer and liquor	4,305	-
Cigarette	525	-
Building	25,970	-
Pet	1,605	-
Miscellaneous	375	-
	32,780	-
Use of money and property:		
Interest on investments	13,404	52
Property lease	20,600	-
	34,004	52
Intergovernmental:		
State allocation	36,813	-
Community oriented policing services grant	109,087	-
Library open-access program	2,426	-
Bank franchise tax	1,862	-
Federal emergency management agency grant	2,812	-
Iowa West Foundation grant	-	-
Human services decategorization project	12,033	-
Miscellaneous	28,082	-
	193,115	-



Fire Department Gift	Swimming Pool Gift	Community Center	Community Center Capital Improvement	Library Capital Improvement	Parks Capital Improvement	Total
-	-	-	-	-	-	542,972
-	-	-	-	-	-	46,160
-	-	-	53,804	-	86,086	210,216
-	-	-	-	-	-	10,163
-	-	-	-	-	-	11,759
-	-	-	53,804	-	86,086	278,298
-	-	-	-	-	-	4,305
-	-	-	-	-	-	525
-	-	-	-	-	-	25,970
-	-	-	-	-	-	1,605
-	-	-	-	-	-	375
-	-	-	-	-	-	32,780
-	-	-	-	-	-	13,456
-	-	-	-	-	-	20,600
-	-	-	-	-	-	34,056
-	-	-	-	-	-	36,813
-	-	-	-	-	-	109,087
-	-	-	-	-	-	2,426
-	-	-	-	-	-	1,862
-	-	-	-	-	-	2,812
-	-	-	-	350,000	-	350,000
-	-	-	-	-	-	12,033
-	-	-	-	-	-	28,082
-	-	-	-	350,000	-	543,115

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

	General	East Omaha Drainage District #21
Receipts (continued):		
Charges for service:		
Animal control	140	-
Park and recreation fees	839	-
Baseball fees	6,218	-
Library charges	482	-
	7,679	-
Miscellaneous:		
Traffic and parking fines	30	-
Court fines	25,522	-
Drainage assessments	-	2,000
Concession sales	22,308	-
Insurance settlements	9,878	-
Donations and contributions	2,581	-
Refunds	3,353	-
Reimbursements	13,438	-
Miscellaneous	8,278	-
	85,388	2,000
Total receipts	1,034,346	2,052
Disbursements:		
Community Protection Program:		
Police:		
Personal services	338,577	-
Contractual services	55,374	-
Commodities	48,467	-
Capital outlay	10,133	-
Equipment lease-purchase payments:		
Principal	6,349	-
Interest	913	-
	459,813	-

Fire Department Gift	Swimming Pool Gift	Community Center	Community Center Capital Improvement	Library Capital Improvement	Parks Capital Improvement	Total
-	-	-	-	-	-	140
-	-	-	-	-	-	839
-	-	-	-	-	-	6,218
-	-	-	-	-	-	482
-	-	-	-	-	-	7,679
-	-	-	-	-	-	30
-	-	-	-	-	-	25,522
-	-	-	-	-	-	2,000
-	-	-	-	-	-	22,308
-	-	-	-	-	-	9,878
55	-	9,648	-	506	-	12,790
-	-	-	-	5,940	-	9,293
-	-	-	-	-	-	13,438
-	-	2,057	-	-	-	10,335
55	-	11,705	-	6,446	-	105,594
55	-	11,705	53,804	356,446	86,086	1,544,494
-	-	-	-	-	-	338,577
-	-	-	-	-	-	55,374
-	-	-	-	-	-	48,467
-	-	-	-	-	-	10,133
-	-	-	-	-	-	6,349
-	-	-	-	-	-	913
-	-	-	-	-	-	459,813

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

	General	East Omaha Drainage District #21
Disbursement (continued):		
Community Protection Program:		
Traffic safety:		
Contractual services	822	-
Fire:		
Contractual services	31,528	-
Commodities	7,747	-
Capital outlay	6,658	-
	45,933	-
Ambulance:		
Contractual services	6,860	-
Commodities	6,148	-
Equipment lease-purchase payments:		
Principal	9,579	-
Interest	5,107	-
	27,694	-
Disaster control:		
Contractual service	120	-
Water rescue:		
Commodities	2,240	-
	536,622	-
Human Development Program:		
Animal control:		
Personal services	6,118	-
Contractual services	2,580	-
Commodities	1,382	-
	10,080	-
Library:		
Personal services	56,205	-
Contractual services	12,713	-
Commodities	24,172	-
Capital outlay	4,945	-
	98,035	-

Fire Department Gift	Swimming Pool Gift	Community Center	Community Center Capital Improvement	Library Capital Improvement	Parks Capital Improvement	Total
-	-	-	-	-	-	822
-	-	-	-	-	-	31,528
-	-	-	-	-	-	7,747
-	-	-	-	-	-	6,658
-	-	-	-	-	-	45,933
-	-	-	-	-	-	6,860
-	-	-	-	-	-	6,148
-	-	-	-	-	-	9,579
-	-	-	-	-	-	5,107
-	-	-	-	-	-	27,694
-	-	-	-	-	-	120
-	-	-	-	-	-	2,240
-	-	-	-	-	-	536,622
-	-	-	-	-	-	6,118
-	-	-	-	-	-	2,580
-	-	-	-	-	-	1,382
-	-	-	-	-	-	10,080
-	-	-	-	-	-	56,205
-	-	-	-	114,791	-	127,504
-	-	-	-	-	-	24,172
-	-	-	-	509,592	-	514,537
-	-	-	-	624,383	-	722,418

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

	General	East Omaha Drainage District #21
Disbursements (continued):		
Human Development Program:		
Parks and recreation:		
Personal services	76,295	-
Contractual services	17,908	-
Commodities	32,206	-
Capital outlay	22,965	-
Equipment lease-purchase payments:		
Principal	3,305	-
Interest	766	-
	153,445	-
Juvenile crime prevention program:		
Personal services	33,829	-
Contractual services	10,523	-
Commodities	22,981	-
Capital outlay	492	-
	67,825	-
Senior citizens:		
Personal services	24,802	-
Contractual services	9,179	-
Commodities	9,467	-
Equipment lease-purchase payments:		
Principal	4,799	-
Interest	1,113	-
	49,360	-
	378,745	-
Home and Community Environment Program:		
Building inspector:		
Personal services	14,115	-
Commodities	6,677	-
	20,792	-
Community beautification:		
Contractual services	755	-
East Omaha Drainage District #21:		
Contractual Services	8	60
	21,555	60

Fire Department Gift	Swimming Pool Gift	Community Center	Community Center Capital Improvement	Library Capital Improvement	Parks Capital Improvement	Total
-	-	-	-	-	-	76,295
-	-	-	-	-	-	17,908
-	-	-	-	-	-	32,206
-	-	-	-	-	30,697	53,662
-	-	-	-	-	-	3,305
-	-	-	-	-	-	766
-	-	-	-	-	30,697	184,142
-	-	-	-	-	-	33,829
-	-	-	-	-	-	10,523
-	-	6,710	-	-	-	29,691
-	-	-	-	-	-	492
-	-	6,710	-	-	-	74,535
-	-	-	-	-	-	24,802
-	-	-	-	-	-	9,179
-	-	-	-	-	-	9,467
-	-	-	-	-	-	4,799
-	-	-	-	-	-	1,113
-	-	-	-	-	-	49,360
-	-	6,710	-	624,383	30,697	1,040,535
-	-	-	-	-	-	14,115
-	-	-	-	-	-	6,677
-	-	-	-	-	-	20,792
-	-	-	-	-	-	755
-	-	-	-	-	-	68
-	-	-	-	-	-	21,615

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

	General	East Omaha Drainage District #21
Disbursements (continued):		
Policy and Administration Program:		
Legislative:		
Personal services	11,922	-
Contractual services	10,677	-
Commodities	3,386	-
	25,985	-
Executive:		
Personal services	12,000	-
Contractual services	1,524	-
Commodities	2,553	-
	16,077	-
Financial:		
Personal services	38,622	-
Contractual services	40,087	-
Commodities	15,080	-
Capital outlay	1,673	-
	95,462	-
Other:		
Election fees	1,683	-
Contractual services	28,507	-
Commodities	51,702	-
	81,892	-
	219,416	-
Total disbursements	1,156,338	60
Excess (deficiency) of receipts over (under) disbursements	(121,992)	1,992



Fire Department Gift	Swimming Pool Gift	Community Center	Community Center Capital Improvement	Library Capital Improvement	Parks Capital Improvement	Total
-	-	-	-	-	-	11,922
-	-	-	-	-	-	10,677
-	-	-	-	-	-	3,386
-	-	-	-	-	-	25,985
-	-	-	-	-	-	12,000
-	-	-	-	-	-	1,524
-	-	-	-	-	-	2,553
-	-	-	-	-	-	16,077
-	-	-	-	-	-	38,622
-	-	-	-	-	-	40,087
-	-	-	-	-	-	15,080
-	-	-	-	-	-	1,673
-	-	-	-	-	-	95,462
-	-	-	-	-	-	1,683
-	-	-	-	-	-	28,507
-	-	-	-	-	-	51,702
-	-	-	-	-	-	81,892
-	-	-	-	-	-	219,416
-	-	6,710	-	624,383	30,697	1,818,188
55	-	4,995	53,804	(267,937)	55,389	(273,694)

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

	General	East Omaha Drainage District #21
Other financing sources (uses):		
Operating transfers in (out):		
General:		
General	-	-
Library Capital Improvement	(24,012)	-
Special Revenue:		
Urban Renewal Area #3	(5,403)	-
Capital Projects:		
Miscellaneous Bond #1	(29,261)	-
Miscellaneous Bond #2	(1,478)	-
Enterprise:		
Water	75,000	-
Garbage	25,000	-
Total other financing sources (uses)	39,846	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(82,146)	1,992
Balance beginning of year	38,277	2,891
Balance end of year	\$ (43,869)	4,883

See accompanying independent auditor's report.

Fire Depart- ment Gift	Swimming Pool Gift	Community Center	Community Center Capital Improvement	Library Capital Improve- ment	Parks Capital Improve- ment	Total
-	-	-	-	24,012	-	24,012
-	-	-	-	-	-	(24,012)
-	-	-	-	-	-	(5,403)
-	-	-	-	-	-	(29,261)
-	-	-	-	-	-	(1,478)
-	-	-	-	-	-	75,000
-	-	-	-	-	-	25,000
-	-	-	-	24,012	-	63,858
55	-	4,995	53,804	(243,925)	55,389	(209,836)
960	501	5,326	88,973	294,463	36,961	468,352
1,015	501	10,321	142,777	50,538	92,350	258,516

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

	Road Use Tax	Employees' Retirement	Emergency	Police Forfeiture
<b>Receipts:</b>				
Property tax	\$ -	146,112	16,807	-
Tax increment financing collections	-	-	-	-
<b>Other city tax:</b>				
Utility tax replacement excise tax	-	2,756	315	-
Local option sales tax	107,707	-	-	-
	<u>107,707</u>	<u>2,756</u>	<u>315</u>	<u>-</u>
<b>Use of money and property:</b>				
Interest on investments	-	-	-	52
<b>Intergovernmental:</b>				
Road use tax allocation	260,157	-	-	-
State allocation	-	724	162	-
	<u>260,157</u>	<u>724</u>	<u>162</u>	<u>-</u>
Special assessments	389	-	-	-
Miscellaneous	1,200	-	-	1,169
Total receipts	<u>369,453</u>	<u>149,592</u>	<u>17,284</u>	<u>1,221</u>
<b>Disbursements:</b>				
<b>Community Protection Program:</b>				
Employee benefits	-	97,196	-	-
Contractual service	76,215	-	-	911
	<u>76,215</u>	<u>97,196</u>	<u>-</u>	<u>911</u>
<b>Human Development Program:</b>				
Employee benefits	-	37,431	-	-
<b>Home and Community Environment Program:</b>				
Personal services	77,401	-	-	-
Employee benefits	25,709	1,980	-	-
Contractual services	31,646	-	-	-

Urban Renewal Area #1 Series A	Urban Renewal Area #1 Series B	Urban Renewal Area #2	Urban Renewal Area #3	Urban Renewal Sinking	Urban Renewal Reserve	Total
-	-	-	-	-	-	162,919
32,123	25,620	-	2,236	-	-	59,979
-	-	-	-	-	-	3,071
-	-	-	-	-	-	107,707
-	-	-	-	-	-	110,778
-	-	-	6,653	-	-	6,705
-	-	-	-	-	-	260,157
-	-	-	-	-	-	886
-	-	-	-	-	-	261,043
-	-	-	-	-	-	389
-	-	-	-	-	-	2,369
32,123	25,620	-	8,889	-	-	604,182
-	-	-	-	-	-	97,196
-	-	-	-	-	-	77,126
-	-	-	-	-	-	174,322
-	-	-	-	-	-	37,431
-	-	-	-	-	-	77,401
-	-	-	-	-	-	27,689
398	398	1,766	29,302	-	-	63,510

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

	Road Use Tax	Employees' Retirement	Emergency	Police Forfeiture
Disbursements (continued):				
Home and Community Environment Program:				
Commodities	124,305	-	-	-
Capital outlay	2,648	-	-	-
Equipment lease-purchase payments:				
Principal	37,251	-	-	-
Interest	4,685	-	-	-
Bank loan payments:				
Street resurfacing:				
Principal	14,011	-	-	-
Interest	185	-	-	-
Urban renewal tax increment financing revenue notes:				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>317,841</u>	<u>1,980</u>	<u>-</u>	<u>-</u>
Policy and Administration Program:				
Employee benefits	-	11,184	-	-
Total disbursements	<u>394,056</u>	<u>147,791</u>	<u>-</u>	<u>911</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(24,603)</u>	<u>1,801</u>	<u>17,284</u>	<u>310</u>
Other financing sources (uses):				
Operating transfers in (out):				
General:				
General	-	-	-	-
Enterprise:				
Golf Course	-	-	(16,851)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(16,851)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>(24,603)</u>	<u>1,801</u>	<u>433</u>	<u>310</u>
Balance beginning of year	<u>99,411</u>	<u>(16,255)</u>	<u>945</u>	<u>1,780</u>
Balance end of year	<u>\$ 74,808</u>	<u>(14,454)</u>	<u>1,378</u>	<u>2,090</u>

See accompanying independent auditor's report.

Urban Renewal Area #1 Series A	Urban Renewal Area #1 Series B	Urban Renewal Area #2	Urban Renewal Area #3	Urban Renewal Sinking	Urban Renewal Reserve	Total
-	-	-	-	-	-	124,305
-	-	-	-	-	-	2,648
-	-	-	-	-	-	37,251
-	-	-	-	-	-	4,685
-	-	-	-	-	-	14,011
-	-	-	-	-	-	185
15,000	10,000	-	-	-	-	25,000
14,000	12,500	-	17,460	-	-	43,960
29,398	22,898	1,766	46,762	-	-	420,645
-	-	-	-	-	-	11,184
29,398	22,898	1,766	46,762	-	-	643,582
2,725	2,722	(1,766)	(37,873)	-	-	(39,400)
-	-	-	5,403	-	-	5,403
-	-	-	-	-	-	(16,851)
-	-	-	5,403	-	-	(11,448)
2,725	2,722	(1,766)	(32,470)	-	-	(50,848)
(70,575)	(33,809)	(9,732)	236,821	37,351	45,000	290,937
(67,850)	(31,087)	(11,498)	204,351	37,351	45,000	240,089

**Schedule 3**

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

Receipts:	
Property tax	\$ 339,265
Tax increment financing collections	10,903
Other city tax:	
Utility tax replacement excise tax	6,516
Special assessments	8,048
Miscellaneous:	
Refund	3
Total receipts	<u>364,735</u>
Disbursements:	
Community Protection Program:	
Principal redemption	55,000
Interest payments	25,270
Registrar fees	300
	<u>80,570</u>
Home and Community Environment Program:	
Principal redemption	130,000
Interest payments	129,847
Registrar fees	450
	<u>260,297</u>
Total disbursements	<u>340,867</u>
Excess of receipts over disbursements	23,868
Balance beginning of year	<u>71,982</u>
Balance end of year	<u><u>\$ 95,850</u></u>

See accompanying independent auditor's report.



**City of Carter Lake**

City of Carter Lake  
Combining Schedule of Cash Transactions  
Capital Projects Fund  
Year ended June 30, 2002

	Miscellaneous Bond #1
Receipts:	
Use of money and property:	
Interest on investments	\$ 9,691
Disbursements:	
Home and Community Environment Program:	
5th Street widening	142,330
9th Street sewer	1,280
Pumping station	25,076
Total disbursements	168,686
Deficiency of receipts under disbursements	(158,995)
Other financing sources(uses):	
Operating transfers in:	
General:	
General	29,261
Excess (deficiency) of receipts and other financing sources over (under) disbursements	(129,734)
Balance beginning of year	454,508
Balance end of year	\$ 324,774

See accompanying independent auditor's report.

Miscellaneous Bond #2	Avenue H Paving	Total
-	-	9,691
-	-	142,330
-	-	1,280
-	-	25,076
-	-	168,686
-	-	(158,995)
1,478	-	30,739
1,478	-	(128,256)
(537)	(17,954)	436,017
941	(17,954)	307,761

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

	Water	Water Capital Improvement
Receipts:		
Other city tax:		
Local option sales tax	\$ 76,933	-
Intergovernmental:		
Community Development Block Grant	-	-
Charges for service:		
Metered water sales	230,352	-
Hook-up fees	-	3,750
Water taps	-	-
Sewer rental fees	-	-
Garbage collection fees	-	-
	230,352	3,750
Miscellaneous	-	-
Total receipts	307,285	3,750
Disbursements:		
Home and Community Environment Program:		
Personal services	68,473	-
Employee benefits	13,735	-
Contractual services	199,310	12,449
Commodities	5,442	-
Capital outlay	11,240	-
Iowa community and rural development loan repayment:		
Principal redeemed	-	-
Interest paid	-	-
Total disbursements	298,200	12,449
Excess (deficiency) of receipts over (under) disbursements	9,085	(8,699)

Water Taps	Utility Customer Guarantee Deposit	Sewer Rental	Sewer Capital Improvement	Garbage	Golf Course	Total
-	-	76,933	-	-	-	153,866
-	-	76,898	-	-	-	76,898
-	-	-	-	-	-	230,352
-	-	-	13,050	-	-	16,800
15,700	-	-	-	-	-	15,700
-	-	244,973	-	-	-	244,973
-	-	-	-	161,338	-	161,338
15,700	-	244,973	13,050	161,338	-	669,163
-	2,100	-	-	-	-	2,100
15,700	2,100	398,804	13,050	161,338	-	902,027
-	-	16,787	-	-	-	85,260
-	-	6,160	-	-	-	19,895
60	750	164,035	-	125,568	-	502,172
-	-	5,497	-	-	-	10,939
-	-	177,528	-	-	-	188,768
-	-	-	6,306	-	-	6,306
-	-	-	1,004	-	-	1,004
60	750	370,007	7,310	125,568	-	814,344
15,640	1,350	28,797	5,740	35,770	-	87,683

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

	Water	Water Capital Improvement
Other financing sources (uses):		
Operating transfers in (out):		
General:		
General	(75,000)	-
Special Revenue:		
Emergency	-	-
Enterprise:		
Water	-	5,000
Water Capital Improvement	(5,000)	-
Sewer Rental	-	-
Sewer Capital Improvement	-	-
Total other financing sources (uses)	(80,000)	5,000
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(70,915)	(3,699)
Balance beginning of year	49,250	24,760
Balance end of year	\$ (21,665)	21,061

See accompanying independent auditor's report.

Water Taps	Utility Customer Guarantee Deposit	Sewer Rental	Sewer Capital Improvement	Garbage	Golf Course	Total
-	-	-	-	(25,000)	-	(100,000)
-	-	-	-	-	16,851	16,851
-	-	-	-	-	-	5,000
-	-	-	-	-	-	(5,000)
-	-	-	7,310	-	-	7,310
-	-	(7,310)	-	-	-	(7,310)
-	-	(7,310)	7,310	(25,000)	16,851	(83,149)
15,640	1,350	21,487	13,050	10,770	16,851	4,534
3,340	22,118	26,923	21,503	78,517	(129,259)	97,152
18,980	23,468	48,410	34,553	89,287	(112,408)	101,686

City of Carter Lake

Note Maturities

June 30, 2002

Year Ending June 30,	General Obligation Notes					
	Capital Loan Notes		Capital Loan Notes		Capital Loan Notes	
	Issued Mar 1, 1994		Issued Jan 1, 1995		Issued Jun 1, 1999	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2003	4.50%	\$ 50,000	6.25%	\$ 25,000	5.125%	\$ 55,000
2004	4.50	50,000	6.35	25,000	5.125	60,000
2005		-	6.45	30,000	5.125	65,000
2006		-	6.55	30,000	5.125	65,000
2007		-		-	4.500	70,000
2008		-		-	4.600	70,000
2009		-		-	4.700	75,000
2010		-		-		-
2011		-		-		-
2012		-		-		-
2013		-		-		-
2014		-		-		-
2015		-		-		-
2016		-		-		-
2017		-		-		-
2018		-		-		-
2019		-		-		-
2020		-		-		-
2021		-		-		-
Total		<u>\$ 100,000</u>		<u>\$ 110,000</u>		<u>\$ 460,000</u>



Capital Loan Notes Issued Dec 1, 2000		Capital Loan Notes Issued May 1, 2001		Total
Interest Rates	Amount	Interest Rates	Amount	
4.85%	\$ 140,000		\$ -	\$ 270,000
4.85	155,000		-	290,000
4.85	45,000	5.00%	45,000	185,000
5.00	35,000	5.00	50,000	180,000
5.05	35,000	5.00	50,000	155,000
5.10	35,000	5.00	55,000	160,000
5.15	35,000	5.00	55,000	165,000
5.20	35,000	5.00	60,000	95,000
5.25	35,000	5.00	60,000	95,000
5.30	35,000	5.00	65,000	100,000
5.35	35,000	5.00	65,000	100,000
5.40	35,000	5.05	70,000	105,000
5.45	35,000	5.10	70,000	105,000
5.50	35,000	5.15	75,000	110,000
5.60	35,000	5.20	80,000	115,000
5.70	35,000	5.25	85,000	120,000
5.75	35,000	5.25	85,000	120,000
5.80	35,000	5.30	90,000	125,000
	-	5.30	140,000	140,000
	<u>\$ 865,000</u>		<u>\$ 1,200,000</u>	<u>\$2,735,000</u>

**Schedule 6**

## City of Carter Lake

## Note Maturities

June 30, 2002

Year Ending June 30,	Urban Renewal Tax Increment Financing Revenue Notes					Total
	Capital Loan Notes		Capital Loan Notes			
	Issued Feb 1, 1999		Issued Feb 1, 1999			
	Interest Rates	Amount	Interest Rates	Amount		
2003	7.00%	\$ 15,000	5.00%	\$ 15,000	\$ 30,000	
2004	7.00	15,000	5.00	15,000	30,000	
2005	7.00	15,000	5.00	15,000	30,000	
2006	7.00	15,000	5.00	20,000	35,000	
2007	7.00	15,000	5.00	20,000	35,000	
2008	7.00	15,000	5.00	25,000	40,000	
2009	7.00	15,000	5.00	25,000	40,000	
2010	7.00	20,000	5.00	25,000	45,000	
2011	7.00	20,000	5.00	25,000	45,000	
2012	7.00	20,000	5.00	25,000	45,000	
2013	7.00	20,000	5.00	30,000	50,000	
Total		<u>\$185,000</u>		<u>\$ 240,000</u>	<u>\$ 425,000</u>	

See accompanying independent auditor's report.

## City of Carter Lake

## Comparison of Taxes and Intergovernmental Receipts

	Years ended June 30,			
	2002	2001	2000	1999
Property tax	\$ 1,045,156	884,339	749,880	707,257
Tax increment financing collections	70,882	11,070	4,199	1,648
Other city tax:				
Local option sales tax	307,733	360,942	301,680	269,893
Hotel/motel tax	210,216	138,887	126,566	66,791
Utility tax replacement excise tax	19,750	16,458	-	-
Cable franchise fee	11,759	16,533	9,437	3,474
	549,458	532,820	437,683	340,158
Intergovernmental:				
State allocation	37,699	40,476	40,596	40,407
Road use tax	260,157	257,737	259,568	245,450
Grants/loans	550,830	22,360	80,654	95,580
Miscellaneous	32,370	17,947	709	958
	881,056	338,520	381,527	382,395
Total	\$ 2,546,552	1,766,749	1,573,289	1,431,458

See accompanying independent auditor's report.

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



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

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Auditor of State

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Des Moines, Iowa 50319-0004

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Warren G. Jenkins, CPA  
Chief Deputy Auditor of State

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

To the Honorable Mayor and  
Members of the City Council:

We have audited the financial statements of the City of Carter Lake, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated September 19, 2002. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2002 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for items (2), (7), (9) and (10).

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Carter Lake'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 matters involving the internal control over financial reporting and its operations 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 City of Carter Lake's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe none are material weaknesses. Prior year reportable conditions have been resolved except for items (A) and (B).

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 Carter Lake and other parties to whom the City of Carter Lake 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 Carter Lake 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

September 19, 2002

City of Carter Lake  
Schedule of Findings  
Year ended June 30, 2002

**Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

- (A) Financial Reporting – Fund balances were not reconciled to bank balances and budget comparisons were not made available to the Council timely enough to make decisions.

Recommendation – Financial and budget comparisons should be made available to the Council monthly so that informed decisions may be made.

Response – We now have fund balances reconciled up to date and have budget comparisons available.

Conclusion – Response accepted.

- (B) Timely Deposits – Collections made by the Police Department were not always deposited in a timely manner.

Recommendation – All Police Department collections should be receipted immediately and deposited at least weekly.

Response – We will comply with this recommendation.

Conclusion – Response accepted.

City of Carter Lake

Schedule of Findings

Year ended June 30, 2002

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

- (1) Official Depositories - A resolution naming official depositories has been approved by the City. The maximum deposit amount stated in the resolution was not exceeded during the year ended June 30, 2002.
- (2) Certified Budget - Disbursements during the year ended June 30, 2002, exceeded the amount budgeted in the Community Protection, 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 or continuing appropriation.

Recommendation - The budget should have been amended in sufficient amounts in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - The budget will be amended in sufficient amounts in the future.

Conclusion -Response accepted.

- (3) Questionable Disbursements - No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (4) Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (5) Business Transactions - No business transactions between the City and City officials and employees were noted.
- (6) Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- (7) Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

The Council went into closed session on numerous occasions during the year. However, the minutes record did not always document the specific information regarding the closed session as required by Chapter 21 of the Code of Iowa, commonly known as the open-meetings law.

The minutes of Council proceedings were not published within fifteen days as required by Chapter 372.13(6) of the Code of Iowa. The minutes were eventually published but in some instances it was over one year before being published. Also, the minutes were not signed by the City Clerk as required.

Recommendation - The City should comply with Chapter 21 of the Code of Iowa and should publish and sign minutes as required.



City of Carter Lake

Schedule of Findings

Year ended June 30, 2002

Response - We are now showing the proper information for closed sessions and are now getting the minutes published on time. We will get the proper signatures in the future.

Conclusion - Response accepted.

(8) Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.

(9) Financial Condition - At June 30, 2002, the City had deficit balances in the following accounts:

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Fund/Account	Amount
General:	
General	\$ 43,869
Special Revenue:	
Employees Retirement	14,454
Urban Renewal Area #1 Series A	67,850
Urban Renewal Area #1 Series B	31,087
Urban Renewal Area #2	11,498
Capital Projects:	
Avenue H Paving	17,954
Enterprise:	
Water	21,665
Golf Course	112,408

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

Response - The deficit balance in the General Fund, General Account will be eliminated through future property tax collections and other sources. The deficit balance in the Special Revenue Fund, Employees' Retirement Account will be eliminated through future property tax collections. The deficit balances in the Urban Renewal Area #1 Series A and B will be eliminated through transfers from other City funds and future collection of tax increment financing revenue. The deficit balance in the Urban Renewal Area #2 will be eliminated through the future collection of tax increment financing revenue. The deficit balance in the Capital Project Avenue H Paving account will be eliminated using transfers from other City funds. The deficit in the Water Account will be eliminated through subsequent collections of water revenue. The deficit balance in the Golf Course Account will be eliminated through subsequent collections of an emergency tax levy.

Conclusion - Response accepted.

City of Carter Lake

Schedule of Findings

Year ended June 30, 2002

- (10) Sales Tax Refund - A sales tax refund was not applied for on material used in the capital improvement projects. A claim for refund must be filed with the Iowa Department of Revenue and Finance within six months following the completion of a project.

Recommendation - The City should apply for all sales tax refunds available on a timely basis.

Response - In the future claims for sales tax refunds will be filed within six months following the completion of a project.

Conclusion - Response accepted.

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City of Carter Lake

Staff

This audit was performed by:

Steven M. Nottger, CPA, Manager  
Paul F. Kearney, CGFM, Senior Auditor  
Marc D. Johnson, Staff Auditor  
Curt J. Schroeder, Assistant Auditor

Andrew E. Nielsen, CPA  
Deputy Auditor of State