



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

**NEWS RELEASE**

FOR RELEASE February 7, 2003

Contact: Andy Nielsen  
515/281-5515

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

The City's receipts totaled \$5,179,879 for the year ended June 30, 2002, a 33 percent decrease from 2001. The receipts included \$946,768 in property tax, \$283,471 in tax increment financing collections, \$202,577 in local option sales tax, \$1,094,482 from the state, \$35,143 from the federal government and \$108,034 in interest on investments. The City also received \$985,050 in general obligation bond proceeds, \$1,195,480 in water revenue bond proceeds, \$921,910 in sewer revenue bond proceeds and \$326,000 in special pledge obligation note proceeds, all reported as other financing sources. The significant decrease in receipts is due primarily to a state grant for airport construction received in the prior year.

Disbursements for the year totaled \$5,634,479, a 30 percent decrease from the prior year, and included \$1,021,998 for community protection, \$1,874,184 for human development, \$2,406,835 for home and community environment and \$331,462 for policy and administration. The significant decrease in disbursements is due primarily to the substantial completion of the airport project in the prior year.

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

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

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## City of Monticello

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 2002)</b>		
Robert (Bud) Johnson	Mayor	Jan 2002
Richard Hartkemeyer	Mayor Pro tem/Council Member	(Resigned)
Dena Himes (Appointed)	Mayor Pro tem/Council Member	Jan 2002
James Robinson	Council Member	(Resigned)
Jerald Wilbricht (Appointed)	Council Member	Nov 2001
Tom Henry	Council Member	Jan 2002
Matt Bollwitt	Council Member	(Resigned)
Nels Petersen	Council Member	Jan 2004
Larry Stoneking	Council Member	Jan 2004
Joshua A. Smith	City Administrator	Jul 2004
Sally Hinrichsen	City Clerk/Treasurer	Jan 2002
Joyce Milroy	Deputy City Clerk	Jan 2002
William J. Sueppel	Attorney	Jan 2002
<b>(After January 2002)</b>		
Robert (Bud) Johnson	Mayor	Jan 2004
Dena Himes	Mayor Pro tem	Jan 2006
Nels Petersen	Council Member	Jan 2004
Larry Stoneking	Council Member	Jan 2004
Jerald Wilbricht	Council Member	Jan 2004
William Meyer	Council Member	Jan 2006
Tom Henry	Council Member	Jan 2006
Joshua A. Smith	City Administrator	Jul 2004
Sally Hinrichsen	City Clerk/Treasurer	Jan 2003
Cheryl Clark	Deputy City Clerk	Jan 2003
Douglas Herman	Attorney	Jan 2003

**City of Monticello**



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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 Monticello, Iowa, as of and for the year ended June 30, 2002. These financial statements are the responsibility of the City of Monticello'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.

The financial statements referred to above do not include the financial transactions of the Friends of Monticello Public Library, Inc., a component unit of the City of Monticello, pertaining to the Special Revenue Funds, which should be included in order to conform with U.S. generally accepted accounting principles. The amounts of the financial transactions that should have been recorded are not known.

In our opinion, except for the effects on the financial statements of the omission described above, the aforementioned financial statements present fairly, in all material respects, the results of the cash transactions of the funds of the City of Monticello 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 November 25, 2002 on our consideration of the City of Monticello'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 qualified opinions on those financial statements for the omission of the financial transactions of the Friends of Monticello Public Library, Inc. pertaining to the Special Revenue Funds. The supplemental information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the aforementioned financial statements taken as a whole.

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 25, 2002



## **Financial Statements**

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

	Governmental Fund	
	General	Special Revenue
<b>Receipts:</b>		
Property tax	\$ 595,579	141,755
Tax increment financing collections	-	283,471
Other City tax	265,841	6,869
Licenses and permits	13,237	-
Use of money and property	103,289	6,037
Intergovernmental	209,748	300,927
Charges for service	230,369	-
Special assessments	-	-
Miscellaneous	103,352	186,045
Total receipts	1,521,415	925,104
<b>Disbursements:</b>		
Community Protection Program	736,037	248,925
Human Development Program	356,715	28,019
Home and Community Environment Program	67,286	267,841
Policy and Administration Program	253,932	16,284
Total disbursements	1,413,970	561,069
Excess (deficiency) of receipts over (under) disbursements	107,445	364,035
<b>Other financing sources (uses):</b>		
General obligation bond proceeds, net of \$9,950 discount	-	-
Water revenue bond proceeds, net of \$14,520 discount	-	-
Sewer revenue bond proceeds, net of \$13,090 discount	-	-
Special pledge obligation note proceeds	-	-
Loan proceeds	29,188	-
Operating transfers in	84,273	-
Operating transfers out	(193,747)	(276,483)
Total other financing sources (uses)	(80,286)	(276,483)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	27,159	87,552
Balance beginning of year	741,940	424,109
Balance end of year	\$ 769,099	511,661

See notes to financial statements.

Types		Proprietary Fund Type	Fiduciary Fund Type	Total Reporting Entity (Memorandum Only)
Debt Service	Capital Projects	Enterprise	Trust	
209,434	-	-	-	946,768
-	-	-	-	283,471
10,168	-	-	-	282,878
-	-	-	-	13,237
596	18,689	30,017	25,420	184,048
-	714,775	-	1,346	1,226,796
-	-	1,013,932	-	1,244,301
-	4,636	-	-	4,636
-	66,978	44,063	593,306	993,744
220,198	805,078	1,088,012	620,072	5,179,879
37,036	-	-	-	1,021,998
280,413	1,152,196	-	56,841	1,874,184
432,464	832,857	805,137	1,250	2,406,835
-	61,246	-	-	331,462
749,913	2,046,299	805,137	58,091	5,634,479
(529,715)	(1,241,221)	282,875	561,981	(454,600)
-	985,050	-	-	985,050
-	1,125,333	70,147	-	1,195,480
-	844,057	77,853	-	921,910
-	326,000	-	-	326,000
-	-	-	-	29,188
524,642	747,299	239,691	-	1,595,905
-	(157,059)	(296,317)	(672,299)	(1,595,905)
524,642	3,870,680	91,374	(672,299)	3,457,628
(5,073)	2,629,459	374,249	(110,318)	3,003,028
17,821	190,713	849,980	717,655	2,942,218
12,748	2,820,172	1,224,229	607,337	5,945,246

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City of Monticello

Comparison of Receipts, Disbursements and Changes in Balances -

Actual to Budget

Year ended June 30, 2002

	<u>Actual</u>
<b>Receipts:</b>	
Property tax	\$ 946,768
Tax increment financing collections	283,471
Other City tax	282,878
Licenses and permits	13,237
Use of money and property	184,048
Intergovernmental	1,226,796
Charges for service	1,244,301
Special assessments	4,636
Miscellaneous	993,744
Total receipts	<u>5,179,879</u>
<b>Disbursements:</b>	
Community Protection Program	1,021,998
Human Development Program	1,874,184
Home and Community Environment Program	2,406,835
Policy and Administration Program	331,462
Total disbursements	<u>5,634,479</u>
Excess (deficiency) of receipts over (under) disbursements	(454,600)
Other financing sources, net	<u>3,457,628</u>
Excess of receipts and other financing sources over disbursements and other financing uses	3,003,028
Balance beginning of year	<u>2,942,218</u>
Balance end of year	<u>\$ 5,945,246</u>

See notes to financial statements.

Less Funds Not Required to be Budgeted	Net	Amended Budget	Variance Favorable (Unfavorable)	Net as % of Amended Budget
-	946,768	974,157	(27,389)	97%
-	283,471	244,219	39,252	116%
-	282,878	231,044	51,834	122%
-	13,237	30,410	(17,173)	44%
10,548	173,500	277,906	(104,406)	62%
-	1,226,796	1,751,259	(524,463)	70%
-	1,244,301	1,207,641	36,660	103%
-	4,636	-	4,636	
191,820	801,924	481,583	320,341	167%
202,368	4,977,511	5,198,219	(220,708)	96%
156,407	865,591	915,953	50,362	95%
16,417	1,857,767	2,226,238	368,471	83%
-	2,406,835	3,760,472	1,353,637	64%
-	331,462	340,661	9,199	97%
172,824	5,461,655	7,243,324	1,781,669	75%
29,544	(484,144)	(2,045,105)		
-	3,457,628	3,196,335		
29,544	2,973,484	1,151,230		
358,473	2,583,745	2,477,703		
388,017	5,557,229	3,628,933		

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

Obligation	Date of Issue	Interest Rates
<b>General obligation bonds:</b>		
Essential corporate purpose	Aug 1, 1993	4.10-5.00%
Essential corporate purpose	Jun 1, 1994	4.80-5.50
Street improvement	Dec 1, 1998	3.80-4.55
General corporate purpose	May 1, 2001	3.70-5.50
Urban renewal	Aug 1, 2001	3.90-4.80
Total		
<b>Revenue bonds:</b>		
Sewer	Dec 1, 1998	4.25-5.00%
Water	Mar 15, 2002	2.00-5.10
Sewer	Mar 15, 2002	2.75-5.10
Total		
<b>General obligation capital loan notes:</b>		
Industrial park and youth center projects	Apr 1, 1996	4.45-4.90%
Streets, sidewalks, ambulance, water and sewer projects	Jan 1, 1997	4.875-5.25
Total		
<b>Special pledge obligation note:</b>		
Aquatic center	Oct 19, 2001	3.80%
<b>Bank loans:</b>		
Ambulance	Jul 14, 1999	5.00%
Van	Feb 7, 2002	4.50
Total		
<b>Lease-purchase agreements:</b>		
Park equipment	Mar 24, 1998	6.75%
Park mower	Jul 10, 1998	6.75
Cemetery tractor/loader	Nov 11, 1998	6.25
Total		

See notes to financial statements.

Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
\$ 275,000	165,000	-	20,000	145,000	8,010
400,000	265,000	-	30,000	235,000	14,200
1,000,000	900,000	-	55,000	845,000	38,263
885,000	885,000	-	50,000	835,000	39,967
995,000	-	995,000	-	995,000	35,454
	<u>\$ 2,215,000</u>	<u>995,000</u>	<u>155,000</u>	<u>3,055,000</u>	<u>135,894</u>
\$ 1,700,000	1,645,000	-	60,000	1,585,000	75,638
1,210,000	-	1,210,000	-	1,210,000	-
935,000	-	935,000	-	935,000	-
	<u>\$ 1,645,000</u>	<u>2,145,000</u>	<u>60,000</u>	<u>3,730,000</u>	<u>75,638</u>
\$ 625,000	130,000	-	80,000	50,000	6,185
1,810,000	1,475,000	-	105,000	1,370,000	74,125
	<u>\$ 1,605,000</u>	<u>-</u>	<u>185,000</u>	<u>1,420,000</u>	<u>80,310</u>
\$ 326,000	-	326,000	150,000	176,000	7,059
\$ 54,800	37,497	-	18,277	19,220	1,849
29,188	-	29,188	-	29,188	-
	<u>\$ 37,497</u>	<u>29,188</u>	<u>18,277</u>	<u>48,408</u>	<u>1,849</u>
\$ 17,150	3,646	-	3,646	-	246
27,720	17,705	-	5,521	12,184	1,195
15,650	9,953	-	3,119	6,834	622
	<u>\$ 31,304</u>	<u>-</u>	<u>12,286</u>	<u>19,018</u>	<u>2,063</u>

City of Monticello

Notes to Financial Statements

June 30, 2002

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

The City of Monticello is a political subdivision of the State of Iowa located in Jones County. It was first incorporated in 1837 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 Monticello has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Monticello (the primary government) and the Riverside Gardeners, Inc., Monticello Volunteer Fire Department and Monticello Emergency Medical Team (component units). These component units discussed below are included in the City's reporting entity because of the significance of the operational or financial relationship with the City.

The Riverside Gardeners, Inc. is legally separate from the City but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Funds. The Riverside Gardeners, Inc. has been established pursuant to Chapter 504A of the Code of Iowa for the purpose of developing and maintaining public parks, the maintenance and improvement of community recreational areas and facilities, and the beautification of parklands. The Monticello Riverside Park is the primary beneficiary of this charitable organization and it is the intent of the Board of Directors of the Riverside Gardeners, Inc. to continue this relationship with the City.

The Monticello Volunteer Fire Department is a volunteer organization and is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Funds. The Monticello Volunteer Fire Department has been established pursuant to City ordinance for the purpose of preventing and extinguishing fires and to protect lives and property against fires and to promote fire protection and fire safety. The City of Monticello is the primary beneficiary of this volunteer organization.



The Monticello Emergency Medical Team is legally separate from the City but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the city and blended into the Special Revenue Funds. Although the Monticello Emergency Medical Team is legally separate from the City, its purpose is to benefit the City of Monticello (the primary government) by soliciting contributions and managing those funds.

#### Excluded Component Unit

The Friends of Monticello Public Library, Inc. was established as a non-profit corporation in accordance with Chapter 504A of the Code of Iowa, to receive donations for the benefit of the Monticello Public Library, Inc. These would be used to purchase items which are not included in the City's budget. The financial transactions of this component unit have not been displayed because they were not made available.

#### Jointly Governed Organizations

The City also participates in several jointly governed organizations 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 following boards and commissions: Jones County Assessor's Conference Board, E911 Joint Service Board and Emergency Management Agency. The City also participates in the Jones County Solid Waste Management Commission, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa.

### B. Fund Accounting

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

#### Governmental Funds

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

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

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

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

### Proprietary Funds

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

### Fiduciary Funds

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

#### C. Basis of Accounting

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

#### D. Budgets and Budgetary Accounting

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

### (3) Long-Term Debt

#### Bonds and Notes Payable

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

Year Ending June 30,	General Obligation Bonds		Revenue Bonds		General Obligation Capital Loan Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 225,000	133,535	125,000	187,797	135,000	71,431	485,000	392,763
2004	245,000	124,298	145,000	163,870	140,000	64,869	530,000	353,037
2005	260,000	114,098	150,000	158,933	120,000	58,038	530,000	331,069
2006	270,000	103,058	155,000	153,418	125,000	52,188	550,000	308,664
2007	275,000	91,393	165,000	147,448	130,000	46,094	570,000	284,935
2008	295,000	79,445	170,000	140,810	140,000	39,659	605,000	259,914
2009	280,000	66,443	175,000	133,820	145,000	32,659	600,000	232,922
2010	255,000	54,048	185,000	126,500	155,000	25,228	595,000	205,776
2011	270,000	43,005	195,000	118,543	160,000	17,245	625,000	178,793
2012	155,000	31,080	205,000	109,963	170,000	8,925	530,000	149,968
2013	165,000	24,220	215,000	100,703	-	-	380,000	124,923
2014	175,000	16,795	220,000	90,778	-	-	395,000	107,573
2015	90,000	8,790	235,000	80,450	-	-	325,000	89,240
2016	95,000	4,560	245,000	69,240	-	-	340,000	73,800
2017	-	-	260,000	57,368	-	-	260,000	57,368
2018	-	-	270,000	44,568	-	-	270,000	44,568
2019	-	-	285,000	31,068	-	-	285,000	31,068
2020	-	-	160,000	16,785	-	-	160,000	16,785
2021	-	-	170,000	8,670	-	-	170,000	8,670
Total	\$ 3,055,000	894,768	3,730,000	1,940,732	1,420,000	416,336	8,205,000	3,251,836

#### Revenue Bonds:

The resolutions providing for the issuance of the water and sewer revenue bonds include the following provisions.

- (a) The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to water and sewer revenue bond sinking accounts for the purpose of making the bond principal and interest payments when due.
- (c) Monthly transfers shall be made to water and sewer reserve accounts until specified required balances have been accumulated. These accounts are restricted for paying principal at maturity or interest on the bonds in the event the sinking account balances are insufficient to make the payments.
- (d) Monthly transfers of \$400 shall be made to the sewer improvement account until the required balance of \$75,000 is accumulated. A sum of \$37,000 shall be paid to the water improvement and extension account at the time of delivery of the bonds. These accounts are restricted for paying principal or interest on the bonds when there is insufficient money in the sinking or reserve accounts, for extraordinary maintenance expenses or repair, renewals and replacements not included in the annual budget of revenues

and current expenses, payment of rentals on any part of the system, and for capital improvements to the system.

- (e) All funds remaining in the water accounts after making the required transfers to the sinking, reserve and improvement accounts shall be placed in a surplus account. As long as the sinking, reserve and improvement accounts have the full amounts required to be deposited, the balance in the surplus account may be made available to the Utility as the Council may direct.

The City has not made the required transfers to the water and sewer sinking accounts required by the water and sewer revenue bond resolutions.

Aquatic Center Special Pledge Obligation Note - On October 19, 2001, the City issued a \$326,000 special pledge obligation aquatic center note to equip and construct an aquatic center. The note bears interest at 3.80% and matures on June 1, 2003. The note principal and interest is to be paid only from pledges of private funds to be donated to the City and is not a general obligation of the City. The principal balance at June 30, 2002 was \$176,000.

Bank Loans - On July 14, 1999, the City entered into a loan agreement for \$54,800 to purchase an ambulance. The agreement requires three annual payments of \$20,125, including five percent per annum interest, with the final payment due July 14, 2003. The principal balance at June 30, 2002 was \$19,220.

On February 7, 2002, the City entered into a loan agreement for \$29,188 to purchase specialized transportation equipment. The agreement requires three annual payments of \$10,341, including 4.5% per annum interest, with the final payment due July 1, 2004. The principal balance at June 30, 2002 was \$29,188.

Lease Purchase Agreements - In prior years the City has entered into agreements to lease certain equipment under non-cancelable capital leases. The following is a schedule of the future minimum lease payments, including interest ranging from 6.25% to 6.75% per annum, and the present value of net minimum lease payments under agreements in effect at June 30, 2002.

Year ending June 30,	Park Mower	Cemetery Tractor/ Loader	Total
2003	\$ 6,716	3,741	10,457
2004	6,716	3,741	10,457
Total minimum lease payments	13,432	7,482	20,914
Less amount representing interest	(1,248)	(648)	(1,896)
Present value of net minimum lease payments	\$ 12,184	6,834	19,018

During the year ended June 30, 2002, \$14,349 was paid on the above leases and a lease for park equipment that was paid off.

**(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 covered 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 \$57,077, \$53,234, and \$52,618 respectively, equal to the required contribution for the year.

**(5) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation and sick leave 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 also allowed employees to accumulate compensatory time during the fiscal year in lieu of overtime pay. The City's approximate liability for earned compensated absences payable to employees at June 30, 2002, primarily relating to the General and Enterprise Funds, is as follows:

Type of Benefit	Amount
Compensatory time	\$ 200
Vacation	12,300
Sick leave	96,600
Holiday	<u>400</u>
Total	<u>\$ 109,500</u>

This liability has been computed based on rates of pay in effect at June 30, 2002. Sick leave is payable when used or, after an employment period of eight years, upon termination, retirement or death. If paid upon termination, retirement or death, one-half of the total accumulated sick leave hours, not to exceed 720 hours, are paid at the effective hourly rate at June 30, 1998 for that employee. Based on this computation, the minimum accumulated sick leave approximated \$16,000 at June 30, 2002.

**(6) Risk Management**

The City of Monticello is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 384.12 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 400 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public official liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City of Monticello's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City of Monticello's annual contributions to the Pool for the year ended June 30, 2002 were \$73,853.

The Pool uses reinsurance and excess risk sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks, including automobile physical damage, are also reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2002, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. After the sixth year, the member is refunded 100 percent of its capital contributions, however, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City of Monticello also carries commercial insurance purchased from other insurers for coverage associated with airport liability and employee blanket bond. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(7) Construction Commitment**

The City has entered into contracts for airport expansion, aquatic center and parking lot construction, Gill and East Third Street construction and Cedar Street drainage improvements totaling \$7,096,124. At June 30, 2002, \$6,157,433 has been paid on the contracts. Additional payments will be made as work on the projects progresses.

**(8) Interfund Loan**

During the year ended June 30, 1997, the General Fund, General Account loaned \$38,000 to the Capital Projects Fund, Tax Increment Financing (TIF) Project Account for the purpose of financing project costs within the TIF area. The loan bears interest at 10% per annum and is to be paid back over the nine-year period beginning June 1, 1998. At June 30, 2002, the remaining balance was \$25,000. This balance will be repaid with one \$10,000 payment with interest during the year ending June 30, 2003 and three equal annual installments of \$5,000 with interest beginning July 1, 2004.

**(9) Library Trusts**

The City has received bequests from Charles S. Bidwell and Ioma M. Baker to be used for specific library purposes. The interest received from the Bidwell bequest is to be used to purchase library books and interest received from the Baker bequest is to be used towards library purposes.

**(10) Related Party Transactions**

The City had business transactions between the City and City officials totaling \$18,358 during the year ended June 30, 2002.

**(11) Community Economic Betterment Account (CEBA) Loan Program**

On February 20, 1997, the City was awarded \$50,000 from the Iowa Department of Economic Development (Department) under a CEBA loan agreement. In a prior year, a forgivable loan agreement was executed among the Department, the City of Monticello and a local company. The City's liability for repayment is limited to its good faith enforcement of the security interest which secures its loan with the local company. At June 30, 2002 the loan balance was \$50,000.

**(12) Deficit Balance**

The Special Revenue Fund, CEBA Grant Account had a deficit balance of \$89 at June 30, 2002. The deficit will be eliminated through future receipts.

**City of Monticello**



## **Supplemental Information**

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

	Drug Control and System Improvement Grant		
	General	Program	Library
Receipts:			
Property tax	\$ 595,579	-	-
Other City tax:			
Mobile home tax	800	-	-
Cable franchising	18,729	-	-
Local option sales tax	202,577	-	-
Utility tax replacement excise tax	27,744	-	-
Hotel/motel tax	-	-	-
	249,850	-	-
Licenses and permits:			
Cigarette	825	-	-
Liquor	5,348	-	-
Building	6,980	-	-
Bicycle	12	-	-
Dog	72	-	-
	13,237	-	-
Use of money and property:			
Interest on investments	25,813	129	341
Rent	55,436	-	-
	81,249	129	341
Intergovernmental:			
State allocation	62,015	-	-
Bank franchise tax	15,512	-	-
County library allocation	-	-	14,074
State road use maintenance reimbursement	6,783	-	-
Fire contracts	52,027	-	-
Fire grant	327	-	-
City of Anamosa allocation	-	-	-
Community oriented police services universal hiring grant	22,233	-	-
Community policing block grant	-	-	-
Organized crime drug enforcement task forces grant	702	-	-
State step grant	3,919	-	-
Jones County bulletproof vest grant	301	-	-
State tobacco reimbursement	-	-	-
County ambulance allocation	10,797	-	-
	174,616	-	14,074

Soldiers Memorial Board Maintenance	Monticello Berndes Center	Local Access Channel	Community Policing Program	Monticello Police Pistol	Hotel/Motel Tax	Total
-	-	-	-	-	-	595,579
-	-	-	-	-	-	800
-	-	-	-	-	-	18,729
-	-	-	-	-	-	202,577
-	-	-	-	-	-	27,744
-	-	-	-	-	15,991	15,991
-	-	-	-	-	15,991	265,841
-	-	-	-	-	-	825
-	-	-	-	-	-	5,348
-	-	-	-	-	-	6,980
-	-	-	-	-	-	12
-	-	-	-	-	-	72
-	-	-	-	-	-	13,237
-	413	535	17	-	27	27,275
1,965	18,613	-	-	-	-	76,014
1,965	19,026	535	17	-	27	103,289
-	-	-	-	-	-	62,015
-	-	-	-	-	-	15,512
-	-	-	-	-	-	14,074
-	-	-	-	-	-	6,783
-	-	-	-	-	-	52,027
-	-	-	-	-	-	327
-	-	19,972	-	-	-	19,972
-	-	-	-	-	-	22,233
-	-	-	286	-	-	286
-	-	-	-	-	-	702
-	-	-	-	-	-	3,919
-	-	-	-	-	-	301
-	-	-	800	-	-	800
-	-	-	-	-	-	10,797
-	-	19,972	1,086	-	-	209,748

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

	General	Drug Control and System Improvement Grant Program	Library
<b>Receipts (continued):</b>			
<b>Charges for service:</b>			
Ambulance calls and services	160,548	-	-
Wheelchair van fees	2,638	-	-
Cemetery fees	26,219	-	-
Clerk fees	728	-	-
Swimming pool fees	40,131	-	-
Park and recreation fees	105	-	-
	230,369	-	-
<b>Miscellaneous:</b>			
Refunds and reimbursements	4,908	-	-
Court fines	13,986	-	-
Parking fines	2,227	-	-
Donations and contributions	555	50	-
Concessions	12,029	-	-
Fines, fees and gifts	-	-	1,814
Township allocations for fire truck	30,000	-	-
Miscellaneous	9,056	113	-
	72,761	163	1,814
<b>Total receipts</b>	<b>1,417,661</b>	<b>292</b>	<b>16,229</b>
<b>Disbursements:</b>			
<b>Community Protection Program:</b>			
<b>Police:</b>			
Personal services	229,688	-	-
Contractual services	38,980	1,528	-
Commodities	24,108	1,646	-
Capital outlay	45,184	-	-
	337,960	3,174	-
<b>Fire:</b>			
Personal services	15,012	-	-
Contractual services	22,054	-	-
Commodities	11,004	-	-
Capital outlay	86,875	-	-
	134,945	-	-

Soldiers Memorial Board Maintenance	Monticello Berndes Center	Local Access Channel	Community Policing Program	Monticello Police Pistol	Hotel/Motel Tax	Total
-	-	-	-	-	-	160,548
-	-	-	-	-	-	2,638
-	-	-	-	-	-	26,219
-	-	-	-	-	-	728
-	-	-	-	-	-	40,131
-	-	-	-	-	-	105
-	-	-	-	-	-	230,369
-	-	-	-	-	-	4,908
-	-	-	-	-	-	13,986
-	-	-	-	-	-	2,227
500	127	-	2,653	-	-	3,885
-	12,874	-	-	-	-	24,903
-	-	-	-	-	-	1,814
-	-	-	-	-	-	30,000
-	12,460	-	-	-	-	21,629
500	25,461	-	2,653	-	-	103,352
2,465	44,487	20,507	3,756	-	16,018	1,521,415
-	-	-	837	-	-	230,525
-	-	-	17	-	-	40,525
-	-	-	4,287	-	-	30,041
-	-	-	-	-	-	45,184
-	-	-	5,141	-	-	346,275
-	-	-	-	-	-	15,012
-	-	-	-	-	-	22,054
-	-	-	-	-	-	11,004
-	-	-	-	-	-	86,875
-	-	-	-	-	-	134,945

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

	Drug Control and System Improvement Grant		
	General	Program	Library
Disbursements (continued):			
Community Protection Program:			
Ambulance:			
Personal services	136,782	-	-
Contractual services	12,933	-	-
Commodities	22,764	-	-
Capital outlay	35,620	-	-
	208,099	-	-
Street lighting	46,718	-	-
	727,722	3,174	-
Human Development Program:			
Animal control	439	-	-
Park:			
Personal services	50,080	-	-
Contractual services	32,037	-	-
Commodities	6,105	-	-
Capital outlay	12,922	-	-
	101,144	-	-
Swimming pool:			
Personal services	27,226	-	-
Contractual services	16,628	-	-
Commodities	20,048	-	-
Capital outlay	15,850	-	-
	79,752	-	-
Soldiers Memorial:			
Contractual services	2,987	-	-
Library:			
Personal services	-	-	37,646
Contractual services	-	-	17,376
Commodities	-	-	2,978
	-	-	58,000

Soldiers Memorial Board Maintenance	Monticello Berndes Center	Local Access Channel	Community Policing Program	Monticello Police Pistol	Hotel/Motel Tax	Total
-	-	-	-	-	-	136,782
-	-	-	-	-	-	12,933
-	-	-	-	-	-	22,764
-	-	-	-	-	-	35,620
-	-	-	-	-	-	208,099
-	-	-	-	-	-	46,718
-	-	-	5,141	-	-	736,037
-	-	-	-	-	-	439
-	-	-	-	-	-	50,080
-	-	-	-	-	-	32,037
-	-	-	-	-	-	6,105
-	-	-	-	-	-	12,922
-	-	-	-	-	-	101,144
-	-	-	-	-	-	27,226
-	-	-	-	-	-	16,628
-	-	-	-	-	-	20,048
-	-	-	-	-	-	15,850
-	-	-	-	-	-	79,752
1,983	-	-	-	-	-	4,970
-	-	-	-	-	-	37,646
-	-	-	-	-	-	17,376
-	-	-	-	-	-	2,978
-	-	-	-	-	-	58,000

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

	Drug Control and System Improvement Grant		
	General	Program	Library
<b>Disbursements (continued):</b>			
<b>Human Development Program:</b>			
<b>Local Access Channel:</b>			
Personal services	-	-	-
Contractual Services	-	-	-
Capital outlay	-	-	-
	-	-	-
<b>Hotel Motel:</b>			
Contractual services	-	-	-
Capital outlay	-	-	-
	-	-	-
<b>Berndes Center:</b>			
Personal services	-	-	-
Contractual services	-	-	-
Commodities	-	-	-
	-	-	-
	<b>184,322</b>	<b>-</b>	<b>58,000</b>
<b>Home and Community Environment Program:</b>			
<b>Airport:</b>			
Personal services	15,255	-	-
Contractual services	6,550	-	-
Commodities	8,346	-	-
Contractual services	19,469	-	-
	49,620	-	-
<b>Cemetery:</b>			
Personal services	8,209	-	-
Contractual services	7,569	-	-
Commodities	1,888	-	-
	17,666	-	-
	67,286	-	-
<b>Policy and Administration Program:</b>			
<b>City Hall and administration:</b>			
Personal services	69,876	-	-
Contractual services	169,309	-	-
Commodities	10,192	-	-
Capital outlay	4,555	-	-
	253,932	-	-
<b>Total disbursements</b>	<b>1,233,262</b>	<b>3,174</b>	<b>58,000</b>



Soldiers Memorial Board Maintenance	Monticello Berndes Center	Local Access Channel	Community Policing Program	Monticello Police Pistol	Hotel/Motel Tax	Total
-	-	17,851	-	-	-	17,851
-	-	12,820	-	-	-	12,820
-	-	3,531	-	-	-	3,531
-	-	34,202	-	-	-	34,202
-	-	-	-	-	8,783	8,783
-	-	-	-	-	1,927	1,927
-	-	-	-	-	10,710	10,710
-	23,484	-	-	-	-	23,484
-	25,272	-	-	-	-	25,272
-	18,742	-	-	-	-	18,742
-	67,498	-	-	-	-	67,498
1,983	67,498	34,202	-	-	10,710	356,715
-	-	-	-	-	-	15,255
-	-	-	-	-	-	6,550
-	-	-	-	-	-	8,346
-	-	-	-	-	-	19,469
-	-	-	-	-	-	49,620
-	-	-	-	-	-	8,209
-	-	-	-	-	-	7,569
-	-	-	-	-	-	1,888
-	-	-	-	-	-	17,666
-	-	-	-	-	-	67,286
-	-	-	-	-	-	69,876
-	-	-	-	-	-	169,309
-	-	-	-	-	-	10,192
-	-	-	-	-	-	4,555
-	-	-	-	-	-	253,932
1,983	67,498	34,202	5,141	-	10,710	1,413,970

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

	Drug Control and System Improvement Grant		
	General	Program	Library
Excess (deficiency) of receipts over (under) disbursements	184,399	(2,882)	(41,771)
Other financing sources (uses):			
Loan proceeds	29,188	-	-
Operating transfers in (out):			
General:			
General	-	-	49,058
Library	(49,058)	-	-
Monticello Berndes Center	(15,000)	-	-
Local Access Channel	(19,000)	-	-
Community Policing Program	-	-	-
Monticello Police Pistol	-	-	-
Debt Service:			
General Obligation Bonds and Notes	(34,474)	-	-
Capital Projects:			
Capital Improvements	(75,000)	-	-
Total other financing sources (uses):	(163,344)	-	49,058
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	21,055	(2,882)	7,287
Balance beginning of year	653,886	12,352	16,460
Balance end of year	\$ 674,941	9,470	23,747

See accompanying independent auditor's report

Soldiers Memorial Board Maintenance	Monticello Berndes Center	Local Access Channel	Community Policing Program	Monticello Police Pistol	Hotel/Motel Tax	Total
482	(23,011)	(13,695)	(1,385)	-	5,308	107,445
-	-	-	-	-	-	29,188
-	15,000	19,000	-	-	-	83,058
-	-	-	-	-	-	(49,058)
-	-	-	-	-	-	(15,000)
-	-	-	-	-	-	(19,000)
-	-	-	-	(1,215)	-	(1,215)
-	-	-	1,215	-	-	1,215
-	-	-	-	-	-	(34,474)
-	-	-	-	-	-	(75,000)
-	15,000	19,000	1,215	(1,215)	-	(80,286)
482	(8,011)	5,305	(170)	(1,215)	5,308	27,159
473	20,016	34,646	1,317	1,215	1,575	741,940
955	12,005	39,951	1,147	-	6,883	769,099

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

	Road Use Tax
Receipts:	
Property tax	\$ -
Tax increment financing collections	-
Other city tax:	
Mobile home tax	-
Utility tax replacement excise tax	-
	-
Use of money and property:	
Interest on investments	-
Intergovernmental:	
Road use tax allocation	289,332
Community development block grant	-
	289,332
Miscellaneous:	
Donations and contributions	-
Accrued interest on general obligation bonds sold	-
Miscellaneous	-
	-
Total receipts	289,332
Disbursements:	
Community Protection Program:	
Personal services	-
Contractual services	-
Commodities	-
Capital outlay	-
	-

CEBA Grant	Employee Benefits	Tax Increment Financing	Riverside Gardeners, Inc.	Monticello Volunteer Fire Department	Monticello Emergency Medical Team	Total
-	141,755	-	-	-	-	141,755
-	-	283,471	-	-	-	283,471
-	191	-	-	-	-	191
-	6,678	-	-	-	-	6,678
-	6,869	-	-	-	-	6,869
-	1,438	1,575	411	2,588	25	6,037
-	-	-	-	-	-	289,332
11,595	-	-	-	-	-	11,595
11,595	-	-	-	-	-	300,927
-	-	-	2,356	152,016	29,133	183,505
-	-	1,655	-	-	-	1,655
-	-	-	885	-	-	885
-	-	1,655	3,241	152,016	29,133	186,045
11,595	150,062	286,701	3,652	154,604	29,158	925,104
-	92,518	-	-	-	-	92,518
-	-	-	-	-	13,411	13,411
-	-	-	-	134,405	7,516	141,921
-	-	-	-	-	1,075	1,075
-	92,518	-	-	134,405	22,002	248,925

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

	Road Use Tax
Disbursements (continued):	
Human Development Program:	
Personal services	-
Commodities	-
Capital outlay	-
	-
Home and Community Environment Program:	
Personal services	103,097
Contractual services	79,642
Commodities	31,882
Capital outlay	13,294
	227,915
Policy and Administration Program:	
Personal services	-
Total disbursements	227,915
Excess (deficiency) of receipts over (under) disbursements	61,417
Other financing uses:	
Operating transfers out:	
Debt Service:	
Tax Increment Financing Bonds	-
	-
Excess (deficiency) of receipts over (under) disbursements and other financing uses	61,417
Balance beginning of year	142,326
Balance end of year	\$ 203,743

See accompanying independent auditor's report.

CEBA Grant	Employee Benefits	Tax Increment Financing	Riverside Gardeners, Inc.	Monticello Volunteer Fire Department	Monticello Emergency Medical Team	Total
-	23,943	-	-	-	-	23,943
-	-	-	1,016	-	-	1,016
-	-	-	3,060	-	-	3,060
-	23,943	-	4,076	-	-	28,019
-	28,276	-	-	-	-	131,373
11,650	-	-	-	-	-	91,292
-	-	-	-	-	-	31,882
-	-	-	-	-	-	13,294
11,650	28,276	-	-	-	-	267,841
-	16,284	-	-	-	-	16,284
11,650	161,021	-	4,076	134,405	22,002	561,069
(55)	(10,959)	286,701	(424)	20,199	7,156	364,035
-	-	(276,483)	-	-	-	(276,483)
(55)	(10,959)	10,218	(424)	20,199	7,156	87,552
(34)	75,850	93,167	20,326	75,531	16,943	424,109
(89)	64,891	103,385	19,902	95,730	24,099	511,661

**Schedule 3**

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

	General Obligation Bonds and Notes	Tax Increment Financing Bonds	Total
Receipts:			
Property tax	\$ 209,434	-	209,434
Other City tax:			
Mobile home tax	280	-	280
Utility tax replacement excise tax	9,888	-	9,888
	<u>10,168</u>	<u>-</u>	<u>10,168</u>
Use of money and property:			
Interest on investments	596	-	596
Total receipts	<u>220,198</u>	<u>-</u>	<u>220,198</u>
Disbursements:			
Community Protection Program:			
Debt Service:			
Principal redemption	29,677	-	29,677
Interest payments	7,245	-	7,245
Administration fee	114	-	114
	<u>37,036</u>	<u>-</u>	<u>37,036</u>
Human Development Program:			
Debt Service:			
Principal redemption	234,167	-	234,167
Interest payments	45,873	-	45,873
Administration fee	373	-	373
	<u>280,413</u>	<u>-</u>	<u>280,413</u>



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

	General Obligation Bonds and Notes	Tax Increment Financing Bonds	Total
Disbursements (continued):			
Home and Community Environment Program:			
Debt Service:			
Principal redemption	95,269	161,450	256,719
Interest payments	60,287	113,770	174,057
Administration fee	441	1,247	1,688
	<u>155,997</u>	<u>276,467</u>	<u>432,464</u>
Total disbursements	<u>473,446</u>	<u>276,467</u>	<u>749,913</u>
Deficiency of receipts under disbursements	<u>(253,248)</u>	<u>(276,467)</u>	<u>(529,715)</u>
Other financing sources:			
Operating transfers in:			
General:			
General	34,474	-	34,474
Special Revenue:			
Tax Increment Financing	-	276,483	276,483
Capital Projects:			
Capital Improvements	157,059	-	157,059
Enterprise:			
Water Revenue Bond Sinking	56,626	-	56,626
Total other financing sources	<u>248,159</u>	<u>276,483</u>	<u>524,642</u>
Excess (deficiency) of receipts and other financing sources over ( under) disbursements	(5,089)	16	(5,073)
Balance beginning of year	<u>17,837</u>	<u>(16)</u>	<u>17,821</u>
Balance end of year	<u>\$ 12,748</u>	<u>-</u>	<u>12,748</u>

See accompanying independent auditor's report.

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

	Capital Improve- ments	Tax Increment Financing Project
<b>Receipts:</b>		
Use of money and property:		
Interest on investments	\$ 12,755	5,028
<b>Intergovernmental:</b>		
Airport state grant	474,775	-
Vision Iowa grant	150,000	-
DNR infrastructure grant for aquatic center project	90,000	-
	<u>714,775</u>	<u>-</u>
<b>Special assessments</b>	<u>4,636</u>	<u>-</u>
<b>Miscellaneous:</b>		
Sales tax refund	61,376	-
Miscellaneous	5,602	-
	<u>66,978</u>	<u>-</u>
<b>Total receipts</b>	<u>799,144</u>	<u>5,028</u>
<b>Disbursements:</b>		
Human Development Program:		
Aquatic Center:		
Capital outlay	1,136,855	-
Library:		
Capital outlay	15,341	-
	<u>1,152,196</u>	<u>-</u>
Home and Community Environment Program:		
Streets:		
Contractual services	-	16,364
Capital outlay	50,648	133,903
	<u>50,648</u>	<u>150,267</u>
Airport:		
Capital outlay	468,176	-
	<u>468,176</u>	<u>-</u>

Revolving Loan	Low Income Housing	Total
677	229	18,689
-	-	474,775
-	-	150,000
-	-	90,000
-	-	714,775
-	-	4,636
-	-	61,376
-	-	5,602
-	-	66,978
677	229	805,078
-	-	1,136,855
-	-	15,341
-	-	1,152,196
-	-	16,364
-	-	184,551
-	-	200,915
-	-	468,176

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

	Capital Improve- ments	Tax Increment Financing Project
Disbursements (continued):		
Home and Community Environment Program:		
Water:		
Capital outlay	63,635	33,178
Sewer:		
Contractual services	26,941	-
Capital outlay	40,012	-
	66,953	-
	649,412	183,445
Policy and Administration:		
City hall and administration:		
Contractual services	61,246	-
Total disbursements	1,862,854	183,445
Excess (deficiency) of receipts over (under) disbursements	(1,063,710)	(178,417)
Other financing sources (uses):		
Bond proceeds:		
General obligation bond proceeds (net of \$9,950 discount)	-	985,050
Water revenue bond proceeds (net of \$14,520 discount)	1,125,333	-
Sewer revenue bond proceeds (net of \$13,090 discount)	844,057	-
Special pledge obligation note proceeds	326,000	-
Operating transfers in (out):		
General:		
General	75,000	-
Debt Service:		
General Obligation Bonds and Notes	(157,059)	-
Expendable Trust:		
Cemetery Improvements	1,999	-
Family Aquatic Center Campaign	670,300	-
Total other financing sources	2,885,630	985,050
Excess of receipts and other financing sources over disbursements and other financing uses	1,821,920	806,633
Balance beginning of year	106,522	39,217
Balance end of year	\$ 1,928,442	845,850

See accompanying independent auditor's report.

Revolving Loan	Low Income Housing	Total
-	-	96,813
-	-	26,941
-	-	40,012
-	-	66,953
-	-	832,857
-	-	61,246
-	-	2,046,299
677	229	(1,241,221)
-	-	985,050
-	-	1,125,333
-	-	844,057
-	-	326,000
-	-	75,000
-	-	(157,059)
-	-	1,999
-	-	670,300
-	-	3,870,680
677	229	2,629,459
33,533	11,441	190,713
34,210	11,670	2,820,172

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

	Water Operating	Water Improve- ment	Water Revenue Bond Sinking
<b>Receipts:</b>			
Use of money and property:			
Interest on investments	\$ 1,568	1,646	992
<b>Charges for service:</b>			
Sale of water	273,744	-	-
Meter repair	160	-	-
Installations and connections	930	-	-
Garbage bag sales	-	-	-
Customer penalty	3,646	-	-
Sewer rental fees	-	-	-
Sanitation charges	-	-	-
Miscellaneous	16,858	-	-
	<u>295,338</u>	<u>-</u>	<u>-</u>
<b>Miscellaneous:</b>			
Sales tax collected	17,437	-	-
Sale of meters	3,630	-	-
Customer meter deposits	-	-	-
Accrued interest on revenue bonds sold	-	-	732
	<u>21,067</u>	<u>-</u>	<u>732</u>
Total receipts	<u>317,973</u>	<u>1,646</u>	<u>1,724</u>
<b>Disbursements:</b>			
Home and Community Environment Program:			
Personal services	97,093	-	-
Contractual services	53,813	-	-
Commodities	8,403	-	-
Capital outlay	29,622	-	-

Water Reserve	Sewer Rental	Sewer Improvement	Sewer Sinking	Sewer Reserve	Sanitation	Customer Meter Deposits	Total
1,482	15,074	4,643	319	-	2,241	2,052	30,017
-	-	-	-	-	-	-	273,744
-	-	-	-	-	-	-	160
-	-	-	-	-	-	-	930
-	-	-	-	-	44,732	-	44,732
-	4,364	-	-	-	4,365	-	12,375
-	378,502	-	-	-	-	-	378,502
-	-	-	-	-	281,185	-	281,185
-	1,374	-	-	-	4,072	-	22,304
-	384,240	-	-	-	334,354	-	1,013,932
-	5,974	-	-	-	8,264	-	31,675
-	-	-	-	-	-	-	3,630
-	-	-	-	-	-	7,440	7,440
-	-	-	586	-	-	-	1,318
-	5,974	-	586	-	8,264	7,440	44,063
1,482	405,288	4,643	905	-	344,859	9,492	1,088,012
-	100,608	-	-	-	114,972	-	312,673
-	63,486	-	-	-	91,743	3,020	212,062
-	7,005	-	-	-	92,210	-	107,618
-	5,024	-	-	-	2,000	-	36,646

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

	Water Operating	Water Improve- ment	Water Revenue Bond Sinking
Disbursements (continued):			
Home and Community Environment Program:			
Debt Service:			
Principal redemption	-	-	-
Interest payments	-	-	-
Administration fee	-	-	100
Total disbursements	<u>188,931</u>	<u>-</u>	<u>100</u>
Excess (deficiency) of receipts over (under) disbursements	<u>129,042</u>	<u>1,646</u>	<u>1,624</u>
Other financing sources (uses):			
Water revenue bond proceeds	-	-	-
Sewer revenue bond proceeds	-	-	-
Operating transfers in (out):			
Debt Service:			
General Obligation Bonds and Notes	-	-	(56,626)
Enterprise:			
Water Operating	-	-	61,382
Water Revenue Bond Sinking	(61,382)	-	-
Sewer Rental	-	-	-
Sewer Sinking	-	-	-
Total other financing sources (uses)	<u>(61,382)</u>	<u>-</u>	<u>4,756</u>
Excess of receipts and other financing sources over disbursements and other financing uses	<u>67,660</u>	<u>1,646</u>	<u>6,380</u>
Balance beginning of year	<u>85,341</u>	<u>37,001</u>	<u>1,642</u>
Balance end of year	<u>\$ 153,001</u>	<u>38,647</u>	<u>8,022</u>

See accompanying independent auditor's report.



Water Reserve	Sewer Rental	Sewer Improvement	Sewer Sinking	Sewer Reserve	Sanitation	Customer Meter Deposits	Total
-	-	-	60,000	-	-	-	60,000
-	-	-	75,638	-	-	-	75,638
-	-	-	400	-	-	-	500
-	176,123	-	136,038	-	300,925	3,020	805,137
1,482	229,165	4,643	(135,133)	-	43,934	6,472	282,875
70,147	-	-	-	-	-	-	70,147
-	-	-	-	77,853	-	-	77,853
-	-	-	-	-	-	-	(56,626)
-	-	-	-	-	-	-	61,382
-	-	-	-	-	-	-	(61,382)
-	-	-	178,309	-	-	-	178,309
-	(178,309)	-	-	-	-	-	(178,309)
70,147	(178,309)	-	178,309	77,853	-	-	91,374
71,629	50,856	4,643	43,176	77,853	43,934	6,472	374,249
33,333	288,445	83,259	12,853	141,750	102,401	63,955	849,980
104,962	339,301	87,902	56,029	219,603	146,335	70,427	1,224,229

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

	Non-Expendable Trust		
	Cemetery Perpetual Care	Ioma M. Baker Library Trust	Charles S. Bidwell Book Trust
<b>Receipts:</b>			
Use of money and property:			
Interest on investments	\$ -	2,610	4,914
<b>Intergovernmental:</b>			
Enrich Iowa library grant	-	-	-
Library open access	-	-	-
<b>Miscellaneous:</b>			
Perpetual care payments	2,024	-	-
Donations and contributions	-	-	-
Reimbursements	-	-	-
Street bonding	-	-	-
Gain on sale of stock	-	-	5,406
Miscellaneous	-	-	-
<b>Total receipts</b>	<b>2,024</b>	<b>-</b>	<b>5,406</b>
<b>Disbursements:</b>			
Human Development Program:			
Contractual services	-	-	1,500
Capital outlay	-	-	10,841
	-	-	12,341
Home and Community Environment Program:			
Commodities	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>12,341</b>
Excess (deficiency) of receipts over (under) disbursements	2,024	2,610	(2,021)
<b>Other financing sources (uses):</b>			
Operating transfers out:			
Capital Projects:			
Capital Improvements	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	2,024	2,610	(2,021)
Balance beginning of year	101,001	39,519	105,153
Balance end of year	\$ 103,025	42,129	103,132

See accompanying independent auditor's report.

Expendable Trusts									
Library Improve- ments	Cemetery Improve- ments	Street Bonding	Library Building	Library Building Capital Campaign	Earl F. Lehmann	Family Aquatic Center	Family Aquatic Center Campaign	Jones County Expo	Total
1,385	65	-	2,670	173	3	47	13,553	-	25,420
264	-	-	-	-	-	-	-	-	264
1,082	-	-	-	-	-	-	-	-	1,082
1,346	-	-	-	-	-	-	-	-	1,346
-	-	-	-	-	-	-	-	-	2,024
668	-	-	-	111,725	-	-	462,445	-	574,838
90	-	-	-	-	-	-	-	-	90
-	-	10,750	-	-	-	-	-	-	10,750
-	-	-	-	-	-	-	-	-	5,406
148	-	-	-	-	-	50	-	-	198
906	-	10,750	-	111,725	-	50	462,445	-	593,306
3,637	65	10,750	2,670	111,898	3	97	475,998	-	620,072
400	-	-	-	-	-	-	-	-	1,900
2,200	-	41,900	-	-	-	-	-	-	54,941
2,600	-	41,900	-	-	-	-	-	-	56,841
-	-	-	-	-	-	1,250	-	-	1,250
2,600	-	41,900	-	-	-	1,250	-	-	58,091
1,037	65	(31,150)	2,670	111,898	3	(1,153)	475,998	-	561,981
-	(1,999)	-	-	-	-	-	(670,300)	-	(672,299)
1,037	(1,934)	(31,150)	2,670	111,898	3	(1,153)	(194,302)	-	(110,318)
29,079	28,569	31,450	59,244	-	215	2,878	319,596	951	717,655
30,116	26,635	300	61,914	111,898	218	1,725	125,294	951	607,337

City of Monticello  
 Bond and Note Maturities  
 June 30, 2002

Year Ending June 30,	Essential Corporate Purpose Issued Aug 1, 1993		Essential Corporate Purpose Issued Jun 1, 1994	
	Interest		Interest	
	Rates	Amount	Rates	Amount
2003	4.60%	\$ 20,000	5.10%	\$ 30,000
2004	4.80	20,000	5.25	30,000
2005	5.00	25,000	5.40	30,000
2006	5.00	25,000	5.50	35,000
2007	5.00	25,000	5.50	35,000
2008	5.00	30,000	5.50	35,000
2009		-	5.50	40,000
2010		-		-
2011		-		-
2012		-		-
2013		-		-
2014		-		-
2015		-		-
2016		-		-
Total		<u>\$ 145,000</u>		<u>\$ 235,000</u>

General Obligation Bonds						
Street Improvement		General Corporate Purpose		Urban Renewal		Total
Issued Dec 1, 1998		Issued May 1, 2001		Issued Aug 1, 2001		
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
9.95%	\$ 55,000	3.80%	\$ 65,000	3.90%	\$ 55,000	\$ 225,000
4.00	60,000	3.90	80,000	3.90	55,000	245,000
4.05	60,000	4.00	85,000	3.90	60,000	260,000
4.10	60,000	4.10	90,000	3.90	60,000	270,000
4.15	65,000	4.15	90,000	3.90	60,000	275,000
4.20	70,000	4.25	95,000	4.00	65,000	295,000
4.25	70,000	4.35	100,000	4.10	70,000	280,000
4.35	75,000	4.40	110,000	4.20	70,000	255,000
4.40	75,000	4.50	120,000	4.30	75,000	270,000
4.45	80,000	-	-	4.40	75,000	155,000
4.50	85,000	-	-	4.50	80,000	165,000
4.55	90,000	-	-	4.60	85,000	175,000
-	-	-	-	4.70	90,000	90,000
-	-	-	-	4.80	95,000	95,000
	<u>\$ 845,000</u>		<u>\$ 835,000</u>		<u>\$ 995,000</u>	<u>3,055,000</u>

City of Monticello  
 Bond and Note Maturities  
 June 30, 2002

Year Ending June 30,	Revenue Bonds							
	Sewer		Water		Sewer		Total	
	Issued Dec 1, 1998		Issued Mar 15, 2002		Issued Mar 15, 2002			
	Interest		Interest		Interest			
Rates	Amount	Rates	Amount	Rates	Amount			
2003	4.25%	\$ 65,000	2.00%	\$ 35,000	2.75%	\$ 25,000	\$ 125,000	
2004	4.25	65,000	2.50	45,000	3.00	35,000	145,000	
2005	4.25	70,000	3.00	45,000	3.40	35,000	150,000	
2006	4.25	70,000	3.40	50,000	3.70	35,000	155,000	
2007	4.25	75,000	3.70	50,000	4.00	40,000	165,000	
2008	4.25	80,000	3.90	50,000	4.10	40,000	170,000	
2009	4.30	80,000	4.00	55,000	4.20	40,000	175,000	
2010	4.40	85,000	4.15	55,000	4.30	45,000	185,000	
2011	4.50	90,000	4.25	60,000	4.40	45,000	195,000	
2012	4.60	95,000	4.40	60,000	4.50	50,000	205,000	
2013	4.70	100,000	4.50	65,000	4.60	50,000	215,000	
2014	4.75	105,000	4.60	65,000	4.70	50,000	220,000	
2015	4.80	110,000	4.70	70,000	4.80	55,000	235,000	
2016	4.85	115,000	4.89	75,000	4.90	55,000	245,000	
2017	4.90	120,000	4.90	80,000	5.00	60,000	260,000	
2018	5.00	125,000	5.00	80,000	5.00	65,000	270,000	
2019	5.00	135,000	5.00	85,000	5.05	65,000	285,000	
2020		-	5.05	90,000	5.10	70,000	160,000	
2021		-	5.10	95,000	5.10	75,000	170,000	
Total		<u>\$ 1,585,000</u>		<u>\$ 1,210,000</u>		<u>\$ 935,000</u>	<u>\$ 3,730,000</u>	

See accompanying independent auditor's report.

Year Ending June 30,	General Obligation Capital Loan Notes			
	Issued Apr 1, 1996		Issued Jan 1, 1997	
	Interest Rates	Amount	Interest Rates	Amount
2003	4.80%	\$ 25,000	487.50%	\$ 110,000
2004	4.90	25,000	4.875	115,000
2005		-	4.875	120,000
2006		-	4.875	125,000
2007		-	4.950	130,000
2008		-	5.000	140,000
2009		-	5.125	145,000
2010		-	5.150	155,000
2011		-	5.200	160,000
2012		-	5.250	170,000
Total		<u>\$ 50,000</u>		<u>\$ 1,370,000</u>

**Schedule 8**

## City of Monticello

## Comparison of Taxes and Intergovernmental Receipts

	Years ended June 30,			
	2002	2001	2000	1999
Property tax	\$ 946,768	875,392	872,579	848,600
Tax increment financing collections	283,471	279,778	192,774	188,568
Other City tax:				
Local option sales tax	202,577	196,932	201,056	315,164
Miscellaneous	80,301	56,779	21,999	21,280
	282,878	253,711	223,055	336,444
Intergovernmental:				
Fire contracts	52,027	49,804	52,406	51,699
Road use tax	289,332	284,263	285,686	270,149
State allocation	62,015	65,466	65,658	65,604
Bank franchise tax	15,512	9,964	12,983	21,212
Community oriented police services universal hiring grant	22,233	16,740	39,347	-
Vision Iowa grant	150,000	-	-	-
DNR infrastructure grant for aquatic center project	90,000	-	-	-
Airport state grant	474,775	3,468,054	849,165	15,920
County ambulance allocation	10,797	10,912	10,752	10,767
Community development block grant	11,595	-	295,318	304,682
City of Anamosa allocation	19,972	19,000	21,476	-
Community economic betterment account loan	-	50,000	-	-
IDOT Hwy 38 resurfacing reimbursement	-	270,600	-	-
Miscellaneous	28,538	27,207	43,321	57,292
	1,226,796	4,272,010	1,676,112	797,325
Total	\$ 2,739,913	5,680,891	2,964,520	2,170,937

See accompanying independent auditor's report.





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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

**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 Monticello, Iowa as of and for the year ended June 30, 2002, and have issued our report thereon dated November 25, 2002. Our report expressed a qualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting, due to the omission of the financial transactions of the Friends of Monticello Public Library, Inc. which should be included. 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 Monticello'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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Monticello'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 a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 Monticello's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is 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. We do not consider the reportable condition described above to be a material weakness. Prior year reportable conditions have been resolved except for item (A).

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Monticello and other parties to whom the City of Monticello 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 Monticello during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 25, 2002

**City of Monticello**

City of Monticello

Schedule of Findings

Year ended June 30, 2002

**Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITIONS:**

- (A) Soldiers Memorial Board Maintenance Account - One individual performs all accounting functions for the Soldiers Memorial Board Maintenance Account. Also, the primary record kept for the General Fund, Soldiers Memorial Board Maintenance Account was a check register. In addition, only the signature of the bookkeeper was required for checks to be issued.

Recommendation - Internal control could be strengthened and operating efficiency could be increased by integrating the Maintenance Account receipts and disbursements with the City accounting records in the Clerk's office. If this account is not combined with the Clerk's records, the Soldiers Memorial Board should establish an accounting record that would provide sufficient detail to accurately reflect the activity of this account. Also, the Board should require that checks be prepared and signed by one individual and then the supporting vouchers and invoices should be made available along with the check to the second or independent individual for review and countersignature. Monthly reports of activity should be prepared and approved by the Board.

Response - We will attempt to implement a counter signature process with the Memorial Board.

Conclusion - Response acknowledged. The City should require the Board to have checks prepared and signed by an individual who is independent of the individual responsible for reviewing original invoices and countersigning those checks. Monthly reports of activity should be prepared and approved by the Board.

City of Monticello

Schedule of Findings

Year ended June 30, 2002

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

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

Name, Title, and Business Connection	Transaction Description	Amount
Dena Himes, Council Member, manager of Boss Office Supplies	Office furniture and supplies	\$ 11,851
Jerry Pasker, Planning and Zoning Member, Member/Owner of Netconnect	Services	2,956
Vicky Crowley, Ambulance Board Member, employee of Monticello Medical Clinic	Services and supplies	329
Michael Holmes, Park Board Member, employee of Holmes Transmission and Repair	Ambulance and Park vehicle supplies and repair	3,222

The transactions for which the cumulative total purchase price per individual for the year were less than \$1,500 do not appear to represent a conflict of interest in accordance with Chapter 362.5 of the Code of Iowa. The other transactions may represent conflicts of interest.

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

Response – We will look into this and bid larger purchases.

Conclusion – Response accepted.

City of Monticello

Schedule of Findings

Year ended June 30, 2002

- (6) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure 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.

Library and Monticello Emergency Medical Team Board minutes were not always signed.

Recommendation – All Library and Monticello Emergency Medical Team Board minutes should be signed indicating approval of the content.

Response – We will have the Boards sign their minutes.

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) Revenue Bond – The City has not made the required transfers to the Water and Sewer Revenue Bond Sinking accounts, as stipulated by the water and sewer revenue bond resolutions.

Recommendation – The City should review the requirements contained in the Water and Sewer revenues bond resolutions, and make the required monthly transfers to the applicable sinking accounts.

Response – We will review the requirements and transfers accordingly.

Conclusion – Response accepted.

- (10) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the City to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The City retains cancelled checks through electronic image, but did not obtain an image of the back of the checks for the year ended June 30, 2002 as required.

Recommendation – The City should obtain and retain an image of both the front and back of each cancelled check as required.

Response – We will obtain images of both the front and back of each cancelled check.

Conclusion – Response accepted.

City of Monticello

Schedule of Findings

Year ended June 30, 2002

- (11) Monticello Public Library - The Friends of Monticello Public Library, Inc. (Friends) was established as a non-profit corporation, in accordance with Chapter 504A of the Code of Iowa, to receive donations for the benefit of the Monticello Public Library. A document provided by the City indicates a contribution dated July 31, 1992 of 500 shares of Service Corporation International was to be given to the Monticello Public Library. The value of these shares were not recorded by the City and City officials informed us that these shares were given to the Friends of Monticello Public Library, Inc. A document dated December 1, 2001 signed by the donor states that the stock was intended to be given to the Monticello Public Library. The project for which the donation was received has not been started as of the date of this audit.

Recommendation - The City should consult legal counsel and request that the funds represented by the stock gift be transferred to the Monticello Public Library as intended by the donors. In addition, the City should work with Friends to determine whether any other donations received by Friends were intended to be given to the Monticello Public Library and seek transfer of those as well.

Response - The City has consulted and is working with legal counsel regarding this issue. The City's legal counsel is working to get the funds turned over to the city and also to get the financial transactions of this component made available to the City.

Conclusion - Response accepted.

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City of Monticello

Staff

This audit was performed by:

Steven M. Nottger, CPA, Manager  
John G. Vanis, CGFM, Senior Auditor  
Kathleen S. Caggiano, Staff Auditor  
Sarah M. Wright, Staff Auditor

Andrew E. Nielsen, CPA  
Deputy Auditor of State