



**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

June 25, 2003

Contact: Andy Nielsen  
515/281-5515

Auditor of State David A. Vaudt today released an audit report on the City of Pomeroy, Iowa for the four months ended October 31, 2002 and the year ended June 30, 2002. The audit for the four month period was requested by the City as a result of various concerns pertaining to City records and fund balances.

The City's receipts totaled \$203,371 for the four months ended October 31, 2002. The receipts included \$96,631 in property tax, \$19,900 from the state, \$70,736 in charges for service and \$1,261 in interest on investments.

Disbursements for the four months ended October 31, 2002 totaled \$131,984, and included \$32,376 for community protection, \$15,121 for human development, \$64,247 for home and community environment and \$20,240 for policy and administration.

The City's receipts for the year ended June 30, 2002 totaled \$610,949, and included \$230,746 in property tax, \$11,550 in other city tax, \$74,019 from the state, \$22,427 from the federal government, \$209,404 in charges for service and \$4,167 in interest on investments.

Disbursements for the year totaled \$537,771, and included \$114,236 for community protection, \$39,135 for human development, \$309,415 for home and community environment and \$74,985 for policy and administration.

This report contains recommendations to the City Council and other City officials. For example, duties should be segregated among employees to prevent individual employees from handling duties which are incompatible.

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 POMEROY**

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

**FOUR MONTHS ENDED OCTOBER 31, 2002, AND**  
**YEAR ENDED JUNE 30, 2002**

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**City of Pomeroy**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 2002)</b>		
Christopher Fitzgerald	Mayor	Jan 2002
Curtis Meyer	Council Member	Jan 2002
Mark Passow	Council Member	Jan 2002
Charles Haack	Council Member	Jan 2004
William Wiemers	Council Member	(Resigned)
Steven Brown	Council Member	(Resigned)
Carol Meyer	Clerk/Treasurer	Indefinite
Jim C. Hudson	Attorney	Indefinite
<b>(After January 2002)</b>		
Leroy Becker	Mayor	Jan 2004
Charles Haack	Council Member	Jan 2004
William Glaser	Council Member	Jan 2004
Stephen White	Council Member	Jan 2004
Dale Lyon	Council Member	Jan 2006
Steven Gerdes	Council Member	Jan 2006
Carol Meyer	Clerk/Treasurer	Dec 2002
Denita Luke	Clerk/Treasurer	Indefinite
Jim C. Hudson	Attorney	Jul 2002
Jack Gray	Attorney	Indefinite

**City of Pomeroy**



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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 Pomeroy, Iowa, as of and for the period July 1, 2002 through October 31, 2002 and the year ended June 30, 2002. These financial statements are the responsibility of the City of Pomeroy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2001, as discussed in the preceding paragraph, the aforementioned financial statements present fairly, in all material respects, the results of the cash transactions of the funds of the City of Pomeroy as of and for the period July 1, 2002 through October 31, 2002 and the year ended June 30, 2002, and its indebtedness at October 31, 2002 and 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 March 17, 2003 on our consideration of the City of Pomeroy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the aforementioned financial statements taken as a whole. The supplemental information included in Schedules 1 through 10 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, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2001, as discussed in the third preceding paragraph, is fairly stated, in all material respects, in relation to the aforementioned financial statements taken as a whole.

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 17, 2003

**City of Pomeroy**



## **Financial Statements**

City of Pomeroy  
 Combined Statement of Cash Transactions  
 All Funds  
 Four Months ended October 31, 2002

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Receipts:			
Property tax	\$ 43,926	20,467	32,238
Licenses and permits	200	-	-
Use of money and property	1,578	15	-
Intergovernmental	7,568	19,830	-
Charges for service	22,815	-	-
Miscellaneous	5,813	180	-
Total receipts	81,900	40,492	32,238
Disbursements:			
Community Protection Program	26,604	5,772	-
Human Development Program	14,546	575	-
Home and Community Environment Program	11,569	13,333	-
Policy and Administration Program	12,393	7,847	-
Total disbursements	65,112	27,527	-
Excess of receipts over disbursements	16,788	12,965	32,238
Other financing sources (uses):			
Short term loan proceeds	-	1,360	-
Operating transfers in	1,675	-	-
Operating transfers out	(1,675)	-	-
Total other financing sources (uses)	-	1,360	-
Excess of receipts and other financing sources over disbursements and other financing uses	16,788	14,325	32,238
Balance beginning of period	93,014	57,932	9,890
Balance end of period	\$ 109,802	72,257	42,128

See notes to financial statements.

Proprietary Fund Type Enterprise	Fiduciary Fund Type Trust Funds	Total (Memorandum Only)
-	-	96,631
-	-	200
351	92	2,036
-	-	27,398
47,921	-	70,736
359	18	6,370
48,631	110	203,371
-	-	32,376
-	-	15,121
39,345	-	64,247
-	-	20,240
39,345	-	131,984
9,286	110	71,387
-	-	1,360
-	-	1,675
-	-	(1,675)
-	-	1,360
9,286	110	72,747
69,591	37,052	267,479
78,877	37,162	340,226

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

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Receipts:			
Property tax	\$ 102,689	48,155	79,902
Other city tax	6,020	2,086	3,444
Licenses and permits	962	-	-
Use of money and property	5,568	233	-
Intergovernmental	52,436	79,296	-
Charges for service	82,284	-	-
Miscellaneous	15,560	1,411	-
Total receipts	265,519	131,181	83,346
Disbursements:			
Community Protection Program	97,418	14,147	2,671
Human Development Program	37,820	1,315	-
Home and Community Environment Program	34,221	62,918	80,802
Policy and Administration Program	55,130	19,855	-
Total disbursements	224,589	98,235	83,473
Excess (deficiency) of receipts over (under) disbursements	40,930	32,946	(127)
Other financing sources (uses):			
Short term loan proceeds	-	19,288	-
Short term loan repayment	-	(19,288)	-
Operating transfers in	20,066	-	-
Operating transfers out	(2,275)	(16,461)	-
Total other financing sources (uses)	17,791	(16,461)	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	58,721	16,485	(127)
Balance beginning of year	34,293	41,447	10,017
Balance end of year	\$ 93,014	57,932	9,890

See notes to financial statements.

Proprietary Fund Type Enterprise	Fiduciary Fund Type Trust Funds	Total (Memorandum Only)
-	-	230,746
-	-	11,550
-	-	962
787	392	6,980
-	25	131,757
127,120	-	209,404
1,909	670	19,550
129,816	1,087	610,949
-	-	114,236
-	-	39,135
131,474	-	309,415
-	-	74,985
131,474	-	537,771
(1,658)	1,087	73,178
-	-	19,288
-	-	(19,288)
-	-	20,066
-	(1,330)	(20,066)
-	(1,330)	-
(1,658)	(243)	73,178
71,249	37,295	194,301
69,591	37,052	267,479

**Exhibit C**

## City of Pomeroy

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

## Actual to Budget

Year ended June 30, 2002

	Actual	Amended Budget	Variance Favorable (Unfavorable)	Actual as % of Amended Budget
Receipts:				
Property tax	\$ 230,746	230,738	8	100%
Other city tax	11,550	10,586	964	109%
Licenses and permits	962	1,005	(43)	96%
Use of money and property	6,980	8,200	(1,220)	85%
Intergovernmental	131,757	279,752	(147,995)	47%
Charges for service	209,404	173,000	36,404	121%
Miscellaneous	19,550	7,130	12,420	274%
Total receipts	<u>610,949</u>	<u>710,411</u>	<u>(99,462)</u>	<u>86%</u>
Disbursements:				
Community Protection Program	114,236	127,050	12,814	90%
Human Development Program	39,135	39,470	335	99%
Home and Community Environment Program	309,415	498,488	189,073	62%
Policy and Administration Program	74,985	89,020	14,035	84%
Total disbursements	<u>537,771</u>	<u>754,028</u>	<u>216,257</u>	<u>71%</u>
Excess (deficiency) of receipts over (under) disbursements	73,178	(43,617)		
Balance beginning of year	194,301	110,850		
Balance end of year	<u>\$ 267,479</u>	<u>67,233</u>		

See notes to financial statements.

**City of Pomeroy**

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City of Pomeroy

Statement of Indebtedness

Four Months ended October 31, 2002 and Year ended June 30, 2002

Period ended October 31, 2002

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Obligation	Date of Issue	Interest Rates
General obligation notes:		
Street improvement/police car	Jan 1, 1999	4.00-4.50%
MIDAS Regional Planning Commission loan:		
Housing	Nov 1, 1999	1.00%
Bank loans:		
Lift station	May 12, 2000	7.70%
Speculation house	Jan 22, 2001	7.25
Total		

Year ended June 30, 2002

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Obligation	Date of Issue	Interest Rates
General obligation notes:		
Street improvement/police car	Jan 1, 1999	4.00-4.50%
MIDAS Regional Planning Commission loan:		
Housing	Nov 1, 1999	1.00%
Bank loans:		
Lift station	May 12, 2000	7.70%
Speculation house	Jan 22, 2001	7.25
Total		

See notes to financial statements.



Amount Originally Issued	Balance Beginning of Period	Issued During Period	Redeemed During Period	Balance End of Year	Interest Paid
\$ 650,000	480,000	-	-	480,000	-
\$ 39,000	36,260	-	1,573	34,687	119
\$ 40,000	34,456	-	-	34,456	-
44,235	44,235	-	-	44,235	-
	\$ 78,691	-	-	78,691	-

Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Period	Balance End of Year	Interest Paid
\$ 650,000	540,000	-	60,000	480,000	23,173
\$ 39,000	39,000	-	2,740	36,260	220
\$ 40,000	37,381	-	2,925	34,456	2,913
44,235	44,235	-	-	44,235	3,277
	\$ 81,616	-	2,925	78,691	6,190

City of Pomeroy

Notes to Financial Statements

October 31, 2002 and June 30, 2002

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

The City of Pomeroy is a political subdivision of the State of Iowa located in Calhoun County. It was first incorporated in 1870 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 Pomeroy 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 which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City 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 board and commission: Calhoun County Assessor's Conference Board, Calhoun County Joint E911 Service Board, North Central IA Regional Solid Waste Agency and Calhoun County Joint Disaster Services Commission.

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.

#### 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 Fund

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 an expendable trust fund and a non-expendable trust fund.

### C. Basis of Accounting

The City of Pomeroy 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.

Since the reporting period of July 1, 2002 through October 31, 2002 differs from the budgeting period of July 1, 2002 through June 30, 2003, a comparison of receipts, disbursements and changes in balances with budgeted information is not presented in this report for that period. However, as of October 31, 2002, disbursements for the period July 1, 2002 through October 31, 2002 did not exceed the amounts budgeted for the period July 1, 2002 through June 30, 2003.

### 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) Deposits and Investment**

The City's deposits in banks at October 31, 2002 and at June 30, 2002 were entirely covered by federal depository insurance or the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The City's investment is categorized to give an indication of the level of risk assumed by the City at year end. The City's investment is category 1, which means that the investment is insured or registered or the security is held by the City or its agent in the City's name.

The City's investment at October 31, 2002 and June 30, 2002 is as follows:

Type	Carrying Amount	Fair Value
U.S. savings bond	\$ 1,000	1,000

**(3) Notes and Loans Payable**

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

Year Ending June 30,	Interest Rates	Principal	Interest
2003	4.15%	\$ 60,000	20,712
2004	4.20	65,000	18,223
2005	4.25	65,000	15,492
2006	4.30	70,000	12,730
2007	4.35	70,000	9,720
2008	4.40	75,000	6,675
2009	4.50	75,000	3,375
<b>Total</b>		<b>\$ 480,000</b>	<b>86,927</b>

MIDAS Regional Planning Commission Loan

On November 1, 1999, the City entered into a loan agreement with the Mid-Iowa Development Association Council of Governments (MIDAS) Regional Planning Commission to borrow \$39,000 to finance the cost of construction of two new homes. Loan interest payments of \$390 were due November 1, 2000 and November 1, 2001. Beginning on December 1, 2001 the loan was being repaid by the City in monthly installments of \$423, including interest at 1% per annum, with the final payment due November 1, 2009. The unpaid principal balance at October 31, 2002 and at June 30, 2002 totaled \$34,687 and \$36,260, respectively.

Bank Loans

On May 12, 2000, the City entered into a loan agreement with Commercial Federal Bank to borrow \$40,000 to finance the construction of a lift station. Beginning on December 5, 2000, the loan was being repaid by the City in semi-annual installments of \$2,919, including interest at 7.70% per annum, with the final payment due June 5, 2010. The unpaid principal balance at October 31, 2002 and at June 30, 2002 totaled \$34,456.

On January 22, 2001, the City entered into a loan agreement with Commercial Federal Bank to borrow \$44,235 to finance the cost of a speculation house. The loan, including interest at 7.25% per annum, is due and payable on July 22, 2003. During the year ended June 30, 2002, \$3,277 of interest was paid under this agreement. The unpaid principal balance at October 31, 2002 and at June 30, 2002 totaled \$44,235. The City intends to repay the loan when the speculation house is sold.

**(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 year ended June 30, 2002 was \$8,406, equal to the required contribution for that year.

**(5) Compensated Absences**

City employees accumulate earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation payable to employees at June 30, 2002, primarily relating to the General Fund, is \$1,500. This liability has been computed based on rates of pay in effect at June 30, 2002.

**(6) Risk Management**

The City of Pomeroy 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.

**City of Pomeroy**

## **Supplemental Information**

City of Pomeroy  
Combining Schedule of Cash Transactions  
General Fund  
Four Months ended October 31, 2002

	Community		
	General	Building	Ambulance
<b>Receipts:</b>			
Property tax	\$ 43,926	-	-
Licenses and permits	200	-	-
<b>Use of money and property:</b>			
Interest on investments	881	-	2
Sale of cemetery lots	320	-	-
Rent	-	375	-
	<u>1,201</u>	<u>375</u>	<u>2</u>
<b>Intergovernmental:</b>			
Bank franchise tax	70	-	-
County library	3,003	-	-
County ambulance authority contribution	-	-	3,972
Rural fire allocations	523	-	-
	<u>3,596</u>	<u>-</u>	<u>3,972</u>
<b>Charges for service:</b>			
Ambulance fees	-	-	16,079
Garbage fees	6,736	-	-
	<u>6,736</u>	<u>-</u>	<u>16,079</u>
<b>Miscellaneous:</b>			
Refunds and reimbursements	-	-	-
Camping fees	165	-	-
Donations and contributions	250	-	-
Miscellaneous	570	-	-
	<u>985</u>	<u>-</u>	<u>-</u>
<b>Total receipts</b>	<u>56,644</u>	<u>375</u>	<u>20,053</u>
<b>Disbursements:</b>			
<b>Community Protection Program:</b>			
<b>Police:</b>			
Personal services	15,852	-	-
Contractual services	665	-	-
Commodities	1,332	-	-
	<u>17,849</u>	<u>-</u>	<u>-</u>



Fire	Recreation Program	Total
-	-	43,926
-	-	200
-	-	883
-	-	320
-	-	375
-	-	1,578
-	-	70
-	-	3,003
-	-	3,972
-	-	523
-	-	7,568
-	-	16,079
-	-	6,736
-	-	22,815
-	146	146
-	-	165
1,842	2,840	4,932
-	-	570
1,842	2,986	5,813
1,842	2,986	81,900
-	-	15,852
-	-	665
-	-	1,332
-	-	17,849

City of Pomeroy  
Combining Schedule of Cash Transactions  
General Fund  
Four Months ended October 31, 2002

	Community		
	General	Building	Ambulance
Disbursements (continued):			
Community Protection Program :			
Fire:			
Personal services	100	-	-
Contractual services	230	-	-
Commodities	342	-	-
	672	-	-
Ambulance:			
Personal services	-	-	882
Contractual services	248	-	2,268
Commodities	1,327	-	-
	1,575	-	3,150
Civil Defense	81	-	-
	20,177	-	3,150
Human Development Program :			
Library:			
Personal services	4,933	-	-
Contractual services	2,350	-	-
Commodities	133	-	-
Capital outlay	2,116	-	-
	9,532	-	-
Park and recreation:			
Contractual services	253	-	-
Commodities	-	-	-
	253	-	-
Community Hall:			
Personal services	-	112	-
Contractual services	233	262	-
	233	374	-
	10,018	374	-
Home and Community Environment Program :			
Solid waste:			
Contractual services	3,633	-	-

Fire	Recreation Program	Total
-	-	100
-	-	230
3,277	-	3,619
3,277	-	3,949
-	-	882
-	-	2,516
-	-	1,327
-	-	4,725
-	-	81
3,277	-	26,604
-	-	4,933
-	-	2,350
-	-	133
-	-	2,116
-	-	9,532
-	4,124	4,377
-	30	30
-	4,154	4,407
-	-	112
-	-	495
-	-	607
-	4,154	14,546
-	-	3,633

City of Pomeroy  
Combining Schedule of Cash Transactions  
General Fund  
Four Months ended October 31, 2002

	General	Community Building	Ambulance
Disbursements (continued):			
Home and Community Environment Program:			
Cemetery:			
Contractual services	5,143	-	-
Commodities	506	-	-
	5,649	-	-
MIDAS Regional Housing Committee:			
Debt service:			
Loan principal redeemed	1,573	-	-
Interest paid	119	-	-
	1,692	-	-
Community beautification:			
Contractual services	147	-	-
Economic development - speculation house:			
Contractual services	448	-	-
	11,569	-	-
Policy and Administration Program:			
Clerk:			
Personal services	6,291	-	-
Contractual services	3,455	-	-
Commodities	581	-	-
	10,327	-	-
Mayor and Council:			
Personal services	2,066	-	-
	12,393	-	-
Total disbursements	54,157	374	3,150
Excess (deficiency) of receipts over (under) disbursements	2,487	1	16,903
Other financing sources (uses):			
Operating transfers in (out):			
General:			
General	-	-	-
Recreation Program	(1,675)	-	-
Total other financing sources (uses)	(1,675)	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	812	1	16,903
Balance beginning of period	3,396	23	80,132
Balance end of period	\$ 4,208	24	97,035

See accompanying independent auditor's report.

Fire	Recreation Program	Total
-	-	5,143
-	-	506
-	-	5,649
-	-	1,573
-	-	119
-	-	1,692
-	-	147
-	-	448
-	-	11,569
-	-	6,291
-	-	3,455
-	-	581
-	-	10,327
-	-	2,066
-	-	12,393
3,277	4,154	65,112
(1,435)	(1,168)	16,788
-	1,675	1,675
-	-	(1,675)
-	1,675	-
(1,435)	507	16,788
6,316	3,147	93,014
4,881	3,654	109,802

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

	Community		
	General	Building	Ambulance
Receipts:			
Property tax	\$ 102,689	-	-
Other city tax:			
Cable franchise fee	1,702	-	-
Utility tax replacement excise tax	4,318	-	-
	<u>6,020</u>	-	-
Licenses and permits	962	-	-
Use of money and property:			
Interest on investments	3,075	-	-
Sale of cemetery lots	1,280	-	-
Rent	-	1,213	-
	<u>4,355</u>	<u>1,213</u>	-
Intergovernmental:			
State allocation	10,033	-	-
Bank franchise tax	160	-	-
Fire equipment grant	5,553	-	-
County library	11,438	-	-
Regional solid waste contribution	710	-	-
County ambulance authority contribution	-	-	20,163
Rural fire allocations	3,000	-	-
Library grants	1,379	-	-
	<u>32,273</u>	-	<u>20,163</u>
Charges for service:			
Ambulance fees	-	-	61,638
Garbage fees	20,646	-	-
	<u>20,646</u>	-	<u>61,638</u>
Miscellaneous:			
Refunds and reimbursements	-	-	-
Camping fees	168	-	-
Donations and contributions	134	20	-
Miscellaneous	486	-	-
	<u>788</u>	<u>20</u>	-
Total receipts	<u>167,733</u>	<u>1,233</u>	<u>81,801</u>

Fire	Recreation Program	Total
-	-	102,689
-	-	1,702
-	-	4,318
-	-	6,020
-	-	962
-	-	3,075
-	-	1,280
-	-	1,213
-	-	5,568
-	-	10,033
-	-	160
-	-	5,553
-	-	11,438
-	-	710
-	-	20,163
-	-	3,000
-	-	1,379
-	-	52,436
-	-	61,638
-	-	20,646
-	-	82,284
-	578	578
-	-	168
10,706	3,468	14,328
-	-	486
10,706	4,046	15,560
10,706	4,046	265,519

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

	Community		
	General	Building	Ambulance
<b>Disbursements:</b>			
<b>Community Protection Program:</b>			
<b>Police:</b>			
Personal services	44,761	-	-
Contractual services	2,117	-	-
Commodities	3,539	-	-
	50,417	-	-
<b>Fire:</b>			
Personal services	1,910	-	-
Contractual services	4,305	-	-
Commodities	780	-	-
Capital outlay	7,690	-	-
	14,685	-	-
<b>Ambulance:</b>			
Personal services	-	-	7,185
Contractual services	-	-	7,276
Commodities	-	-	6,014
Capital outlay	-	-	2,667
	-	-	23,142
<b>Civil Defense</b>	963	-	-
<b>Pest control</b>	1,700	-	-
	67,765	-	23,142
<b>Human Development Program:</b>			
<b>Library:</b>			
Personal services	11,012	-	-
Contractual services	7,346	-	-
Commodities	2,846	-	-
Capital outlay	7,603	-	-
	28,807	-	-



Fire	Recreation Program	Total
-	-	44,761
-	-	2,117
-	-	3,539
-	-	50,417
-	-	1,910
-	-	4,305
6,511	-	7,291
-	-	7,690
6,511	-	21,196
-	-	7,185
-	-	7,276
-	-	6,014
-	-	2,667
-	-	23,142
-	-	963
-	-	1,700
6,511	-	97,418
-	-	11,012
-	-	7,346
-	-	2,846
-	-	7,603
-	-	28,807

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

	Community		
	General	Building	Ambulance
Disbursements (continued):			
Human Development Program:			
Park and recreation:			
Contractual services	199	-	-
Commodities	415	-	-
Capital outlay	701	-	-
	1,315	-	-
Community Hall:			
Contractual services	611	1,366	-
	30,733	1,366	-
Home and Community Environment Program:			
Solid waste:			
Contractual services	7,747	-	-
Cemetery:			
Contractual services	7,857	-	-
Commodities	645	-	-
Capital outlay	2,188	-	-
	10,690	-	-
MIDAS Regional Housing Committee:			
Debt service:			
Loan principal redeemed	2,740	-	-
Interest paid	220	-	-
	2,960	-	-
Community beautification:			
Contractual services	265	-	-
Economic development - speculation house:			
Contractual services	1,337	-	-
Commodities	301	-	-
Capital outlay	7,644	-	-
Debt service:			
Interest paid	3,277	-	-
	12,559	-	-
	34,221	-	-
Policy and Administration Program:			
Clerk:			
Personal services	33,146	-	-
Contractual services	11,360	-	-
Commodities	7,668	-	-
	52,174	-	-

Fire	Recreation Program	Total
-	4,675	4,874
-	572	987
-	474	1,175
-	5,721	7,036
-	-	1,977
-	5,721	37,820
-	-	7,747
-	-	7,857
-	-	645
-	-	2,188
-	-	10,690
-	-	2,740
-	-	220
-	-	2,960
-	-	265
-	-	1,337
-	-	301
-	-	7,644
-	-	3,277
-	-	12,559
-	-	34,221
-	-	33,146
-	-	11,360
-	-	7,668
-	-	52,174

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

	Community		
	General	Building	Ambulance
Disbursements (continued):			
Policy and Administration Program:			
Mayor and Council:			
Personal services	2,956	-	-
	55,130	-	-
Total disbursements	187,849	1,366	23,142
Excess (deficiency) of receipts over (under) disbursements	(20,116)	(133)	58,659
Other financing sources (uses):			
Operating transfers in (out):			
General:			
General	-	-	-
Recreation Program	(2,275)	-	-
Special Revenue:			
Emergency	2,961	-	-
Revolving Loan	13,500	-	-
Expendable Trust:			
Library	1,330	-	-
Total other financing sources (uses)	15,516	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(4,600)	(133)	58,659
Balance beginning of year	7,996	156	21,473
Balance end of year	\$ 3,396	23	80,132

See accompanying independent auditor's report.

Fire	Recreation Program	Total
-	-	2,956
-	-	55,130
6,511	5,721	224,589
4,195	(1,675)	40,930
-	2,275	2,275
-	-	(2,275)
-	-	2,961
-	-	13,500
-	-	1,330
-	2,275	17,791
4,195	600	58,721
2,121	2,547	34,293
6,316	3,147	93,014

City of Pomeroy  
Combining Schedule of Cash Transactions  
Special Revenue Funds  
Four Months ended October 31, 2002

	Road Use Tax	Employee Benefits	Emergency
<b>Receipts:</b>			
Property tax	\$ -	19,241	1,226
Use of money and property:			
Interest on investments	-	-	-
Intergovernmental:			
Road use tax allocation	19,830	-	-
Miscellaneous	180	-	-
Total receipts	<u>20,010</u>	<u>19,241</u>	<u>1,226</u>
<b>Disbursements:</b>			
Community Protection Program:			
Personal services	-	5,772	-
Human Development Program:			
Personal services	-	575	-
Home and Community Environment Program:			
Personal services	115	-	-
Contractual services	4,485	-	-
Commodities	2,611	-	-
Capital outlay	6,122	-	-
	<u>13,333</u>	<u>-</u>	<u>-</u>
Policy and Administration Program:			
Personal services	-	7,847	-
Total disbursements	<u>13,333</u>	<u>14,194</u>	<u>-</u>
Excess of receipts over disbursements	6,677	5,047	1,226
Other financing sources:			
Short term loan proceeds	-	-	-
Excess of receipts and other financing sources over disbursements	6,677	5,047	1,226
Balance beginning of period	25,099	26,733	-
Balance end of period	<u>\$ 31,776</u>	<u>31,780</u>	<u>1,226</u>

See accompanying independent auditor's report.

Community		
Development	Revolving	
Block Grant	Loan	Total
-	-	20,467
-	15	15
-	-	19,830
-	-	180
-	15	40,492
-	-	5,772
-	-	575
-	-	115
-	-	4,485
-	-	2,611
-	-	6,122
-	-	13,333
-	-	7,847
-	-	27,527
-	15	12,965
1,360	-	1,360
1,360	15	14,325
315	5,785	57,932
1,675	5,800	72,257

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

	Road Use Tax	Employee Benefits	Emergency
Receipts:			
Property tax	\$ -	45,317	2,838
Other city tax:			
Utility tax replacement excise tax	-	1,963	123
Use of money and property:			
Interest on investments	-	-	-
Intergovernmental:			
Road use tax allocation	56,869	-	-
Community development block grant	-	-	-
	56,869	-	-
Miscellaneous	-	1,411	-
Total receipts	56,869	48,691	2,961
Disbursements:			
Community Protection Program:			
Personal services	-	14,147	-
Human Development Program:			
Personal services	-	1,315	-
Home and Community Environment Program:			
Personal services	554	28	-
Contractual services	17,646	-	-
Commodities	5,703	-	-
Capital outlay	15,902	-	-
Miscellaneous	-	-	-
	39,805	28	-
Policy and Administration Program:			
Personal services	-	19,855	-
Total disbursements	39,805	35,345	-
Excess (deficiency) of receipts over (under) disbursements	17,064	13,346	2,961
Other financing sources (uses):			
Short term loan proceeds	-	-	-
Short term loan repayment	-	-	-
Operating transfers out:			
General:			
General	-	-	(2,961)
Total other financing sources (uses)	-	-	(2,961)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	17,064	13,346	-
Balance beginning of year	8,035	13,387	-
Balance end of year	\$ 25,099	26,733	-

See accompanying independent auditor's report.



Community Development Revolving		
Block Grant	Loan	Total
-	-	48,155
-	-	2,086
2	231	233
-	-	56,869
22,427	-	22,427
22,427	-	79,296
-	-	1,411
22,429	231	131,181
-	-	14,147
-	-	1,315
-	-	582
3,654	-	21,300
-	-	5,703
19,289	-	35,191
142	-	142
23,085	-	62,918
-	-	19,855
23,085	-	98,235
(656)	231	32,946
19,288	-	19,288
(19,288)	-	(19,288)
-	(13,500)	(16,461)
-	(13,500)	(16,461)
(656)	(13,269)	16,485
971	19,054	41,447
315	5,785	57,932

**Schedule 5**

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City of Pomeroy  
Schedule of Cash Transactions  
Debt Service Fund  
Four Months ended October 31, 2002

Receipts:		
Property tax	\$	32,238
Disbursements:		
None		-
Excess of receipts over disbursements		32,238
Balance beginning of period		9,890
Balance end of period	\$	42,128

See accompanying independent auditor's report.

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

Receipts:		
Property tax		\$ 79,902
Other city tax:		
Utility tax replacement excise tax		3,444
Total receipts		<u>83,346</u>
Disbursements:		
Community Protection Program:		
Debt service:		
Principal redeemed		1,920
Interest paid		741
Administration fee		10
		<u>2,671</u>
Home and Community Environment Program:		
Debt service:		
Principal redeemed		58,080
Interest paid		22,432
Administration fee		290
		<u>80,802</u>
Total disbursements		<u>83,473</u>
Deficiency of receipts under disbursements		(127)
Balance beginning of year		<u>10,017</u>
Balance end of year		<u>\$ 9,890</u>

See accompanying independent auditor's report.

**Schedule 7**

City of Pomeroy  
Combining Schedule of Cash Transactions  
Enterprise Funds  
Four Months ended October 31, 2002

	Water	Sewer Rental	Total
Receipts:			
Use of money and property:			
Interest on investments	\$ 348	3	351
Charges for service:			
Sale of water	34,913	-	34,913
Bulk water sales	648	-	648
Sewer rental fees	-	12,360	12,360
	<u>35,561</u>	<u>12,360</u>	<u>47,921</u>
Miscellaneous:			
Customer deposits	100	-	100
Miscellaneous	29	230	259
	<u>129</u>	<u>230</u>	<u>359</u>
Total receipts	<u>36,038</u>	<u>12,593</u>	<u>48,631</u>
Disbursements:			
Home and Community Environment Program :			
Utility operations:			
Personal services	17,541	4,438	21,979
Contractual services	3,142	953	4,095
Commodities	5,740	3,031	8,771
Capital outlay	4,500	-	4,500
Total disbursements	<u>30,923</u>	<u>8,422</u>	<u>39,345</u>
Excess of receipts over disbursements	5,115	4,171	9,286
Balance beginning of period	<u>63,378</u>	<u>6,213</u>	<u>69,591</u>
Balance end of period	<u>\$ 68,493</u>	<u>10,384</u>	<u>78,877</u>

See accompanying independent auditor's report.

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

	Water	Sewer Rental	Total
<b>Receipts:</b>			
Use of money and property:			
Interest on investments	\$ 769	18	787
Charges for service:			
Sale of water	92,573	-	92,573
Bulk water sales	2,393	-	2,393
Sewer rental fees	-	32,154	32,154
	<u>94,966</u>	<u>32,154</u>	<u>127,120</u>
Miscellaneous:			
Sales tax refund	-	51	51
Sale of scrap or surplus	503	-	503
Customer deposits	1,300	-	1,300
Miscellaneous	55	-	55
	<u>1,858</u>	<u>51</u>	<u>1,909</u>
Total receipts	<u>97,593</u>	<u>32,223</u>	<u>129,816</u>
<b>Disbursements:</b>			
Home and Community Environment Program:			
Utility operations:			
Personal services	48,495	15,209	63,704
Contractual services	7,920	118	8,038
Commodities	16,529	11,882	28,411
Capital outlay	19,360	6,123	25,483
Debt service:			
Principal redeemed	-	2,925	2,925
Interest paid	-	2,913	2,913
Total disbursements	<u>92,304</u>	<u>39,170</u>	<u>131,474</u>
Excess (deficiency) of receipts over (under) disbursements	5,289	(6,947)	(1,658)
Balance beginning of year	58,089	13,160	71,249
Balance end of year	<u>\$ 63,378</u>	<u>6,213</u>	<u>69,591</u>

See accompanying independent auditor's report.

**Schedule 9**

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City of Pomeroy  
Combining Schedule of Cash Transactions  
Trust Funds  
Four Months ended October 31, 2002

	<u>Expendable Trust Library</u>	<u>Non-Expendable Cemetery Perpetual Care</u>	<u>Total</u>
Receipts:			
Use of money and property:			
Interest on investments	\$ 12	-	12
Sale of cemetery lots	-	80	80
	<u>12</u>	<u>80</u>	<u>92</u>
Miscellaneous:			
Donations	18	-	18
Total receipts	<u>30</u>	<u>80</u>	<u>110</u>
Disbursements:			
None	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Excess of receipts over disbursements	30	80	110
Balance beginning of period	7,074	29,978	37,052
Balance end of period	<u>\$ 7,104</u>	<u>30,058</u>	<u>37,162</u>

See accompanying independent auditor's report.

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

	Expendable Trust	Non-Expendable Cemetery Perpetual	Total
	Library	Care	
Receipts:			
Use of money and property:			
Interest on investments	\$ 72	-	72
Sale of cemetery lots	-	320	320
	72	320	392
Intergovernmental:			
Library open access	25	-	25
Miscellaneous:			
Donations	670	-	670
Total receipts	767	320	1,087
Disbursements:			
None	-	-	-
Excess of receipts over disbursements	767	320	1,087
Other financing uses:			
Operating transfers out:			
General:			
General	(1,330)	-	(1,330)
Excess (deficiency) of receipts over (under) disbursements and other financing uses	(563)	320	(243)
Balance beginning of year	7,637	29,658	37,295
Balance end of year	\$ 7,074	29,978	37,052

See accompanying independent auditor's report.

**City of Pomeroy**





**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 Pomeroy, Iowa, as of and for the period July 1, 2002 through October 31, 2002 and the year ended June 30, 2002, and have issued our report thereon dated March 17, 2003. Our report on the financial statements, which were prepared in conformity with an other comprehensive basis of accounting, expressed a qualified opinion since we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2001.

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

Compliance

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

Comments involving statutory and other legal matters about the City of Pomeroy's operations for the period July 1, 2002 through October 31, 2002 and the year ended June 30, 2002 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior audit statutory comments have been resolved except for item (7).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Pomeroy's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Pomeroy's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that items (A) and (C) are material weaknesses. The prior audit reportable condition has not been resolved and is restated as 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 Pomeroy and other parties to whom the City of Pomeroy 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 Pomeroy 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.

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 17, 2003

City of Pomeroy

Schedule of Findings

Four Months ended October 31, 2002 and  
Year ended June 30, 2002

**Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

(A) Segregation of Duties – One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check on those of another. One individual can have control over one or more of the following areas:

- (a) Receipts – collecting, depositing, posting and reconciling.
- (b) Utilities – billings, collecting, depositing, posting and reconciling.
- (c) Disbursements – purchasing, processing, check writing, recording and reconciling.
- (d) Payroll – preparation, recording and distribution.
- (e) Separately maintained records – receipt and disbursement listing, depositing and reconciling bank accounts.

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

Response – The Council now reviews bills and approves financial reports monthly. We will continue to have the Council review financial reports and supporting documents and increase review in the other areas as recommended.

Conclusion – Response accepted.

(B) Records of Accounts – The bookkeeping and custody of the Community Building, Fire, Recreation Program and Community Development Block Grant accounting records were in the control of personnel in locations separate from the City Clerk's office. The transactions and the resulting balances are not recorded in the Clerk's records. Chapter 384.20 of the Code of Iowa states in part that a city shall keep accounts which show an accurate and detailed statement of all public funds collected, received, or expended for any city purpose.

In addition, the subsidiary ledger was not completed to record receipt and disbursement activity for the period July through October 2002, as required. Monthly financial reports were not prepared for September and October 2002.

City of Pomeroy

Schedule of Findings

Four Months ended October 31, 2002 and  
Year ended June 30, 2002

Recommendation – For better accountability, financial and budgetary control, the financial activity and balances of all City accounts should be recorded in the Clerk’s records.

Subsidiary ledgers should be maintained to facilitate timely financial and budgetary report preparation. The subsidiary ledgers should be reconciled to the receipt and disbursement journals each month. Additionally, monthly reconciliations should be performed between financial reports and bank balances, with any reconciling errors resolved in a timely manner. Monthly financial reports should include fund and account balances for all City funds.

Response – We will ask for and review the monthly financial reports. We are now preparing the subsidiary ledger and preparing monthly reports.

Conclusion – Response accepted.

- (C) Reconciliation of Utility Billings, Collections and Delinquencies – Utility billings, collections and delinquencies were not reconciled throughout the year. Bulk water sales meter readings were not reconciled with City collections.

Recommendation – Procedures should be established to prepare a reconciliation of utility billings, collections and delinquencies for each billing period. Also, meter readings of bulk water usage should be reconciled with the amount collected and deposited. The Council or a Council-designated independent person should review the reconciliations and monitor delinquencies.

Response – We will do this.

Conclusion – Response accepted.

- (D) Countersigning Checks in Advance – The City requires two signatures on checks. However, the Mayor has been countersigning checks in advance.

Recommendation – To strengthen internal control, each check should be prepared and signed by one person and then the supporting vouchers and invoices should be made available, along with the check, to the second or independent person for review and countersignature.

Response – We will discontinue countersigning checks in advance.

Conclusion – Response accepted.

City of Pomeroy

Schedule of Findings

Four Months ended October 31, 2002 and  
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 amounts stated in the resolution were not exceeded during the four months ended October 31, 2002 or the year ended June 30, 2002.
- (2) Certified Budget – Disbursements during the four months ended October 31, 2002 and 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 – No business transactions between the City and City officials or 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 – Except as noted, no transactions were found that we believe should have been approved in the Council minutes but were not.

The City did not prepare Council minutes from June 2000 through November 2001. Therefore, the City did not publish the minutes as required by Chapter 372.13(6) of the Code of Iowa. Because certain minutes did not exist, Council approvals for bills, contracts, payroll and other actions could not be substantiated.

Recommendation – The City should prepare and retain minutes for all Council meetings and publish minutes as required.

Response – We are now preparing and publishing the minutes as required.

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) Garbage Rates – The City's garbage rate has not been established by ordinance. Chapter 384.84 of the Code of Iowa requires that utility rates be established by ordinance of the Council.

Recommendation – The City should establish garbage rates by ordinance as required.

Response – We will review this and establish rates by ordinance.

Conclusion – Response accepted.

City of Pomeroy

Schedule of Findings

Four Months ended October 31, 2002 and  
Year ended June 30, 2002

- (10) Contract Labor – The City did not file a Form 1099 with the Internal Revenue Service for contract labor paid in excess of \$600.

Recommendation – The City should insure that all 1099 forms are properly completed and filed.

Response – We are filing these now.

Conclusion – Response accepted.

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City of Pomeroy

Staff

This audit was performed by:

Ronald D. Swanson, CPA, Manager  
Paul F. Kearney, CGFM, Senior Auditor

Andrew E. Nielsen, CPA  
Deputy Auditor of State