



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

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Chief Deputy Auditor of State

NEWS RELEASE

FOR RELEASE _____ June 30, 2002 _____

Contact: Andy Nielsen
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Auditor of State Richard Johnson today released an audit report on the City of Primghar, Iowa.

Johnson reported that the City's receipts totaled \$1,614,108 for the year ended June 30, 2001. The receipts included \$189,837 in property tax, \$25,314 in tax increment financing, \$54,532 in other City tax, \$102,760 from the state and \$975,318 from charges for service. The City also had proceeds of \$955,450 from the sale of general obligation notes that are reported as other financing sources.

Disbursements for the year totaled \$2,234,357 and included \$98,274 for community protection, \$204,567 for human development, \$1,876,031 for home and community environment and \$55,485 for policy and administration. The City redeemed interim project notes of \$925,000 that is reported as an other financing use.

This report contains recommendations to the City Council and other City officials. For example, the City should review its control procedures to obtain the maximum internal control possible under the circumstances, prepare and maintain accounting records on a current basis and establish procedures to reconcile utility billings, collections and delinquencies monthly. The report also includes findings pertaining to noncompliance with several statutory provisions and recommendations to comply with these provisions in the future. The City has responded to each item in the report and stated that corrective action will be taken.

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

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City of Primghar

Officials

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|-----------------|----------------|---------------------|
| James Thompson | Mayor | Jan 2004 |
| Clara Black | Council Member | Jan 2002 |
| Jonathon Hintz | Council Member | Jan 2002 |
| Marvin Hoppe | Council Member | Jan 2002 |
| Kurt Edwards | Council Member | Jan 2004 |
| Daniel Wittrock | Council Member | Jan 2004 |
| Lee Fernstrum | Clerk | Resigned (Apr 2002) |
| Wanda Steffens | Treasurer | Jan 2002 |
| Bruce Green | Attorney | Jan 2002 |

City of Primghar



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Chief Deputy Auditor of State

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements, listed as exhibits in the table of contents of this report, of the City of Primghar, Iowa as of and for the year ended June 30, 2001. These financial statements are the responsibility of City of Primghar's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Also, as permitted by the Code of Iowa, the accounting records of the City have not been audited for all prior years. Accordingly, we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2000.

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, 2000, 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 Primghar as of and for the year ended June 30, 2001, and its indebtedness at June 30, 2001, on the basis of accounting described in note 1.

In accordance with Government Auditing Standards, we have also issued our report dated June 10, 2002 on our consideration of the City of Primghar'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 financial statements taken as a whole. The supplemental information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the aforementioned financial statements taken as a whole.

RICHARD D. JOHNSON, CPA
Auditor of State
June 10, 2002

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

City of Primghar

Financial Statements

City of Primghar
 Combined Statement of Cash Transactions
 All Fund Types
 Year ended June 30, 2001

| | <u>Governmental Fund</u> | |
|---|--------------------------|----------------------------|
| | <u>General</u> | <u>Special Revenue</u> |
| Receipts: | | |
| Property tax | \$ 107,501 | 15,829 |
| Tax increment financing collections | - | 25,314 |
| Other city tax | - | 54,532 |
| Licenses and permits | 2,104 | - |
| Use of money and property | 28,206 | - |
| Intergovernmental | 31,871 | 75,170 |
| Charges for service | 38,318 | - |
| Miscellaneous | 97,633 | - |
| Total receipts | <u>305,633</u> | <u>170,845</u> |
| Disbursements: | | |
| Community Protection Program | 98,274 | - |
| Human Development Program | 180,338 | 24,229 |
| Home and Community Environment Program | 18,562 | 99,652 |
| Policy and Administration Program | 55,485 | - |
| Total disbursements | <u>352,659</u> | <u>123,881</u> |
| Excess (deficiency) of receipts over (under) disbursements | <u>(47,026)</u> | <u>46,964</u> |
| Other financing sources (uses): | | |
| Note proceeds: | | |
| Electric revenue capital loan notes (net of \$17,550 discount and \$2,000 management fees) | - | - |
| Project notes redeemed | - | - |
| Operating transfers in (out) | 67,221 | (49,248) |
| Total other financing sources (uses) | <u>67,221</u> | <u>(49,248)</u> |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | 20,195 | (2,284) |
| Balance beginning of year | <u>117,614</u> | <u>3,207</u> |
| Balance end of year | <u>\$ 137,809</u> | <u>923</u> |

See notes to financial statements.

| Types | Proprietary Fund Type | Fiduciary Fund Type | Total (Memorandum Only) |
|-----------------|--------------------------|------------------------|-------------------------------|
| Debt Service | Enterprise | Trust | |
| 66,507 | - | - | 189,837 |
| - | - | - | 25,314 |
| - | - | - | 54,532 |
| - | - | - | 2,104 |
| - | 42,966 | 18,779 | 89,951 |
| - | - | - | 107,041 |
| - | 936,450 | 550 | 975,318 |
| 34,322 | 38,056 | - | 170,011 |
| <u>100,829</u> | <u>1,017,472</u> | <u>19,329</u> | <u>1,614,108</u> |
| - | - | - | 98,274 |
| - | - | - | 204,567 |
| 91,836 | 1,635,551 | 30,430 | 1,876,031 |
| - | - | - | 55,485 |
| <u>91,836</u> | <u>1,635,551</u> | <u>30,430</u> | <u>2,234,357</u> |
| <u>8,993</u> | <u>(618,079)</u> | <u>(11,101)</u> | <u>(620,249)</u> |
| - | 955,450 | - | 955,450 |
| - | (925,000) | - | (925,000) |
| - | (30,000) | 12,027 | - |
| <u>-</u> | <u>450</u> | <u>12,027</u> | <u>30,450</u> |
| 8,993 | (617,629) | 926 | (589,799) |
| <u>125,803</u> | <u>1,810,383</u> | <u>122,501</u> | <u>2,179,508</u> |
| <u>134,796</u> | <u>1,192,754</u> | <u>123,427</u> | <u>1,589,709</u> |

City of Primghar

Comparison of Receipts, Disbursements and Changes in Balances -

Actual to Budget

Year ended June 30, 2001

| | Actual | Less Funds Not Required to be Budgeted |
|--|---------------------|--|
| Receipts: | | |
| Property tax | \$ 189,837 | - |
| Tax increment financing revenues | 25,314 | - |
| Other city tax | 54,532 | - |
| Licenses and permits | 2,104 | - |
| Use of money and property | 89,951 | 163 |
| Intergovernmental | 107,041 | - |
| Charges for service | 975,318 | 550 |
| Miscellaneous | 170,011 | - |
| Total receipts | <u>1,614,108</u> | <u>713</u> |
| Disbursements: | | |
| Community Protection Program | 98,274 | - |
| Human Development Program | 204,567 | - |
| Home and Community Environment Program | 1,876,031 | - |
| Policy and Administration Program | 55,485 | - |
| Total disbursements | <u>2,234,357</u> | <u>-</u> |
| Excess (deficiency) of receipts over (under) disbursements | (620,249) | 713 |
| Other financing sources, net | <u>30,450</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | (589,799) | 713 |
| Balance beginning of year | <u>2,179,508</u> | <u>27,743</u> |
| Balance end of year | <u>\$ 1,589,709</u> | <u>28,456</u> |

See notes to financial statements.

| Net | Budget | Variance Favorable (Unfavorable) | Net as % of Budget |
|------------------|------------------|--|--------------------------|
| 189,837 | 192,247 | (2,410) | 99% |
| 25,314 | 27,000 | (1,686) | 94% |
| 54,532 | 55,669 | (1,137) | 98% |
| 2,104 | 1,750 | 354 | 120% |
| 89,788 | 32,000 | 57,788 | 281% |
| 107,041 | 106,023 | 1,018 | 101% |
| 974,768 | 1,061,600 | (86,832) | 92% |
| 170,011 | 21,293 | 148,718 | 798% |
| <u>1,613,395</u> | <u>1,497,582</u> | <u>115,813</u> | <u>108%</u> |
| 98,274 | 451,206 | 352,932 | 22% |
| 204,567 | 191,950 | (12,617) | 107% |
| 1,876,031 | 2,893,946 | 1,017,915 | 65% |
| 55,485 | 61,200 | 5,715 | 91% |
| <u>2,234,357</u> | <u>3,598,302</u> | <u>1,363,945</u> | <u>62%</u> |
| (620,962) | (2,100,720) | | |
| <u>30,450</u> | <u>2,065,000</u> | | |
| (590,512) | (35,720) | | |
| <u>2,151,765</u> | <u>643,168</u> | | |
| <u>1,561,253</u> | <u>607,448</u> | | |

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

| Obligation | Date of Issue | Interest Rates |
|------------------------------------|------------------|----------------|
| General obligation notes: | | |
| Essential corporate purpose | August 1, 1993 | 4.70-5.00% |
| Street improvement | April 1, 1997 | 4.45-5.35 |
| Total | | |
| Special assessment notes: | | |
| Street improvement | April 1, 1997 | 4.85-5.75% |
| Revenue notes: | | |
| Electric revenue project | March 23, 2000 | 5.15% |
| Telecommunications revenue project | March 23, 2000 | 5.35% |
| Electric revenue capital loan | February 1, 2001 | 4.60-5.60% |
| 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 | 180,000 | - | 20,000 | 160,000 | 8,685 |
| | 290,000 | 230,000 | - | 30,000 | 200,000 | 11,645 |
| | | \$ 410,000 | - | 50,000 | 360,000 | 20,330 |
| \$ | 155,000 | 115,000 | - | 15,000 | 100,000 | 5,906 |
| \$ | 925,000 | 925,000 | - | 925,000 | - | 40,757 |
| | 790,000 | 790,000 | - | - | 790,000 | 36,160 |
| | 975,000 | - | 975,000 | - | 975,000 | - |
| | | \$ 1,715,000 | 975,000 | 925,000 | 1,765,000 | 76,917 |

City of Primghar

Notes to Financial Statements

June 30, 2001

(1) Summary of Significant Accounting Policies

The City of Primghar is a political subdivision of the State of Iowa located in O'Brien County. It was first incorporated in 1888 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 Primghar has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. The City has no component units required to be reported in accordance with the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations and Joint Venture

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 or appoint representatives to the following boards and commissions: O'Brien County Assessor's Conference Board, Northwest Iowa Area Solid Waste Agency, Northwest Iowa Power Cooperative and the O'Brien County E-911 Service Board.

The City also participates in a joint venture, the Community Cable Television Agency of O'Brien County. The City of Primghar has a 18.8% interest in a joint venture with Cities of Hartley, Paullina and Sanborn to provide cable television services. The cities participate in providing cable television services, which is under the general management of one representative of each City Council.

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 and special assessment 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 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 Primghar 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 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 Column

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

(2) Deposits and Investments

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

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

(3) Notes Payable

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

| Year Ending June 30, | General Obligation Notes | | Special Assessment Notes | | Revenue Notes | | Total | |
|----------------------------|-----------------------------|---------------|-----------------------------|---------------|------------------|----------------|------------------|----------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2002 | \$ 50,000 | 17,740 | 15,000 | 5,086 | 45,000 | 93,138 | 110,000 | 115,964 |
| 2003 | 50,000 | 15,345 | 15,000 | 4,291 | 840,000 | 91,023 | 905,000 | 110,659 |
| 2004 | 55,000 | 12,920 | 15,000 | 3,481 | 50,000 | 46,358 | 120,000 | 62,759 |
| 2005 | 60,000 | 10,213 | 15,000 | 2,656 | 50,000 | 43,908 | 125,000 | 56,777 |
| 2006 | 60,000 | 7,235 | 20,000 | 1,675 | 55,000 | 41,433 | 135,000 | 50,343 |
| 2007 | 60,000 | 4,223 | 20,000 | 555 | 55,000 | 38,683 | 135,000 | 43,461 |
| 2008 | 25,000 | 1,175 | - | - | 60,000 | 35,905 | 85,000 | 37,080 |
| 2009 | - | - | - | - | 65,000 | 32,845 | 65,000 | 32,845 |
| 2010 | - | - | - | - | 65,000 | 29,498 | 65,000 | 29,498 |
| 2011 | - | - | - | - | 70,000 | 26,118 | 70,000 | 26,118 |
| 2012 | - | - | - | - | 75,000 | 22,408 | 75,000 | 22,408 |
| 2013 | - | - | - | - | 80,000 | 18,395 | 80,000 | 18,395 |
| 2014 | - | - | - | - | 80,000 | 14,075 | 80,000 | 14,075 |
| 2015 | - | - | - | - | 85,000 | 9,715 | 85,000 | 9,715 |
| 2016 | - | - | - | - | 90,000 | 5,040 | 90,000 | 5,040 |
| Total | \$360,000 | 68,851 | 100,000 | 17,744 | 1,765,000 | 548,542 | 2,225,000 | 635,137 |

The resolutions providing for the issuance of the electric revenue capital loan notes include the following provisions.

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.

- (b) All revenue shall be deposited in the Electric Revenue Fund.
- (c) Sufficient monthly transfers shall be made to the Sinking Fund for the purpose of making the note principal and interest payments when due.
- (d) Additional monthly transfers of 25% of the amount required to be deposited each month in the Sinking Fund shall be deposited in Reserve Fund until the Reserve Fund requirement is met. Money in the Reserve Fund shall be used solely for the purpose of paying principal at maturity of or interest on the notes and parity obligations for the payment of which insufficient money shall be available in the Sinking Fund.
- (e) In addition, money in the Revenue Fund shall be transferred to the Improvement Fund. The minimum amount to be transferred each month to the Improvement Fund shall be \$1,200; provided, however that when the amount of said deposits in said fund shall equal or exceed \$70,000 no further monthly deposits need to be made, except to maintain it at such level.
- (f) All funds remaining in the Revenue Fund at the close of each month may be deposited in any of the funds created by the resolution, to pay for extraordinary repairs or replacements to the system, or may be used to pay or redeem the notes or parity obligations, any of them, or for any lawful purpose.

The City has not established the Sinking Fund, Reserve Fund or Improvement Fund required by the resolution. The amounts due to the Sinking Fund, Reserve Fund and Improvement Fund at June 30, 2001 are \$50,545, \$12,637 and \$6,000, respectively.

(4) Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by State statute. The City's contribution to IPERS for the year ended June 30, 2001 was \$15,421, equal to the required contribution for the year.

(5) Compensated Absences

City employees accumulate 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 maximum liability for unrecognized accrued vacation benefits at June 30, 2001, primarily relating to the General Fund, was \$15,000.

(6) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the program level. During the year ended June 30, 2001 Human Development Program disbursements exceeded the amount budgeted.

(7) Randolph Economic Development Trust Fund

The City is residual beneficiary of the Fern Randolph Estate and accounts for this activity in the Randolph Economic Development Trust Fund. On March 13, 1989, the City resolved that the proceeds of the estate and the income therefrom, be used for economic development of the City. Also, on May 12, 1997, the City resolved that tax increment financing collections in Urban Renewal Districts I and II be utilized for debt reduction on Primghar Advancement Corporation loans obtained from local banks. The City also applied \$12,027 from the Randolph Economic Development Trust Fund to repay these loans.

(8) Risk Management

The City of Primghar 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. Settled claims from these risks have not exceeded commercial insurance coverage.

(9) Construction Commitment and Subsequent Event

The City has entered into a contract totaling \$125,546 on May 16, 2001 to construct a new well, pumping equipment and related work, an essential corporate purpose. No disbursements were made in the fiscal year ended June 30, 2001.

The City issued \$145,000 in general obligation notes on July 1 2001 to provide funding to construct a new well, pumping equipment and related work.

(10) Deficit Balances

At June 30, 2001 the City had deficit balances in the following accounts:

| Fund | Balance June 30, 2001 |
|------------------|--------------------------|
| General Fund: | |
| Golf Course | \$ (103,412) |
| Special Revenue: | |
| Road Use | (2,743) |
| Urban Renewal I | (4,392) |
| Urban Renewal II | (853) |
| Enterprise: | |
| Garbage | (27,475) |

The deficit balance in the General Fund, Golf Course Account will be eliminated by Council action.

The deficit balance in the Special Revenue Fund, Road Use Account will be eliminated through future revenues.

The deficit balance in the Special Revenue, Urban Renewal I Account was the result of transferring \$4,392 more to the Randolph Economic Development Trust Fund than was actually available. Therefore, the Randolph Economic Development Trust Fund disbursements to the Primghar Advancement Corporation were \$4,392 more than should have been. The City will eliminate this deficit by either requesting that the Primghar Advancement Corporation pay back this amount or reduce future disbursements to the Primghar Advancement Corporation.

The deficit balance in the Special Revenue, Urban Renewal II Account was the result of disbursing \$1,026 too much to the Primghar Advancement Corporation net of \$173, which was not paid to the Primghar Housing Authority. The City will eliminate this deficit by either requesting that Primghar Advancement Corporation pay back \$1,026 or reduce future disbursement to Primghar Advancement Corporation. When the amount is received the City will distribute \$173 to the Primghar Housing Authority.

The deficit balance in the Enterprise Fund, Garbage Account, will be eliminated by Council action.

(11) Golf Course Loan

In a prior year, the City loaned \$181,539 to the Primghar Golf and Country Club, Inc. According to the minutes of the City Council for February 2, 1987, interest rates were to be reviewed and adjusted annually to current money market rates. Land rent received on a portion of the donated property was to be applied to the loan. However, the loan agreement between the City and the Primghar Golf and Country Club, Inc. was not reduced to writing. No interest payments have been made by the Primghar Golf and Country Club, Inc. to the City. From July 1, 1997 to June 30, 2001 land rent totaling \$29,400 was not applied to the loan. The loan balance at June 30, 2001 excluding any interest due over the course of the loan is \$20,066.

City of Pringhar

Supplemental Information

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

| | General | Library |
|-----------------------------------|---------------|--------------|
| Receipts: | | |
| Property tax | \$ 107,501 | - |
| Licenses and permits: | | |
| Beer and liquor | 1,469 | - |
| Cigarette | 375 | - |
| Building | 260 | - |
| | <u>2,104</u> | <u>-</u> |
| Use of money and property: | | |
| Interest on investments | 16,987 | 3,673 |
| Rent | - | - |
| | <u>16,987</u> | <u>3,673</u> |
| Intergovernmental: | | |
| State allocation | 13,534 | - |
| State reimbursement | - | - |
| Bank franchise tax | 6,186 | - |
| County contributions | - | 5,500 |
| Township contributions | 3,713 | - |
| Regional library grant | - | 1,120 |
| Fines and fees | 319 | - |
| Miscellaneous | 1,000 | - |
| | <u>24,752</u> | <u>6,620</u> |
| Charges for service: | | |
| Ambulance fees | 24,794 | - |
| Swimming pool | 5,269 | - |
| Park fees | 1,320 | - |
| Airport fees | 2,885 | - |
| Cemetery | 4,050 | - |
| | <u>38,318</u> | <u>-</u> |

| Hospital Closing | Golf Course | Fire Department | Ambulance | Total |
|------------------|-------------|-----------------|-----------|---------|
| - | - | - | - | 107,501 |
| - | - | - | - | 1,469 |
| - | - | - | - | 375 |
| - | - | - | - | 260 |
| - | - | - | - | 2,104 |
| - | - | - | 196 | 20,856 |
| - | 7,350 | - | - | 7,350 |
| - | 7,350 | - | 196 | 28,206 |
| - | - | - | - | 13,534 |
| - | - | - | 499 | 499 |
| - | - | - | - | 6,186 |
| - | - | - | - | 5,500 |
| - | - | - | - | 3,713 |
| - | - | - | - | 1,120 |
| - | - | - | - | 319 |
| - | - | - | - | 1,000 |
| - | - | - | 499 | 31,871 |
| - | - | - | - | 24,794 |
| - | - | - | - | 5,269 |
| - | - | - | - | 1,320 |
| - | - | - | - | 2,885 |
| - | - | - | - | 4,050 |
| - | - | - | - | 38,318 |

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

| | General | Library |
|------------------------------------|---------|---------|
| Receipts (continued): | | |
| Miscellaneous: | | |
| Refunds and reimbursements | 2,199 | - |
| Reimbursements from golf course | - | - |
| Fund raisers | - | - |
| Donations and bequests | - | - |
| Miscellaneous | 2,725 | 1,421 |
| | 4,924 | 1,421 |
| Total receipts | 194,586 | 11,714 |
| Disbursements: | | |
| Community Protection Program: | | |
| Law enforcement contract | 46,280 | - |
| Fire: | | |
| Chief wages and drills | 680 | - |
| Building operation and maintenance | 14,468 | - |
| Firemen's compensation | - | - |
| Equipment, repairs and supplies | - | - |
| Purchase of food and beverages | - | - |
| Primghar Ambulance | - | - |
| Insurance | - | - |
| Publications | - | - |
| Dues | - | - |
| Rent | - | - |
| Miscellaneous | - | - |
| | 15,148 | - |

| Hospital Closing | Golf Course | Fire Department | Ambulance | Total |
|------------------|-------------|-----------------|-----------|---------|
| - | - | - | - | 2,199 |
| - | 61,990 | - | - | 61,990 |
| - | - | 9,793 | 839 | 10,632 |
| 10,646 | - | 2,752 | 5,022 | 18,420 |
| - | - | 201 | 45 | 4,392 |
| 10,646 | 61,990 | 12,746 | 5,906 | 97,633 |
| 10,646 | 69,340 | 12,746 | 6,601 | 305,633 |

| | | | | |
|---|---|---|---|--------|
| - | - | - | - | 46,280 |
|---|---|---|---|--------|

| | | | | |
|---|---|-------|---|--------|
| - | - | - | - | 680 |
| - | - | - | - | 14,468 |
| - | - | 1,154 | - | 1,154 |
| - | - | 2,269 | - | 2,269 |
| - | - | 2,517 | - | 2,517 |
| - | - | 976 | - | 976 |
| - | - | 272 | - | 272 |
| - | - | 356 | - | 356 |
| - | - | 168 | - | 168 |
| - | - | 100 | - | 100 |
| - | - | 106 | - | 106 |
| - | - | 7,918 | - | 23,066 |

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

| | General | Library |
|-----------------------------------|---------|---------|
| Disbursements (continued): | | |
| Community Protection Program: | | |
| Ambulance: | | |
| Salaries and benefits | 14,565 | - |
| Operation and maintenance | 9,683 | - |
| Equipment | - | - |
| Miscellaneous | - | - |
| | 24,248 | - |
| Civil defense | 259 | - |
| | 85,935 | - |
| Human Development Program: | | |
| Library: | | |
| Salaries | - | 17,070 |
| Employee benefits | - | 2,257 |
| Telephone | - | 489 |
| Books | - | 9,613 |
| Story hour-summer reading | - | 1,348 |
| Utilities | - | 3,261 |
| Maintenance | - | 651 |
| Supplies | 398 | 886 |
| Mileage and meetings | - | 368 |
| Miscellaneous | - | 1,602 |
| | 398 | 37,545 |
| Golf Course | | |
| Salaries and benefits | - | - |
| Insurance | - | - |
| Property taxes | - | - |
| Land rent remitted to golf course | - | - |
| Other | - | - |
| | - | - |
| Swimming pool: | | |
| Salaries and benefits | 11,654 | - |
| Operation and maintenance | 27,407 | - |
| | 39,061 | - |

| Hospital Closing | Golf Course | Fire Department | Ambulance | Total |
|------------------|-------------|-----------------|-----------|--------|
| - | - | - | - | 14,565 |
| - | - | - | - | 9,683 |
| - | - | - | 3,343 | 3,343 |
| - | - | - | 1,078 | 1,078 |
| - | - | - | 4,421 | 28,669 |
| - | - | - | - | 259 |
| - | - | 7,918 | 4,421 | 98,274 |
| - | - | - | - | 17,070 |
| - | - | - | - | 2,257 |
| - | - | - | - | 489 |
| - | - | - | - | 9,613 |
| - | - | - | - | 1,348 |
| - | - | - | - | 3,261 |
| - | - | - | - | 651 |
| - | - | - | - | 1,284 |
| - | - | - | - | 368 |
| - | - | - | - | 1,602 |
| - | - | - | - | 37,943 |
| - | 57,185 | - | - | 57,185 |
| - | 2,878 | - | - | 2,878 |
| - | 1,052 | - | - | 1,052 |
| - | 7,350 | - | - | 7,350 |
| - | 903 | - | - | 903 |
| - | 69,368 | - | - | 69,368 |
| - | - | - | - | 11,654 |
| - | - | - | - | 27,407 |
| - | - | - | - | 39,061 |

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

| | General | Library |
|---|---------|---------|
| Disbursements (continued): | | |
| Human Development Program: | | |
| Park and recreation: | | |
| Salaries and benefits | 3,862 | - |
| Skating rink operation | 2,272 | - |
| Operation and maintenance | 11,081 | - |
| Equipment | 3,191 | - |
| | 20,406 | - |
| Senior center | 2,744 | - |
| Payment made on behalf of hospital | - | - |
| | 62,609 | 37,545 |
| Home and Community Environment Program: | | |
| Airport: | | |
| Operation and maintenance | 3,075 | - |
| Cemetery: | | |
| Salaries and benefits | 8,095 | - |
| Equipment | 2,250 | - |
| Operation and maintenance | 1,635 | - |
| | 11,980 | - |
| Street: | | |
| Maintenance | 131 | - |
| Other: | | |
| Stump removal | 296 | - |
| Mosquito control | 2,600 | - |
| Pest control | 480 | - |
| | 3,376 | - |
| | 18,562 | - |
| Policy and Administration Program: | | |
| Salaries: | | |
| Mayor and Council Members | 2,986 | - |
| Financial | 31,843 | - |
| Operation and maintenance | 6,732 | - |
| Tort liability insurance | 12,249 | - |
| Legal services | 1,675 | - |
| | 55,485 | - |
| Total disbursements | 222,591 | 37,545 |

| Hospital Closing | Golf Course | Fire Department | Ambulance | Total |
|------------------|-------------|-----------------|-----------|---------|
| - | - | - | - | 3,862 |
| - | - | - | - | 2,272 |
| - | - | - | - | 11,081 |
| - | - | - | - | 3,191 |
| - | - | - | - | 20,406 |
| - | - | - | - | 2,744 |
| 10,816 | - | - | - | 10,816 |
| 10,816 | 69,368 | - | - | 180,338 |
| - | - | - | - | 3,075 |
| - | - | - | - | 8,095 |
| - | - | - | - | 2,250 |
| - | - | - | - | 1,635 |
| - | - | - | - | 11,980 |
| - | - | - | - | 131 |
| - | - | - | - | 296 |
| - | - | - | - | 2,600 |
| - | - | - | - | 480 |
| - | - | - | - | 3,376 |
| - | - | - | - | 18,562 |
| - | - | - | - | 2,986 |
| - | - | - | - | 31,843 |
| - | - | - | - | 6,732 |
| - | - | - | - | 12,249 |
| - | - | - | - | 1,675 |
| - | - | - | - | 55,485 |
| 10,816 | 69,368 | 7,918 | 4,421 | 352,659 |

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

| | General | Library |
|--|------------|----------|
| Excess (deficiency) of receipts over (under) disbursements | (28,005) | (25,831) |
| Other financing sources (uses): | | |
| Operating transfers in (out): | | |
| General: | | |
| General | - | 29,630 |
| Library | (29,630) | - |
| Fire Department | (1,215) | - |
| Special Revenue: | | |
| Employee Benefits | 6,918 | - |
| Local Option Sales Tax | 30,303 | - |
| Enterprise: | | |
| Electric Revenue | 30,000 | - |
| Total other financing sources (uses) | 36,376 | 29,630 |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | 8,371 | 3,799 |
| Balance beginning of year | 133,879 | 72,596 |
| Balance end of year | \$ 142,250 | 76,395 |

See accompanying independent auditor's report.

| Hospital Closing | Golf Course | Fire Department | Ambulance | Total |
|---------------------|----------------|--------------------|-----------|----------|
| (170) | (28) | 4,828 | 2,180 | (47,026) |
| - | - | 1,215 | - | 30,845 |
| - | - | - | - | (29,630) |
| - | - | - | - | (1,215) |
| - | - | - | - | 6,918 |
| - | - | - | - | 30,303 |
| - | - | - | - | 30,000 |
| - | - | 1,215 | - | 67,221 |
| (170) | (28) | 6,043 | 2,180 | 20,195 |
| 170 | (103,384) | 9,563 | 4,790 | 117,614 |
| - | (103,412) | 15,606 | 6,970 | 137,809 |

City of Primghar
Combining Schedule of Cash Transactions
Special Revenue Funds
Year ended June 30, 2001

| | Road Use Tax | Employee Benefits |
|---|-----------------|----------------------|
| Receipts: | | |
| Property tax | \$ - | 15,829 |
| Tax increment financing collections | - | - |
| Other City tax: | | |
| Local option sales tax | - | - |
| Intergovernmental: | | |
| Road use tax allocation | 75,170 | - |
| Total receipts | 75,170 | 15,829 |
| Disbursements: | | |
| Human Development Program: | | |
| Allocation to Hospital | - | - |
| Home and Community Environment Program: | | |
| Roadway maintenance: | | |
| Salaries and benefits | 36,881 | - |
| Operation and maintenance | 22,433 | - |
| Insurance | 4,180 | - |
| Utilities | 7,626 | - |
| Capital outlay | 10,000 | - |
| | 81,120 | - |
| Housing and urban renewal: | | |
| Primghar Advancement Corporation | - | - |
| Primghar Housing Authority | - | - |
| | - | - |
| Total disbursements | 81,120 | - |
| Excess (deficiency) of receipts over (under) disbursements | (5,950) | 15,829 |
| Other financing uses: | | |
| Operating transfers out: | | |
| General: | | |
| General | - | (6,918) |
| Trust: | | |
| Randolph Economic Development Trust | - | - |
| | - | (6,918) |
| Excess (deficiency) of receipts over (under) disbursements and other financing uses | (11,900) | 8,911 |
| Balance beginning of year | 3,207 | - |
| Balance end of year | \$ (8,693) | 8,911 |

See accompanying independent auditor's report.

| Local Option Sales Tax | Urban Renewal I | Urban Renewal II | Total |
|------------------------------|--------------------|---------------------|----------|
| - | - | - | 15,829 |
| - | 7,635 | 17,679 | 25,314 |
| 54,532 | - | - | 54,532 |
| - | - | - | 75,170 |
| 54,532 | 7,635 | 17,679 | 170,845 |
| 24,229 | - | - | 24,229 |
| - | - | - | 36,881 |
| - | - | - | 22,433 |
| - | - | - | 4,180 |
| - | - | - | 7,626 |
| - | - | - | 10,000 |
| - | - | - | 81,120 |
| - | - | 12,310 | 12,310 |
| - | - | 6,222 | 6,222 |
| - | - | 18,532 | 18,532 |
| - | - | 18,532 | 99,652 |
| 24,229 | - | 18,532 | 123,881 |
| 30,303 | 7,635 | (853) | 46,964 |
| (30,303) | - | - | (37,221) |
| - | (12,027) | - | (12,027) |
| (30,303) | (12,027) | - | (49,248) |
| - | (4,392) | (853) | (2,284) |
| - | - | - | 3,207 |
| - | (4,392) | (853) | 923 |

Schedule 3

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

| | <u>General Obligation</u> | <u>Special Assessment</u> | <u>Total</u> |
|---|-------------------------------|-------------------------------|----------------|
| Receipts: | | | |
| Property tax | \$ 66,507 | - | 66,507 |
| Miscellaneous: | | | |
| Special assessments | - | 34,322 | 34,322 |
| Total receipts | <u>66,507</u> | <u>34,322</u> | <u>100,829</u> |
| Disbursements: | | | |
| Home and Community Environment Program: | | | |
| Principal redemption | 50,000 | 15,000 | 65,000 |
| Interest payments | 20,330 | 5,906 | 26,236 |
| Service fees | 300 | 300 | 600 |
| Total disbursements | <u>70,630</u> | <u>21,206</u> | <u>91,836</u> |
| Excess (deficiency) of receipts over (under) disbursements | (4,123) | 13,116 | 8,993 |
| Balance beginning of year | <u>14,475</u> | <u>111,328</u> | <u>125,803</u> |
| Balance end of year | <u>\$ 10,352</u> | <u>124,444</u> | <u>134,796</u> |

See accompanying independent auditor's report.

City of Pringhar

City of Primghar
Combining Schedule of Cash Transactions
Enterprise Funds
Year ended June 30, 2001

| | Water | Electric | Sewer Rental |
|---|----------------|----------------|-----------------|
| Receipts: | | | |
| Use of money and property: | | | |
| Interest on investments | \$ - | - | - |
| Charges for service: | | | |
| Sale of water | 105,107 | - | - |
| Sale of electricity | - | 660,560 | - |
| Sewer rental | - | - | 51,758 |
| Garbage collection fees | - | - | - |
| Cable television subscriptions | - | - | - |
| | <u>105,107</u> | <u>660,560</u> | <u>51,758</u> |
| Miscellaneous: | | | |
| Customer deposits | - | - | - |
| Miscellaneous | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| Total receipts | <u>105,107</u> | <u>660,560</u> | <u>51,758</u> |
| Disbursements: | | | |
| Home and Community Environment Program: | | | |
| Salaries and benefits | 42,968 | 140,122 | 43,501 |
| Insurance | 1,996 | 5,034 | 453 |
| Operation, repair and maintenance | 52,101 | 56,391 | 2,722 |
| Utilities | 11,745 | 8,912 | 192 |
| Telephones | - | 3,258 | - |
| Purchased power | - | 240,252 | - |
| Sales tax remitted | 5,340 | 30,750 | 349 |
| Contract services | - | - | - |
| Community Cable Television Agency of O'Brien County | - | - | - |
| Capital outlay | - | - | - |
| Solid waste fees | - | - | - |
| Office operation | 2,540 | 6,261 | 1,215 |
| Vehicle operation | 348 | 1,393 | - |
| Vehicle allowance, mileage and meetings | - | 6,918 | - |
| Capital outlay | 30,515 | - | 1,987 |
| Dues | 1,111 | 4,261 | 1,111 |
| Interest payments | - | - | - |
| Refunds | - | - | - |
| Miscellaneous | - | - | - |
| Total disbursements | <u>148,664</u> | <u>503,552</u> | <u>51,530</u> |

| Garbage | Cable Tele- vision | O'Brien County Cable & Telecom Primghar Electric | O'Brien County Cable & Telecom Primghar Cable | Meter Deposit | Total |
|---------|--------------------------|---|--|------------------|-----------|
| - | - | 17,369 | 25,597 | - | 42,966 |
| - | - | - | - | - | 105,107 |
| - | - | - | - | - | 660,560 |
| - | - | - | - | - | 51,758 |
| 49,748 | - | - | - | - | 49,748 |
| - | 69,277 | - | - | - | 69,277 |
| 49,748 | 69,277 | - | - | - | 936,450 |
| - | - | - | - | 4,150 | 4,150 |
| - | - | 33,876 | 30 | - | 33,906 |
| - | - | 33,876 | 30 | 4,150 | 38,056 |
| 49,748 | 69,277 | 51,245 | 25,627 | 4,150 | 1,017,472 |
| - | - | - | - | - | 226,591 |
| - | - | - | - | - | 7,483 |
| - | - | - | - | - | 111,214 |
| - | 516 | - | - | - | 21,365 |
| - | - | - | - | - | 3,258 |
| - | - | - | - | - | 240,252 |
| 336 | 3,237 | - | - | - | 40,012 |
| 36,257 | - | - | - | - | 36,257 |
| - | 60,379 | - | - | - | 60,379 |
| - | - | 517,874 | 216,408 | - | 734,282 |
| 11,032 | - | - | - | - | 11,032 |
| 92 | 575 | - | - | - | 10,683 |
| - | - | - | - | - | 1,741 |
| - | - | - | - | - | 6,918 |
| - | - | - | - | - | 32,502 |
| - | - | - | - | - | 6,483 |
| - | - | 40,757 | 36,160 | - | 76,917 |
| - | - | - | - | 3,800 | 3,800 |
| 40 | 4,342 | - | - | - | 4,382 |
| 47,757 | 69,049 | 558,631 | 252,568 | 3,800 | 1,635,551 |

City of Primghar
Combining Schedule of Cash Transactions
Enterprise Funds
Year ended June 30, 2001

| | Water | Electric | Sewer Rental |
|---|----------|----------|-----------------|
| Excess (deficiency) of receipts over (under) disbursements | (43,557) | 157,008 | 228 |
| Other financing sources (uses): | | | |
| Note proceeds: | | | |
| Electric revenue capital loan notes (net of \$17,550 discount and \$2,000 management fees) | - | - | - |
| Project notes redeemed | - | - | - |
| Operating transfers out: | | | |
| General: | | | |
| General | - | (30,000) | - |
| Total other financing sources (uses) | - | (30,000) | - |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | (43,557) | 127,008 | 228 |
| Balance beginning of year | 48,739 | 240,878 | 45,525 |
| Balance end of year | \$ 5,182 | 367,886 | 45,753 |

See accompanying independent auditor's report

| Garbage | Cable Tele- vision | O'Brien County Cable & Telecom Primghar Electric | O'Brien County Cable & Telecom Primghar Cable | Meter Deposit | Total |
|----------|--------------------------|---|--|------------------|-----------|
| 1,991 | 228 | (507,386) | (226,941) | 350 | (618,079) |
| - | - | 955,450 | - | - | 955,450 |
| - | - | (925,000) | - | - | (925,000) |
| - | - | - | - | - | (30,000) |
| - | - | 30,450 | - | - | 450 |
| 1,991 | 228 | (476,936) | (226,941) | 350 | (617,629) |
| (29,466) | 68,055 | 736,129 | 686,752 | 13,771 | 1,810,383 |
| (27,475) | 68,283 | 259,193 | 459,811 | 14,121 | 1,192,754 |

City of Primghar
Combining Schedule of Cash Transactions
Trust Funds
Year ended June 30, 2001

| | Non-Expendable Trust |
|---|-------------------------------|
| | Cemetery Perpetual Care |
| Receipts: | |
| Use of money and property: | |
| Interest on investments | \$ 163 |
| Farm rent | - |
| Rent | - |
| | 163 |
| Charges for service: | |
| Perpetual care collections | 550 |
| Total receipts | 713 |
| Disbursements: | |
| Home and Community Environment Program: | |
| Economic development | - |
| Professional fees | - |
| Property tax | - |
| Insurance | - |
| Infrastructure and improvements | - |
| Miscellaneous | - |
| Total disbursements | - |
| Excess (deficiency) of receipts over (under) disbursements | 713 |
| Other financing sources: | |
| Operating transfers in: | |
| Special Revenue: | |
| Urban Renewal I | - |
| | - |
| Excess of receipts and other financing sources over disbursements | 713 |
| Balance beginning of year | 27,743 |
| Balance end of year | \$ 28,456 |

See accompanying independent auditor's report

| <u>Expendable Trust</u> | | | |
|-----------------------------|---|--|----------|
| Coleman Swimming Pool | Randolph Economic Development Trust | | Total |
| - | 4,379 | | 4,542 |
| - | 9,437 | | 9,437 |
| | 4,800 | | 4,800 |
| - | 18,616 | | 18,779 |
| - | - | | 550 |
| - | 18,616 | | 19,329 |
| - | 24,779 | | 24,779 |
| - | 491 | | 491 |
| - | 3,064 | | 3,064 |
| - | 259 | | 259 |
| - | 470 | | 470 |
| - | 1,367 | | 1,367 |
| - | 30,430 | | 30,430 |
| - | (11,814) | | (11,101) |
| - | 12,027 | | 12,027 |
| - | 12,027 | | 12,027 |
| - | 213 | | 926 |
| 29,325 | 65,433 | | 122,501 |
| 29,325 | 65,646 | | 123,427 |

City of Primghar
Bond and Note Maturities
Year ended June 30, 2001

| Year Ending June 30, | General Obligation Notes | | | | | Special Assessment Notes | |
|----------------------------|-----------------------------|-------------------|--------------------|----------------|----------------|--------------------------|----------------|
| | Essential Corporate Purpose | | Street Improvement | | Total | Street Improvement | |
| | Issued Aug 1, 1993 | | Issued Apr 1, 1997 | | | Issued Apr 1, 1997 | |
| | Interest Rates | Amount | Interest Rates | Amount | | Interest Rates | Amount |
| 2002 | 4.70 | \$ 20,000 | 4.85 | 30,000 | 50,000 | 5.25 | 15,000 |
| 2003 | 4.70 | 20,000 | 4.95 | 30,000 | 50,000 | 5.35 | 15,000 |
| 2004 | 4.70 | 20,000 | 5.05 | 35,000 | 55,000 | 5.45 | 15,000 |
| 2005 | 4.70 | 25,000 | 5.15 | 35,000 | 60,000 | 5.55 | 15,000 |
| 2006 | 5.00 | 25,000 | 5.25 | 35,000 | 60,000 | 5.65 | 20,000 |
| 2007 | 5.00 | 25,000 | 5.35 | 35,000 | 60,000 | 5.75 | 20,000 |
| 2008 | 5.00 | 25,000 | | - | 25,000 | | - |
| 2009 | | - | | - | - | | - |
| 2010 | | - | | - | - | | - |
| 2011 | | - | | - | - | | - |
| 2012 | | - | | - | - | | - |
| 2013 | | - | | - | - | | - |
| 2014 | | - | | - | - | | - |
| 2015 | | - | | - | - | | - |
| 2016 | | - | | - | - | | - |
| Total | | <u>\$ 160,000</u> | | <u>200,000</u> | <u>360,000</u> | | <u>100,000</u> |

| Year Ending June 30, | Revenue Notes | | | | |
|----------------------------|---------------------------------------|-------------------|----------------------------------|----------------|------------------|
| | Telecommunications Revenue Project | | Electric Revenue Capital Loan | | Total |
| | Issued Mar 23, 2000 | | Issued Feb 1, 2001 | | |
| | Interest Rates | Amount | Interest Rates | Amount | |
| 2002 | 5.35 | \$ - | 4.70 | 45,000 | 45,000 |
| 2003 | 5.35 | 790,000 | 4.80 | 50,000 | 840,000 |
| 2004 | | - | 4.90 | 50,000 | 50,000 |
| 2005 | | - | 4.95 | 50,000 | 50,000 |
| 2006 | | - | 5.00 | 55,000 | 55,000 |
| 2007 | | - | 5.05 | 55,000 | 55,000 |
| 2008 | | - | 5.10 | 60,000 | 60,000 |
| 2009 | | - | 5.15 | 65,000 | 65,000 |
| 2010 | | - | 5.20 | 65,000 | 65,000 |
| 2011 | | - | 5.30 | 70,000 | 70,000 |
| 2012 | | - | 5.35 | 75,000 | 75,000 |
| 2013 | | - | 5.40 | 80,000 | 80,000 |
| 2014 | | - | 5.45 | 80,000 | 80,000 |
| 2015 | | - | 5.50 | 85,000 | 85,000 |
| 2016 | | - | 5.60 | 90,000 | 90,000 |
| Total | | <u>\$ 790,000</u> | | <u>975,000</u> | <u>1,765,000</u> |

See accompanying independent auditor's report



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

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Chief Deputy Auditor of State

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

To the Honorable Mayor and
Members of the City Council:

We have audited the financial statements of the City of Primghar, Iowa as of and for the year ended June 30, 2001, and have issued our report thereon dated June 10, 2002. 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, 2000.

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 Primghar'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's operations for the year ended June 30, 2001 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior audit statutory comments have been resolved except for items 2, 5, 7, 9 and 10.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Primghar'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 Primghar'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 internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe items (A), (D), (E) and (F) are material weaknesses. Prior audit reportable conditions have not been resolved and are repeated as items A, B, E, F and G.

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 Primghar and other parties to whom the City of Primghar 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 Primghar during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

RICHARD D. JOHNSON, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 10, 2002

City of Primghar
Schedule of Findings
Year ended June 30, 2001

Findings Related to the Financial Statements:

REPORTABLE CONDITIONS:

(A) Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One person has control over each of the following areas:

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

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

Response - The City will review its internal control and segregate duties among staff where appropriate to maximize internal control procedures.

Conclusion - Response accepted.

(B) Payroll - The City did not account for accumulated compensated absences for all employees. In addition, time sheets were not required to be prepared by all employees. Taxable travel allowances were not included as other income on W-2s. W-4 forms were not on file in the City Clerk's office.

Recommendation - A record of compensated absences accumulated and used should be maintained for each employee and approved by department heads. Time sheets should be required to be prepared and submitted by all employees. Taxable travel allowances should be included as other income on the employee W-2s. The W-4 forms should be updated and maintained in the City Clerk's office.

Response - The City will implement audit recommendations.

Conclusion - Response accepted.

City of Primghar

Schedule of Findings

Year ended June 30, 2001

(C) Receipts - Checks received are not stamped "For Deposit Only" immediately upon receipt.

Recommendation - Checks received should be stamped "For Deposit Only" immediately upon receipt to help ensure that assets are properly safeguarded.

Response - The City shall purchase a new "For Deposit Only" stamp and shall stamp checks "For Deposit Only" upon receipt.

Conclusion - Response accepted.

(D) Disbursements - Lists of claims are presented to the Council for approval. However, the approved lists are not signed by at least the Mayor to indicate approval of the bills. Therefore, it is not possible to determine the composition of each list that was approved by the Council at each meeting. The Mayor's signature is required on all checks. However, the City Clerk has a signature stamp that can be used in the Mayor's absence to sign checks. Claims and supporting invoices were not properly cancelled to prevent reuse.

In addition, some claims were approved in minutes subsequent to the issuance of checks. Electronic Fund Transfers were not approved by the Council on the list of claims paid. Credit card statements were not supported by the original receipts and the reason for travel expense.

Recommendation - A claim list should be presented to the Council each time the bills are to be approved. The Mayor or the Mayor and all members of the Council should sign the final approved claims list. The approved claims list should be retained to document approval of the Council of the approved claims. In addition, a sample of the claims presented at each meeting should be scrutinized by the council to determine appropriateness and authenticity. A signature stamp should not be used to sign the Mayor's name on checks in his absence. In order to strengthen internal control over disbursements, the council may want to designate another person, along with the City Clerk, to co-sign checks in the absence of the Mayor. All claims and supporting documentation such as invoices should be cancelled to prevent reuse.

Claims should be approved prior to the issuance of checks, unless the Council has made a resolution to approve some claims in advance to keep from paying late penalties. Electronic Fund Transfers should be on the list of bills approved by the Council. Credit card claims should be supported by the original receipt and the reason for travel expenses.

Response - The City has begun to implement audit recommendations. The Council will be requested to authorize the City Administrator to sign checks in the absence of the Mayor. The Council will be requested to approve Resolution 16-02 authorizing claims in advance to avoid paying late penalties.

Conclusion - Response accepted.

City of Primghar

Schedule of Findings

Year ended June 30, 2001

- (E) Utility Billings, Collections, Adjustments, Delinquencies and Accounts Receivable – Utility billings, collections, delinquent accounts and accounts receivable at the end of each month were not reconciled throughout the year. In addition, reconciling items were not identified and supported on the monthly reconciliation.

Recommendation – Procedures should be established to reconcile utility billings, collections and delinquencies on a periodic basis. All reconciling items should be identified and supported on the monthly reconciliation. The City should prepare a complete listing of all delinquent accounts and accounts receivable monthly.

Response – The recommendation will be complied with.

Conclusion – Response accepted.

- (F) Preparation of and Reconciliation of Records – Amounts were not posted from the receipt and disbursement journals to the subsidiary receipt and disbursement ledger cards. Therefore, the receipts and disbursements were not properly classified and totaled by revenue and expenditure account classifications. As a result, the receipts and disbursements had to be classified from the receipt and disbursement journal, claims and miscellaneous receipts to prepare the financial statements. Although the Clerk prepared a monthly general ledger report, the beginning and ending balances were incorrect and could not be relied upon. The Clerk and Treasurer reconciled the checking account monthly, but the investments were not included on the Treasurer's report and the Treasurer and Clerk's reports were not reconciled to the General Ledger totals which included investments on hand. Budget comparisons were not prepared and presented to the Council for budget analysis.

Recommendation – Amounts received and disbursed should be posted from the receipt and disbursement journals to the appropriate receipt and disbursement subsidiary ledger. A general ledger report should be prepared monthly. The Treasurer and Clerk should reconcile all the bank accounts and investments to the general ledger report. Budget comparison reports should be prepared from the accounting records and presented to the Council for budget analysis.

Response – The City will begin implementing audit recommendations.

Conclusion – Response accepted.

- (G) Separately Maintained Records – The bookkeeping and custody of the Library Board, Fire Department and Ambulance Service records were in the control of the Library Board, Fire Department and Ambulance Service personnel in locations separate from the City Clerk's office. 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." Monthly reports of the Library Board were presented to the Clerk each month. However, monthly reports from the Fire Department and Ambulance Service were not required to be submitted to the Clerk each month. Since the Fire Department and Ambulance Service are not separate non-profit corporations, but departments of the City, the activity in their accounts should be included in the accounting records of the City. Prenumbered receipts were not issued for all collections. Cashiers checks were issued as disbursements on the Ambulance Service

City of Pringhar

Schedule of Findings

Year ended June 30, 2001

account. Some invoices were not available for review. Fire Department disbursements were not supported by documentation to substantiate the reason for the disbursement.

Recommendation - Monthly reports of receipts, disbursements, balances and bank reconciliations should be presented to the City monthly to be included in the monthly reports of the City. The City Council has oversight responsibilities to insure compliance and should follow-up on the status of implementation of these reports being submitted to the City for review and inclusion in the City's financial reports. Prenumbered receipts should be issued for all collections of each department. The Ambulance Service should make disbursements by writing checks instead of cashier's checks. All invoices should be retained for audit. Fire Department disbursements should be accompanied by documentation that substantiates the basis for the disbursement.

Response - The City will implement record keeping activities for "all public funds collected, received, or expended for any city purpose from the Ambulance Service, Fire Department and Library Board. Monthly receipts, disbursements, balances and bank reconciliations will be presented in report form for review by the City Council each month. Prenumbered receipts shall be issued for all collections of each department to strengthen internal controls. The Ambulance Service will be requested to make disbursements by issuing checks instead of cashier's checks. All invoices will be retained for audit and Fire Department claims will be properly documented.

Conclusion - Response accepted.

- (H) Investment Records - A detailed record of investment transactions was not maintained. The monthly interest collected on the checking account was not posted to the receipt register until the end of the year and some interest received on certificates of deposit were not posted at June 30, 2001.

Recommendation - A detailed record of investment transactions by fund should be maintained. This record should include investment number, purchase date, redemption date, interest rate, principal invested and interest received. Interest should be posted to the receipt register monthly and all interest received on certificates of deposit should be posted.

Response - The City will implement suggested recommendations.

Conclusion - Response accepted.

- (I) Employee Policies - The City does not have a formal personnel policy available. In addition, the City does not have a policy addressing personal use of computers and internet usage.

Recommendation - The City should develop a formal personnel policy which includes personal use of computers and internet usage.

Response - The policies are being drafted and will be adopted shortly.

Conclusion - Response accepted.

City of Pringhar

Schedule of Findings

Year ended June 30, 2001

- (J) Accounting Procedures Manual - The City does not have an accounting procedures manual.

Recommendation - The City should prepare an accounting procedures manual.

Response - The City will prepare an accounting procedure manual.

Conclusion - Response accepted.

- (K) Computation of Penalty - The City utilizes computer software to calculate penalties on delinquent utility payments. The software computes penalty on the first month that utilities are delinquent. However, the software does not appear to compute penalty for the succeeding months that penalties are due.

Recommendation - The City should determine if the software is computing penalty based on the City ordinances.

Response - The City will explore the penalty computation with the software vendor.

Conclusion - Response accepted.

City of Primghar

Schedule of Findings

Year ended June 30, 2001

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 amount stated in the resolution was not exceeded during the year ended June 30, 2001. However, the City did not adopt a new depository resolution at the time that the City started depositing funds in the Sanborn Savings Bank.

Recommendation - A new depository resolution should be approved which includes the Sanborn Savings Bank.

Response - The City will implement audit recommendations by adding Sanborn Savings Bank to the list of official depositories.

Conclusion - Response accepted.

- (2) Certified Budget - Disbursements during the year ended June 30, 2001, exceeded the amount budgeted in the Human Development program. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

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

Response - The City will more closely monitor program balances and amend budgets when required.

Conclusion - Response accepted.

- (3) Questionable Disbursements - Certain disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. The Fire Department expended over \$700 for alcohol and food for a fire department event. In addition, the Ambulance Service expended \$119 for a meal and meeting at the Pizza Ranch.

According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin. Because the Fire Department and Ambulance Service are not legally separate from the City, any funds collected by the Department and the Service are public funds and may only be spent for public benefit.

Recommendation - The City should determine and document the public purpose served by these disbursements. The City should consider establishing the Fire Department and Ambulance Service as private non-profit corporations. This would move accountability of these funds from the City to the corporation.

Response - The City will determine and document the public purpose of these expenditures in the future. The City will seek to implement Internal Revenue Service

City of Primghar
 Schedule of Findings
 Year ended June 30, 2001

Code 501(c3) and have the Fire Department and Ambulance Service established as private non-profit organizations.

Conclusion - Response accepted.

- (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:

| <u>Business Connection</u> | <u>Name, Title, and Description</u> | <u>Transaction Amount</u> |
|---|-------------------------------------|---------------------------|
| Kurt Edwards, Council Member, employee of Nicholson and Edwards | Materials and supplies | \$ 3,213 |

Recommendation - In accordance with Chapter 362.5(11) of the Code of Iowa, these transactions may represent a conflict of interest since the total transactions were greater than \$2,500 during the fiscal year. The City should consult legal counsel to determine the disposition of this matter.

Response - The City takes the position that since there is only one vendor in the City who carries an inventory of material and supplies used by the City, there is no conflict of interest.

Conclusion - Response acknowledged. The City should consult with legal counsel to determine the disposition of this matter.

- (6) Bond Coverage - Although the City purchased employee dishonesty insurance, surety bond coverage of City officials and employees was not maintained for the year ended June 30, 2001. Chapter 64 of the Code of Iowa states that "all public officers, except as specifically provided, shall give bond."

Recommendation - The City should comply with the provisions contained in Chapter 64 of the Code of Iowa and periodically review its coverage for adequacy.

Response - The City will purchase a surety bond for the Mayor, City Administrator, City Clerk and other staff member, in an amount adequate for current operations. The City will continue to purchase employee dishonesty insurance.

Conclusion - Response accepted.

- (7) Council Minutes - Except as noted, no transactions were found that we believe should have been approved in the Council minutes:

Certain excerpts of the published minutes were not included in the minute book.

City of Primghar

Schedule of Findings

Year ended June 30, 2001

Although minutes of Council proceedings were published, they were not always published within 15 days in accordance with Chapter 372.13(6) of the Code of Iowa. The City did not publish annual gross salaries in accordance with Chapter 372.13(6) of the Code of Iowa and an Attorney General's opinion dated April 12, 1978.

The approval of each individual's salary or wages was not included in minutes of the City Council.

Recommendation – The City should ensure that the minutes as published are included in the minute book. The City should publish minutes within 15 days and individual gross salaries as required by Chapter 372.13(6) of the Code of Iowa and the Attorney General's Opinion dated April 12, 1978. Each individual's approved annual salary or wages should be published in the minutes of the City Council.

Response – The City will implement the audit recommendations.

Conclusion – Response accepted.

- (8) Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted. However, the City's investment policy has not been updated to include current chapter references to the Code of Iowa.

Recommendation – The City should update its investment policy to include the current references.

Response – The City will update its investment policy.

Conclusion – Response accepted.

- (9) Financial Condition – The Enterprise Fund, Garbage Account had a deficit balance of \$27,475 at June 30, 2001. The City also had deficit balances in four other accounts.

Recommendation – The City should investigate alternatives to eliminate these deficits and should continue to monitor the accounts to insure that they return to a sound financial condition.

Response – The City will review and increase collection fees to eliminate the deficit in the garbage account. The City will address reducing the negative balances in the other four accounts.

Conclusion – Response accepted.

- (10) City Code of Ordinances – A compilation of City ordinances has not been completed since 1991.

Recommendation – As required by Chapter 380.8 of the Code of Iowa, the City is required to cause a compilation of City ordinances at least once every five years. The City should complete and publish a new City Code as required.

Response – The City will begin recodification of City ordinances.

Conclusion – Response accepted.

City of Primghar

Schedule of Findings

Year ended June 30, 2001

- (11) Electric Capital Revenue Loan Notes - The City has not established the Sinking, Reserve and Improvement Funds required by the electric revenue note resolution.

Recommendation - The City should establish these funds and make the required transfers.

Response - The City has established the Electric Sinking Fund, Electric Reserve Fund and Electric Improvement Fund by Resolution 09-02 and transferred funds as required by the bond resolution.

Conclusion - Response accepted.

- (12) Payroll Tax Remittances and Reports - IPERS and federal monthly payments and quarterly reports were not always filed and remitted timely. In addition, IPERS and federal quarterly reports were not properly retained.

Recommendation - IPERS and federal monthly payments and quarterly reports should be filed and remitted timely to avoid future penalty charges. Copies of IPERS and federal quarterly reports should be retained.

Response - The City will timely file IPERS and federal payments as required.

Conclusion - Response accepted.

- (13) Special Assessments - The special assessments and interest received must be used by the City to pay interest and principal on the bonds as rapidly as proceeds are collected in accordance with Chapter 384.68(3) of the Code of Iowa. The balance in the special assessments account was sufficient to retire bonds in advance of the due dates.

Recommendation - The City should comply with Chapter 384.68(3) of the Code of Iowa.

Response - The City shall comply with Chapter 384.68(3) of the Code of Iowa to retire special assessment bonds.

Conclusion - Response accepted.

- (14) Inactive Fund - The Enterprise Fund, Cable Television Account is now an inactive fund.

Recommendation - The account should be transferred to another fund or funds in accordance with Chapter 24.21 of the Code of Iowa.

Response - The City has transferred \$60,000 by Resolution 13-02, \$30,000 to the General Fund and \$30,000 to the Road Use Fund. The remaining amount will be transferred after reconciliations.

Conclusion - Response accepted.

- (15) Golf Course - The City constructed the golf course. The Primghar Golf and Country Club, Inc. (Country Club) leased the golf course from the City. As far as can be determined a written lease agreement has not been developed. In a prior year, the City made a loan to the Country Club. The minutes of the City council meetings included certain provisions regarding the loan. However, the loan agreement was not otherwise reduced to writing.

City of Primghar

Schedule of Findings

Year ended June 30, 2001

Recommendation – The City should consult with legal counsel to determine the disposition of these matters. Representatives of the City and Primghar Golf and Country Club, Inc. should develop a written loan agreement concerning the repayment of the loan and reimbursements for any disbursements which may have not been properly reimbursed over the years. In addition, the City and the Country Club should enter into a written lease agreement for the golf course which specifically addresses the responsibilities of the parties involved, agreements concerning the payment and/or reimbursement of golf course expenses, and identifies the employees of the City and the employees of the Country Club. Legal liability should be discussed and an agreement on the liability to be assumed by each party should be agreed upon. Any other concerns which either party may have should be addressed by the agreement.

The City Council should also investigate alternatives to return the Golf Course Account to a sound financial position.

Response – The City will implement the audit recommendations.

Conclusion – Response accepted.

- (16) Land Lease – The City has leased the farm land around the golf course to a farmer for \$7,350 per year. However, a written copy of the lease could not be located.

Recommendation – A written copy of the lease should be obtained each time it is renewed and retained on file.

Response – The City will provide notice of lease termination prior to September 1. The City will offer the land for public bid for the 2003, 2004 and 2005 crop years with all rental income to be retained by the City.

All documents will be notarized and recorded with the County Recorder.

Conclusion – Response accepted.

- (17) Annual Financial Report - The City did not publish and file the annual financial report for the fiscal year ended June 30, 2001, by December 1, 2001, as required by Chapter 384.22 of the Code of Iowa. The report was completed February 12, 2002. In addition, the financial report did not include activity of the fire department and ambulance team. Other errors were also noted.

Recommendation - The City should publish and file the annual report as required by Chapter 384.22 of the Code of Iowa. In addition, an amended report should be published and filed with the Office of the Auditor of State as required.

Response – The City will publish the annual report as amended and file with the Office of the Auditor of State. In addition, the City will comply with the Code of Iowa in the future.

Conclusion – Response accepted.

City of Primghar

Schedule of Findings

Year ended June 30, 2001

- (18) Financial Report for Urban Renewal Areas - The annual financial report for urban renewal areas was not filed with the County Auditor and the Department of Management by December 1, as required by Chapter 403.23(1) of the Code of Iowa.

Recommendation - The City should insure that the annual financial report for urban renewal areas is properly filed with the County Auditor and Department of Management by December 1, as required by Chapter 403.23(1) of the Code of Iowa.

Response - The City is going to file the report June 27, 2002 and will file the report in the future as per the Code of Iowa.

Conclusion - Response accepted.

City of Primghar

Audit Staff

This audit was performed by:

Joe T. Marturello, CIA, Manager
James L. Blekfeld, CPA, Senior Auditor
Nicholas A. Freymann, CGFM, Senior Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State