

**GRUNDY CENTER MUNICIPAL UTILITIES**  
Grundy Center, Iowa

**INDEPENDENT AUDITOR'S REPORTS**  
**FINANCIAL STATEMENTS &**  
**SUPPLEMENTAL INFORMATION**

**June 30, 2005**

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

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GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

OFFICIALS  
Year Ended June 30, 2005

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Kenneth Mutch	Trustee	May 2007
Dennis Brubaker	Trustee	May 2009
Harold Dole	Trustee	May 2011
Edward Ayers	Utilities Manager/Secretary	Indefinite
Mary Harken	A & S Manager/Treasurer	Indefinite

## Independent Auditor's Report

To the Board of Trustees  
Grundy Center Municipal Utilities

I have audited the accompanying financial statements, listed as exhibits in the table of contents of this report, of the Grundy Center Municipal Utilities as of and for the year ended June 30, 2005. These financial statements are the responsibility of the Grundy Center Municipal Utilities' management. My responsibility is to express an opinion on these financial statements based on my audit. The municipal utilities are a component unit of the City of Grundy Center, Iowa. The City is audited separately.

I conducted my audit in accordance with U.S. generally accepted auditing standards 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

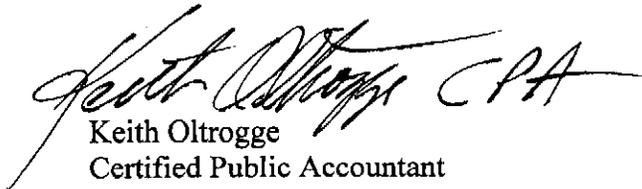
As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In my opinion, the aforementioned financial statements present fairly, in all material respects, the results of the cash transactions of the funds of the Grundy Center Municipal Utilities as of and for the year ended June 30, 2005, and its indebtedness at June 30, 2005, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, I have also issued my report dated November 8, 2005 on my consideration of the Grundy Center Municipal Utilities' internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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 my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 6 and 17 through 18 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. I did not audit the information and express no opinion on it.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2004 (none of which are presented herein) and expressed an unqualified opinion on those cash basis financial statements. 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 my audit of the aforementioned financial statements and, in my opinion, is fairly stated in all material respects in relation to the aforementioned financial statements taken as a whole.

  
Keith Oltrogge  
Certified Public Accountant

November 8, 2005

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Grundy Center Municipal Utilities provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the Utilities' financial statements, which follow.

### 2005 FINANCIAL HIGHLIGHTS

- Revenues of the Utilities' business type activities increased 7%, or approximately \$263,000 from fiscal 2004 to fiscal 2005.
- Disbursements increased 9%, or approximately \$294,000, in fiscal 2005 from fiscal 2004.
- The Utilities' total cash basis net assets increased 6%, or approximately \$349,000 from June 30, 2004 to June 30, 2005.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Utilities' financial activities.

The Enterprise Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Enterprise Fund financial statements report the Utilities' operations in detail.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the Utilities' budget for the year.

Other Supplementary Information provides detailed information about each Enterprise Fund.

### Basis of Accounting

The Utilities maintain their financial records on the basis of cash receipts and disbursements and the financial statements of the Utilities 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. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

## REPORTING THE UTILITIES' FINANCIAL ACTIVITIES

Proprietary funds account for the Utilities' Enterprise Funds. Enterprise Funds are used to report business type activities. The Utilities maintain seven Enterprise Funds to provide separate information for the water, sewer and communications funds.

The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The Utilities' cash balance increased from a year ago, increasing from \$5.550 million to \$5.900 million. The analysis that follows focuses on the changes in cash balances.

### Changes in Cash Basis Net Assets

	<u>Year Ended June 30,</u>	
	<u>2005</u>	<u>2004</u>
Receipts and Transfers:		
Program Receipts:		
Charges for service	\$ 2,848,242	\$ 2,745,569
General receipts:		
Unrestricted investment earnings	129,291	92,107
Other general receipts	582,723	458,927
Total Receipts	<u>\$ 3,560,256</u>	<u>\$ 3,296,603</u>
Disbursements	<u>\$ 3,211,221</u>	<u>\$ 2,917,477</u>
Increase in cash basis net assets	\$ 349,035	\$ 379,126
Cash basis net assets beginning of year	<u>5,549,988</u>	<u>5,170,862</u>
Cash Basis Net Assets End of Year	<u>\$ 5,899,023</u>	<u>\$ 5,549,988</u>

## **DEBT ADMINISTRATION**

At June 30, 2005, the Utilities had approximately \$2,105,000 in long-term debt, compared to approximately \$2,305,000 last year, as shown below.

	<u>Outstanding Debt at Year-End</u>	
	<u>2005</u>	<u>2004</u>
Revenue notes	\$2,105,000	\$2,305,000

Debt decreased as a result of regular payments on the notes.

## **CONTACTING THE UTILITIES' FINANCIAL MANAGEMENT**

This financial report is designed to provide our customers and creditors with a general overview of the Utilities' finances and to show the Utilities' accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mary Harken, 706 6<sup>th</sup> Street, Box 307, Grundy Center IA 50638.

## FINANCIAL STATEMENTS

**GRUNDY CENTER MUNICIPAL UTILITIES**  
 Grundy Center, Iowa

**STATEMENT OF ACTIVITIES AND NET ASSETS – CASH BASIS**  
 Year Ended June 30, 2005

		<u>Program Receipts</u>	
	<u>Disbursements</u>	<u>Charges</u>	<u>Miscellaneous</u>
		Services	
<b>Functions/Programs:</b>			
<b>Business Type Activities:</b>			
Operating and Maintenance Account	\$ 1,847,076	\$ 2,069,668	\$ 96,408
Sinking Fund Account	319,204	-	-
Improvement Account	401	-	47,919
Power Source Account	-	-	10,889
Consumers' Deposit Account	2,110	-	3,066
Reserve Account	-	-	2,848
Communications Account	1,042,430	778,574	550,884
	<b>\$ 3,211,221</b>	<b>\$ 2,848,242</b>	<b>\$ 712,014</b>
Total			
Change in cash basis net assets			
Cash basis net assets beginning of year			
Cash Basis Net Assets End of Year			
<b>Cash Basis Net Assets:</b>			
Restricted:			
Debt service			
Unrestricted			
<b>Total Cash Basis Net Assets</b>			

See notes to financial statements.

Net (Disbursements) Receipts  
and Changes in Cash Basis  
Net Assets

---

\$ 319,000  
-319,204  
47,518  
10,889  
956  
2,848  
287,028

\$ 349,035

\$ 349,035  
5,549,988

\$ 5,899,023

\$ 2,105,000  
3,794,023

\$ 5,899,023

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES  
PROPRIETARY FUNDS  
ENTERPRISE FUNDS  
As of and For the Year Ended June 30, 2005

	O & M	Sinking	Improvement
<b>Operating Receipts:</b>			
Charges for service	\$ 2,069,668	\$ -	\$ -
Miscellaneous	32,114	-	-
<b>Total Operating Receipts</b>	<b>\$ 2,101,782</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Operating Disbursements:</b>			
Business type activities	\$ 1,847,076	\$ 319,204	\$ 401
<b>Excess (deficiency) of operating receipts over (under) operating disbursements</b>	<b>\$ 254,706</b>	<b>\$ -319,204</b>	<b>\$ -401</b>
<b>Non-Operating Receipts (Disbursements):</b>			
Transfers in	\$ -	\$ 319,204	\$ -
Interest on investments	64,294	-	47,919
<b>Total Non-Operating Receipts (Disbursements)</b>	<b>\$ 64,294</b>	<b>\$ 319,204</b>	<b>\$ 47,919</b>
<b>Excess of receipts over disbursements</b>	<b>\$ 319,000</b>	<b>\$ -</b>	<b>\$ 47,518</b>
Operating transfers out	-67	-	-245,967
<b>Net change in cash balances</b>	<b>\$ 318,933</b>	<b>\$ -</b>	<b>\$ -198,449</b>
Cash balances beginning of year	1,571,707	-	2,653,491
<b>Cash Balances End of Year</b>	<b>\$ 1,890,640</b>	<b>\$ -</b>	<b>\$ 2,455,042</b>
<b>Cash Basis Fund Balances</b>			
Reserved for debt service	\$ -	\$ -	\$ 1,580,000
Unreserved	1,890,640	-	875,042
<b>Total Cash Basis Fund Balances</b>	<b>\$ 1,890,640</b>	<b>\$ -</b>	<b>\$ 2,455,042</b>

See notes to financial statements.

Power Source	Consumers' Deposits	Reserve	Communi-cations	Total
\$ -	\$ -	\$ -	\$ 778,574	\$ 2,848,242
-	2,700	-	547,909	582,723
\$ -	\$ 2,700	\$ -	\$ 1,326,483	\$ 3,430,965
\$ -	\$ 2,110	\$ -	\$ 1,042,430	\$ 3,211,221
\$ -	\$ 590	\$ -	\$ 284,053	\$ 219,744
\$ -	\$ -	\$ -	\$ 67	\$ 319,271
10,889	366	2,848	2,975	129,291
\$ 10,889	\$ 366	\$ 2,848	\$ 3,042	\$ 448,562
\$ 10,889	\$ 956	\$ 2,848	\$ 287,095	\$ 668,306
-	-	-	-73,237	-319,271
\$ 10,889	\$ 956	\$ 2,848	\$ 213,858	\$ 349,035
770,423	32,867	201,537	319,963	5,549,988
\$ 781,312	\$ 33,823	\$ 204,385	\$ 533,821	\$ 5,899,023
\$ -	\$ -	\$ -	\$ 525,000	\$ 2,105,000
781,312	33,823	204,385	8,821	3,794,023
\$ 781,312	\$ 33,823	\$ 204,385	\$ 533,821	\$ 5,899,023

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
TO THE STATEMENT OF ACTIVITIES AND NET ASSETS –  
PROPRIETARY FUNDS  
As of and For the Year Ended June 30, 2005

<b>Total Enterprise Funds Cash Balances (page 7)</b>	<u>\$ 5,899,023</u>
<b>Cash Basis Net Assets of Business Type Activities (page 7)</b>	<u>\$ 5,899,023</u>
<b>Net Change in Cash Balances (page 8)</b>	<u>\$ 349,035</u>
<b>Change in Cash Balance of Business Type Activities (page 8)</b>	<u>\$ 349,035</u>

See notes to financial statements.

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

NOTES TO FINANCIAL STATEMENTS  
June 30, 2005

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

The Grundy Center Municipal Utilities is a city municipal utility for the City of Grundy Center, Iowa. It has a separate governing body, the Board of Trustees, who are appointed for staggered six-year terms by the Mayor and approved by the City Council. The Department maintains its own system of books, records and accounts apart from the City. The City is audited separately.

B. Basis of Presentation

Government-wide Financial Statements-The Statement of Activities and Net Assets reports information on all of the non-fiduciary activities of the Utilities. For the most part, the effect of inter-fund activity has been removed from this statement. Business type activities, which rely to a significant extent on fees and charges for services are reported separately.

The Statement of Activities and Net Assets presents the Utilities' non-fiduciary net assets. Net assets are reported in two categories:

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function.

Fund Financial Statements-Separate financial statements are provided for the proprietary funds. Major individual enterprise funds are reported as separate columns in the fund financial statements.

The utilities reports the following major proprietary funds:

Operating and Maintenance Account – The Operating and Maintenance Account is the general operating account. All user fees and other receipts that are not allocated to some other account are recorded in this account. Items paid from this account include general operating expenses, fixed charges and capital improvement costs that are not paid through other accounts.

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

NOTES TO FINANCIAL STATEMENTS  
June 30, 2005

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Sinking Fund Account – The Sinking Fund Account records the payment of interest and principal on the Department's long-term debt.

Improvement Account – This account is for purchases of major capital improvements.

Power Source Account – The Power Source Account is established to accumulate funds to secure an interest in available power from another supply source for future needs of the City.

Consumers' Deposit Account – The Consumers' Deposit Account is utilized to account for consumer deposits received and refunded.

Reserve Account – The purpose of this account is to retain cash reserves for debt service. It is a backup to the Sinking Fund Account, thus ensuring payment of long-term debt.

Communications Account – The Department offers internet, cable TV and telecommunications service to utility customers that desire it. This account was established to record user fees received and operating expenses and capital improvements costs incurred.

C. Measurement Focus and Basis of Accounting

The Grundy Center Municipal Utilities maintains its financial records on the basis of cash receipts and disbursements, and the financial statements of the Department 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 the financial position and the results of operations of the Enterprise Fund in accordance with U.S. generally accepted accounting principles.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2005

**NOTE 2 – CASH AND POOLED INVESTMENTS**

The Department's deposits at June 30, 2005 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 Department 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 Board of Trustees; 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 Department's investments are categorized to give an indication of the level of risk assumed by the Department at year end. The Department's investments are all Category 1, which means that the investments are insured or registered, or the securities are held by the Department or its agent in the Department's name. The Department's investments at June 30, 2005 are as follows:

<u>Type</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Maturity</u>
North Iowa Municipal Electric Cooperative	\$120,000	\$120,000	Indefinite

In addition, the Department had investments in the Iowa Public Agency Investment Trust, which are valued at an amortized cost of \$284,712 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk – The Department's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. The Department requests bids before it makes an investment.

Credit risk – The Department's investment in the Iowa Public Agency Investment Trust is un-rated.

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

NOTES TO FINANCIAL STATEMENTS  
June 30, 2005

**NOTE 3 – BONDS AND NOTES PAYABLE**

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

<u>Year Ending June 30,</u>	<u>Revenue Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 205,000	\$ 109,526
2007	220,000	99,487
2008	230,000	88,567
2009	235,000	76,985
2010	250,000	65,043
2011	265,000	52,092
2012	275,000	38,215
2013	295,000	23,695
2014	65,000	7,963
2015	65,000	3,998
<b>Total</b>	<b>\$ 2,105,000</b>	<b>\$ 565,571</b>

The Electric Revenue Capital Loan Notes and the Telecommunications Revenue Capital Loan Notes are not general obligation notes, nor are they payable in any manner by taxation. They are payable solely and only from the net earnings of the utilities' receipts. The bank holds first lien on the future net revenues of the system. The City of Grundy Center is not liable by reason of the failure of the net revenues to be sufficient for the payment of the notes.

The Electric Revenue Capital Loan Notes are composed of 511 individual notes of \$5,000 each. Interest payments are made semi-annually and principal payments are made yearly.

The Telecommunications Revenue Capital Loan Notes are composed of 140 individual notes of \$5,000 each. Interest payments are made semi-annually and principal payments are made yearly.

**NOTE 4 – OTHER OBLIGATIONS**

The Utilities have a continuing contract with ACC Business to provide access to the internet. The contract calls for monthly fees of \$2,779 for internet access and service.

The Communications Fund owes the Operating and Maintenance Fund \$709,153.55. Interest of \$2,954.81 per month is being paid. The interest rate is 5%. No principal is being paid at this time.

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

NOTES TO FINANCIAL STATEMENTS  
June 30, 2005

**NOTE 5 – PENSION AND RETIREMENT BENEFITS**

The Department 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 IA 50306-9117.

Plan members are required to contribute 3.70% of their annual salary, and the Department is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by State statute. The Department's contribution to IPERS for the years ended June 30, 2005 and 2004 were \$23,552 and \$21,869, respectively, equal to the required contributions for each year.

**NOTE 6 – COMPENSATED ABSENCES**

City employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the Department until used or paid. The Department's approximate liability for earned vacation and sick leave termination payments payable to employees at June 30, 2005, primarily relating to the operating and management account, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 16,185
Sick leave	7,782
Total	<u>\$ 23,967</u>

This liability has been computed based on rates of pay as of June 30, 2005.

**NOTE 7 – OTHER INVESTMENTS**

The Department is a member of the North Iowa Municipal Electric Cooperative Association (NIMECA), which uses Corn Belt Power Cooperative of Humboldt, Iowa as a power supply source. NIMECA's desire is to obtain long-term transmission and generation of electric power from a common transmission system to benefit the member utilities. The Department has the following investments with NIMECA and Corn Belt:

- a. In 1983, NIMECA required a cash member advance from the Department in the amount of \$120,000. The cash advance earns interest and surplus and credits from NIMECA. The Department's share of the fund's accrued earnings for the current fiscal year amounted to \$53,784. These accrued earnings are not reflected in the Department's cash basis receipts. During the year, \$21,083 was transferred from this fund to the production capital improvement fund (see (b) below). At June 30, 2005, the Department's member advance investment balance with NIMECA was \$552,370.

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

NOTES TO FINANCIAL STATEMENTS  
June 30, 2005

**NOTE 7 – OTHER INVESTMENTS (continued)**

- b. In 1991, the Department entered into an agreement for the “lease/purchase” from Corn Belt of an interest in electrical generation and transmission facilities. On July 10, 1991, \$1,634,480 was paid to Corn Belt for a .3333% interest in the Neal #4 generating plant and a .4% interest in the Lehigh-Webster transmission facilities.

As part of its cost of purchased power, the Department pays its proportionate share of the expenses (fuel, operations, maintenance, etc.) of the generation and transmission facilities for the life of these facilities, which is the term of this agreement. Should the Department default on its payments, Corn Belt can terminate the agreement and pay back to the Department the depreciated value of the facilities.

Production and transmission capital improvement funds have been established through NIMECA for improvements and expansion of the facilities. The Department paid \$113,313 into these funds as part of its cash disbursements for purchased power during the current year.

The Department’s accrued share of the system’s improvement costs was \$109,258. The Department’s share of the funds’ accrued interest earnings for the current year amounted to \$27,985. These accruals are not reflected in the current year’s cash basis receipts or disbursements.

As indicated in (a) above, \$21,083 was transferred to the production capital improvement fund from the member advance fund. The balance in the production and transmission capital improvement funds at June 30, 2005 is \$1,002,140.

- c. The Department also has accumulated deferred patronage dividends of \$32,847 through its participation with NIMECA and Corn Belt. These accrued deferred patronage dividends are not reflected in the current year’s cash basis receipts. During the current fiscal year, Corn Belt paid deferred patronage dividends of \$4,852 to the Department.

**NOTE 8 – RISK MANAGEMENT**

The Department 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 risk are covered by the purchase of commercial insurance. The Department 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.

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

NOTES TO FINANCIAL STATEMENTS  
June 30, 2005

**NOTE 9 – RELATED PARTY TRANSACTIONS**

The City of Grundy Center pays the Department monthly fees for electricity and telephone. During the current fiscal year, the City of Grundy Center paid \$85,343.

**NOTE 10 – CONTINGENCIES**

Accounts receivable totaling \$179,464 from the Department utility customers are currently due. \$122,136 of that total is over ninety days past due.

**NOTE 11 – INTERFUND TRANSFERS**

The detail of inter-fund transfers for the year ended June 30, 2005 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Sinking Fund	Improvement Fund	\$ 245,967
Sinking Fund	Communications Fund	73,237
		<u>\$ 319,204</u>
Communications Fund	O & M Fund	\$ 67
Total		<u>\$ 319,271</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

**REQUIRED SUPPLEMENTARY INFORMATION**

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

COMPARISON OF RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES  
ACTUAL TO BUDGET – ENTERPRISE FUND  
Year Ended June 30, 2005

	Actual	Budget	Variance Favorable (Unfavorable)	Net as % of Budget
Receipts:				
Charges for service	\$ 2,848,242	\$ 2,780,000	\$ 68,242	102%
Other income	712,014	378,600	333,414	188%
Total Receipts	<u>\$ 3,560,256</u>	<u>\$ 3,158,600</u>	<u>\$ 401,656</u>	113%
Disbursements:				
Electric and Telecommunications	<u>\$ 3,211,221</u>	<u>\$ 6,582,500</u>	<u>\$ 3,371,279</u>	49%
Excess of receipts over disbursements	\$ 349,035			
Balance beginning of year	<u>5,549,988</u>			
Balance End of Year	<u>\$ 5,899,023</u>			

See accompanying independent auditor's report.

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING  
June 30, 2005

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

OTHER SUPPLEMENTAL INFORMATION

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

SCHEDULE OF CASH TRANSACTIONS- ENTERPRISE FUND  
OPERATING AND MAINTENANCE ACCOUNT  
Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Receipts:		
Charges for Service:		
Sale of Electricity:		
Residential	\$ 1,382,942	\$ 1,366,590
Commercial	686,230	669,639
Total Electrical Receipts	<u>\$ 2,069,172</u>	<u>\$ 2,036,229</u>
Miscellaneous:		
Water collection	\$ 410,088	\$ 315,496
Garbage collection	169,605	171,872
Sewer rental collection	177,359	152,900
Sales tax	120,271	106,173
Interest received	64,294	53,167
Corn Belt patronage dividend	4,852	-
Miscellaneous receipts	27,262	77,798
Total Miscellaneous Receipts	<u>\$ 973,731</u>	<u>\$ 877,406</u>
 Total Receipts	 <u>\$ 3,042,903</u>	 <u>\$ 2,913,635</u>
Collections Transferred to City:		
Water	\$ 410,088	\$ 315,497
Garbage	169,605	171,872
Sewer rental	177,575	153,116
Meter rent	2,146	2,141
Sales tax	33,298	23,698
Local option tax	16,445	16,293
Sales tax paid to State	67,670	60,189
	<u>\$ 876,827</u>	<u>\$ 742,806</u>
 Net Receipts From Operations	 <u>\$ 2,166,076</u>	 <u>\$ 2,170,829</u>
Disbursements:		
Electric:		
Administration:		
Salaries:		
Superintendent	\$ 76,349	\$ 75,428
Trustees' fees	1,800	1,800
	<u>\$ 78,149</u>	<u>\$ 77,228</u>
Employee Benefits:		
FICA/Medicare	\$ 23,633	\$ 23,928
IPERS	17,910	18,188

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

SCHEDULE OF CASH TRANSACTIONS- ENTERPRISE FUND  
OPERATING AND MAINTENANCE ACCOUNT  
Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Disbursements: (continued)		
Electric: (continued)		
Administration: (continued)		
Employee Benefits: (continued)		
Group insurance and claims	\$ 102,949	\$ 87,404
Year's benefit	1,425	145
Uniform expense	3,830	3,356
Educational benefit	50	-
	<u>\$ 149,797</u>	<u>\$ 133,021</u>
Regulatory Commission:		
Fees and supplies	\$ 5,366	\$ 4,696
PCB	1,888	4,525
	<u>\$ 7,254</u>	<u>\$ 9,221</u>
Vehicle Expense:		
Gasoline and oil	\$ 7,307	\$ 6,892
Repairs and supplies	8,297	9,767
	<u>\$ 15,604</u>	<u>\$ 16,659</u>
Other Expenditures:		
Insurance	\$ 43,923	\$ 54,076
Telephone	2,695	2,786
Legal fees	100	-
Audit fee	3,375	2,985
Travel and training	3,828	2,688
Use tax	4,253	5,919
Dues	4,790	5,464
Publications	1,161	940
Investment and banking fees	518	489
Office maintenance and supplies	2,005	1,624
Miscellaneous	31,951	38,996
	<u>\$ 98,599</u>	<u>\$ 115,967</u>
Capital Outlay:		
Office equipment	\$ 7	\$ 4,726
Tools, shop and garage equipment	5,181	3,407
Miscellaneous equipment	16,897	9,204
Transportation equipment	26,168	13,602
	<u>\$ 48,253</u>	<u>\$ 30,939</u>
Total Administration	<u>\$ 397,656</u>	<u>\$ 383,035</u>
Purchased power	<u>\$ 1,072,782</u>	<u>\$ 976,068</u>

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

SCHEDULE OF CASH TRANSACTIONS- ENTERPRISE FUND  
OPERATING AND MAINTENANCE ACCOUNT  
Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Disbursements: (continued)		
Electric: (continued)		
Generation:		
Salaries:		
Operators	\$ 232	\$ 649
Plant maintenance	34,201	32,481
	<u>\$ 34,433</u>	<u>\$ 33,130</u>
Other Expenditures:		
Plant maintenance – material	\$ 4,094	\$ 3,468
Fuel and oil	-	9,300
Supplies	13,454	3,410
Miscellaneous	3,852	3,177
	<u>\$ 21,400</u>	<u>\$ 19,355</u>
Total Generation	<u>\$ 55,833</u>	<u>\$ 52,485</u>
Distribution:		
Line labor	\$ 132,932	\$ 138,212
Other Expenditures:		
Supplies	\$ 951	\$ 157
Street lighting and signal maintenance	684	90
	<u>\$ 1,635</u>	<u>\$ 247</u>
Consumer Accounts Expense:		
Meter reading-labor	\$ 4,992	\$ 5,557
Accounting and collection-labor	66,443	61,842
Supplies and postage	14,242	11,274
Returned checks	2,514	3,336
Miscellaneous	599	-
	<u>\$ 88,790</u>	<u>\$ 82,009</u>
Capital Outlay:		
Overhead conductors and devices	\$ 28,599	\$ 30,869
Underground conductors and conduit	16,433	9,689
Transformers	19,247	8,708
Distribution structures	18,158	9,306
Meters	10,541	79,160
Street lights	1,593	1,895
Fiber optics engineering fees	2,877	14,569
	<u>\$ 97,448</u>	<u>\$ 154,196</u>

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

SCHEDULE OF CASH TRANSACTIONS- ENTERPRISE FUND  
OPERATING AND MAINTENANCE ACCOUNT  
Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Disbursements: (continued)		
Total Distribution	\$ 320,805	\$ 374,664
	<hr/>	<hr/>
Total Expenses	\$ 1,847,076	\$ 1,786,252
	<hr/>	<hr/>
Excess of receipts over disbursements	\$ 319,000	\$ 384,577
	<hr/>	<hr/>
Other Financing Sources (Uses):		
Transfer out	\$ -67	\$ -500,000
	<hr/>	<hr/>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	\$ 318,933	\$ -115,423
Balance beginning of year	1,571,707	1,687,130
	<hr/>	<hr/>
Balance End of Year	\$ 1,890,640	\$ 1,571,707
	<hr/>	<hr/>

See accompanying independent auditor's report.

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

SCHEDULE OF CASH TRANSACTIONS- ENTERPRISE FUND  
SINKING FUND ACCOUNT  
Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Receipts	\$ -	\$ -
Disbursements:		
Electric:		
Electric Revenue Capital Loan Notes:		
Principal payments	\$ 160,000	\$ 150,000
Interest payments	85,967	92,942
	\$ 245,967	\$ 242,942
Telecommunications:		
Telecommunications Revenue Capital Loan Notes:		
Principal payments	\$ 40,000	\$ 35,000
Interest payments	33,237	35,284
	\$ 73,237	\$ 70,284
Total Disbursements	\$ 319,204	\$ 313,226
Excess (deficiency) of receipts over (under) disbursements	\$ -319,204	\$ -313,226
Other Financing Sources (Uses):		
Transfer from Improvement Fund Account	\$ 245,967	\$ 242,942
Transfer from Communications Fund Account	73,237	70,284
	\$ 319,204	\$ 313,226
Excess of receipts and other financing sources over disbursements and other financing uses	\$ -	\$ -
Balance beginning of year	-	-
Balance End of Year	\$ -	\$ -

See accompanying independent auditor's report.

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

SCHEDULE OF CASH TRANSACTIONS- ENTERPRISE FUND  
IMPROVEMENT ACCOUNT  
Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Receipts:		
Interest	\$ 47,919	\$ 35,259
Disbursements:		
Electric	\$ 401	\$ 300
Excess of receipts over disbursements	<u>\$ 47,518</u>	<u>\$ 34,959</u>
Other Financing Sources (Uses):		
Transfer to Sinking Fund Account	\$ -245,967	\$ -242,942
Transfer from O & M Fund	-	500,000
	<u>\$ -245,967</u>	<u>\$ 257,058</u>
Excess of receipts and other financing sources over disbursements and other financing uses	\$ -198,449	\$ 292,017
Balance beginning of year	<u>2,653,491</u>	<u>2,361,474</u>
Balance End of Year	<u>\$ 2,455,042</u>	<u>\$ 2,653,491</u>

See accompanying independent auditor's report.

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

SCHEDULE OF CASH TRANSACTIONS- ENTERPRISE FUND  
POWER SOURCE ACCOUNT  
Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Receipts:		
Interest	\$ 10,889	\$ 2,646
<hr/>		
Disbursements:		
Electric	\$ -	\$ -
<hr/>		
Excess of receipts over disbursements	\$ 10,889	\$ 2,646
Balance beginning of year	770,423	767,777
<hr/>		
Balance End of Year	\$ 781,312	\$ 770,423
<hr/>		

See accompanying independent auditor's report.

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

SCHEDULE OF CASH TRANSACTIONS- ENTERPRISE FUND  
CONSUMERS' DEPOSIT ACCOUNT  
Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Receipts:		
Consumers' deposits	\$ 2,700	\$ 2,840
Interest	366	314
Total Receipts	<u>\$ 3,066</u>	<u>\$ 3,154</u>
Disbursements:		
Electric:		
Consumers' deposit refunds	\$ 2,100	\$ 2,789
Interest paid on consumers' deposits	10	41
Total Disbursements	<u>\$ 2,110</u>	<u>\$ 2,830</u>
Excess of receipts over disbursements	\$ 956	\$ 324
Balance beginning of year	<u>32,867</u>	<u>32,543</u>
Balance End of Year	<u>\$ 33,823</u>	<u>\$ 32,867</u>

See accompanying independent auditor's report.

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

SCHEDULE OF CASH TRANSACTIONS- ENTERPRISE FUND  
RESERVE ACCOUNT  
Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Receipts:		
Interest	\$ 2,848	\$ 684
<hr/>		
Disbursements:		
Electric	\$ -	\$ -
<hr/>		
Excess of receipts over disbursements	\$ 2,848	\$ 684
Balance beginning of year	201,537	200,853
<hr/>		
Balance End of Year	\$ 204,385	\$ 201,537
<hr/>		

See accompanying independent auditor's report.

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

SCHEDULE OF CASH TRANSACTIONS- ENTERPRISE FUND  
COMMUNICATIONS ACCOUNT  
Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Receipts:		
Miscellaneous	\$ 524,178	\$ 356,313
Interest	2,975	37
Internet fees	211,620	196,086
Cable TV fees	240,291	237,392
Telephone fees	326,663	275,862
Tax	23,731	18,341
Total Receipts	<u>\$ 1,329,458</u>	<u>\$ 1,084,031</u>
Disbursements:		
Telecommunications:		
Internet/phone/cable charges	\$ 821,625	\$ 622,534
Wages	98,181	76,137
Supplies	17,336	15,577
Programming consultants	-	6,553
Interest paid	35,458	35,284
Telephone	4,037	4,100
Payroll taxes and benefits	13,192	9,869
Miscellaneous	8	417
Sales and other taxes paid	25,033	19,574
E911 fees	12,375	10,163
Dues	8,111	1,011
Trustees' compensation	1,800	13,650
Insurance	5,274	-
Total Disbursements	<u>\$ 1,042,430</u>	<u>\$ 814,869</u>
Excess of receipts over disbursements	<u>\$ 287,028</u>	<u>\$ 269,162</u>
Other Financing Sources (Uses):		
Transfer to Sinking Fund Account	\$ -73,237	\$ -70,284
Transfer from O&M Fund Account	67	-
Total Other Financing Sources (Uses)	<u>\$ -73,170</u>	<u>\$ -70,284</u>
Excess of receipts and other financing sources over disbursements and other financing uses	\$ 213,858	\$ 198,878
Balance beginning of year	<u>319,963</u>	<u>121,085</u>
Balance End of Year	<u>\$ 533,821</u>	<u>\$ 319,963</u>

See accompanying independent auditor's report.

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

SCHEDULE OF INDEBTEDNESS  
Year Ended June 30, 2005

Obligation

## Electric Revenue Capital Loan Notes:

Date of Issue	July 1, 1998
Interest Rate	4.20-5.15%
Amount originally issued	<u>\$ 2,555,000</u>
Balance beginning of year	\$ 1,740,000
Issued during year	-
Redeemed during year	<u>-160,000</u>
Balance End of Year	<u>\$ 1,580,000</u>
Interest Paid	<u>\$ 85,967</u>
Interest Due and Unpaid	<u>\$ -</u>

## Telecommunications Revenue Capital Loan Notes:

Date of Issue	Mar 1, 2000
Interest rate	5.00-6.15%
Amount originally issued	<u>\$ 700,000</u>
Balance beginning of year	\$ 565,000
Issued during year	-
Redeemed during year	<u>-40,000</u>
Balance End of Year	<u>\$ 525,000</u>
Interest Paid	<u>\$ 33,237</u>
Interest Due and Unpaid	<u>\$ -</u>

See accompanying independent auditor's report.

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

BOND AND NOTE MATURITIES  
June 30, 2005

Revenue Notes

Electric			
Issued July 1, 1998			
Year Ending June 30,	Interest Rates	Amount	
2006	4.75%	\$	165,000
2007	4.80%		175,000
2008	4.85%		185,000
2009	4.90%		190,000
2010	5.00%		200,000
2011	5.05%		210,000
2012	5.10%		220,000
2013	5.15%		235,000
<b>Total</b>			<b>\$ 1,580,000</b>

Revenue Notes

Telecommunications			
Issued March 1, 2000			
Year Ending June 30,	Interest Rates	Amount	
2006	5.50%	\$	40,000
2007	5.60%		45,000
2008	5.80%		45,000
2009	5.85%		45,000
2010	5.90%		50,000
2011	5.95%		55,000
2012	6.00%		55,000
2013	6.05%		60,000
2014	6.10%		65,000
2015	6.15%		65,000
<b>Total</b>			<b>\$ 525,000</b>

See accompanying independent auditor's report.

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION-  
ALL GOVERNMENTAL FUNDS  
For the Last Three Years

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Receipts:			
Interest	\$ 129,291	\$ 92,107	\$ 123,604
Transfers in	319,271	813,226	611,390
Charges for service	2,848,242	2,763,910	3,214,047
Miscellaneous	582,723	1,183,392	365,217
Total	<u>\$ 3,879,527</u>	<u>\$ 4,852,635</u>	<u>\$ 4,314,258</u>
Disbursements:			
Operating:			
Business type activities	<u>\$ 3,530,492</u>	<u>\$ 3,660,283</u>	<u>\$ 3,954,335</u>
Total	<u>\$ 3,530,492</u>	<u>\$ 3,660,283</u>	<u>\$ 3,954,335</u>

See accompanying independent auditor's report.

Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance  
with Government Auditing Standards

Grundy Center Municipal Utilities  
Grundy Center, Iowa

To the Board of Trustees:

I have audited the financial statements of the Grundy Center Municipal Utilities as of and for the year ended June 30, 2005, and have issued my report thereon dated November 8, 2005. My report expressed an unqualified opinion on the financial statements, which were prepared in conformity with an other comprehensive basis of accounting. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Department's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not provide assurance on the internal control over financial reporting. However, I noted one matter involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Department's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described as item 05-I-A 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. My 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, I believe the reportable condition described above, item 05-I-A, is a material weakness. Prior year reportable conditions have been resolved except for item 05-I-A.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations and contracts and grant agreements, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Department's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the Department. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved, except for item 05-II-G.

This report, a public record by law, is intended solely for the information and use of the officials, employees and customers of the Grundy Center Municipal Utilities and other parties to whom the Grundy Center Municipal Utilities may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the Department during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

  
Keith Oltrogge  
Certified Public Accountant

November 8, 2005

GRUNDY CENTER MUNICIPAL UTILITIES  
Grundy Center, Iowa

SCHEDULE OF FINDINGS  
Year Ended June 30, 2005

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

05-I-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. The cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal are all done by the same person.

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

Response-We will continue to monitor this.

Conclusion-Response acknowledged. The Department should continue to segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

Part II: Other Findings Related to Statutory Reporting:

05-II-A Official Depositories-A resolution naming official depositories has been adopted by the Board of Trustees. The maximum deposit amounts stated in the resolution were not exceeded during the year ending June 30, 2005.

05-II-B Certified Budget-Disbursements during the year ended June 30, 2005 did not exceed the amounts budgeted.

05-II-C Questionable Disbursements-I noted no disbursements which would not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

05-II-D Travel Expense-No disbursements of Department money for travel expenses of spouses of Department officials or employees were noted.

- 05-II-E      Business Transactions- There were no business transactions between the Department and Department officials or employees.
- 05-II-F      Bond Coverage-Surety bond coverage of Department officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- 05-II-G      Board Minutes-No transactions were found that I believe should have been approved in the Board minutes but were not.
- Although minutes of Board proceedings were published, they were not always published within fifteen days as required by Chapter 372.13(6) of the Code of Iowa. Also, the minutes did not include a total for the expenditures from each fund and a summary of all receipts.
- Recommendation-The Department should publish minutes as required.
- Response-We will publish minutes as required.
- Conclusion-Response accepted.
- 05-II-H      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 Department's investment policy were noted.
- 05-II-I      Revenue Bonds and Notes-The Department has complied with the revenue bond and note resolutions.
- 05-II-J      Telecommunication Services – No instances of non-compliance with Chapter 388.10 of the Code of Iowa were noted.