



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE _____ December 4, 2003 _____

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Auditor of State David A. Vaudt today released an audit report on the City of LeClaire, Iowa.

Vaudt reported that the City's revenues totaled \$3,177,405 for the year ended June 30, 2003, a 12 percent decrease from the prior year. The significant decrease in revenues is primarily due to donations received in fiscal 2002 for construction of a new library. The revenues included \$719,944 in property tax, \$773,172 in tax increment financing collections, \$477,157 in other city tax (including \$337,010 in local option sales tax), \$268,492 from the state and \$24,575 from interest on investments. The City also had other financing sources of \$4,593,460 from the sale of general obligation notes.

Expenditures and expenses for the year totaled \$4,022,861, a 9 percent decrease from the prior year. The significant decrease in expenditures and expenses is primarily due to the construction of a new fire station in the prior year. Expenditures and expenses included \$572,454 for public safety, \$1,241,646 for debt service and \$802,625 for capital projects.

Vaudt recommended that the City continue to investigate alternatives to eliminate deficits in several funds, including the Enterprise, Water Fund, in order to return these funds to a sound financial position. The City responded they would continue to monitor the deficits and will take additional steps to correct the balances.

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

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CITY OF LECLAIRE
INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2003

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City of LeClaire

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Vernon C. Spring	Mayor	Jan 2004
Jerry R. Holder	Mayor Pro tem	Jan 2004
William F. Biggin	Council Member	Jan 2004
Rodney L. Collier	Council Member	Jan 2006
Debra D. Smith	Council Member	Jan 2006
Bruce R. Richardson	Council Member	Jan 2006
Edwin N. Choate	Administrator/Clerk	Indefinite
Deborah F. Buskirk	Deputy Clerk	Indefinite
William McCullough	Attorney	Indefinite

City of LeClaire



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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying general purpose financial statements, listed as exhibits in the table of contents of this report, of the City of LeClaire, Iowa, as of and for the year ended June 30, 2003. These general purpose financial statements are the responsibility of the City of LeClaire's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

The financial statements referred to above do not include the general fixed assets account group which, in our opinion, should be included in order to conform with U.S. generally accepted accounting principles. The amounts that should be recorded in the general fixed assets account group is not known.

The financial statements referred to above also do not include the Enterprise Fund fixed assets which, in our opinion, should be included in order to conform with U.S. generally accepted accounting principles. The amounts that should be recorded in the Enterprise Funds for fund fixed assets is not known.

In our opinion, because of the effects of exclusion of Enterprise Fund fixed assets as discussed in the preceding paragraph, the financial statements of the Enterprise Funds do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of the Enterprise Funds at June 30, 2003 or the results of their operations and their cash flows for the year then ended.

In our opinion, except that the omission of the general fixed assets account group referred to in the third paragraph results in an incomplete presentation, the aforementioned general purpose financial statements other than those of the Enterprise Funds present fairly, in all material respects, the financial position of the City of LeClaire at June 30, 2003 in conformity with U.S. generally accepted accounting principles.

As discussed in Note 16 to the financial statements, the City of LeClaire intends to implement Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures, for the fiscal year ending June 30, 2004. The effects of these statements are

expected to significantly impact the presentation of the City's financial statements and related notes in the year of implementation. The revised requirements will include the use of the economic resources measurement focus and full accrual accounting, as well as an analytical overview of the City's financial activities in the Management's Discussion and Analysis introduction to the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated September 12, 2003 on our consideration of the City of LeClaire's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2002 (none of which are presented herein) and expressed a qualified opinion on the financial statements, other than those of the Enterprise Funds, due to the omission of the general fixed assets account group and an adverse opinion on the financial statements of the Enterprise Funds due to the omission of the Enterprise Fund fixed assets. The supplemental information included in Schedules 1 through 13 is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements. In our opinion, the information relating to the financial statements of the Enterprise Funds does not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of the Enterprise Funds at June 30, 2003 or the results of their operations and their cash flows for the year then ended. In our opinion, the information relating to the aforementioned general purpose financial statements other than those of the Enterprise Funds, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.


DAVID A. VAUDT, CPA
Auditor of State

September 12, 2003, except for
Note 15, as to which the
date is October 7, 2003

Financial Statements

City of LeClaire
 Combined Balance Sheet
 All Fund Types and Account Group
 June 30, 2003

	Government Fund	
	General	Special Revenue
Assets and Other Debits		
Cash and pooled investments	\$ 450	24,955
Receivables:		
Property tax:		
Current year	10,752	4,317
Succeeding year	392,000	1,102,000
Customer accounts	9,723	-
Unbilled usage	-	-
Accounts	7,400	914
Special assessments	2,878	-
Due from other funds (note 5)	113,508	57,577
Due from other governments	28,673	70,743
Prepaid insurance	13,234	12,413
Restricted assets:		
Cash and pooled investments:		
Customer deposits	15,503	-
Revenue bond and interest sinking account	-	-
Advances to other funds (note 5)	-	-
Other debits:		
Amount available in Debt Service Fund	-	-
Amount to be provided for retirement of general long-term debt	-	-
Total assets and other debits	\$ 594,121	1,272,919

Types			Proprietary Fund Type Enterprise	Account Group	Total (Memorandum Only)
	Debt Service	Capital Projects		General Long-Term Debt	
	12,702	1,169,172	927	-	1,208,206
	2,337	-	-	-	17,406
	36,000	-	-	-	1,530,000
	-	-	44,548	-	54,271
	-	-	24,065	-	24,065
	-	-	7,030	-	15,344
	-	-	3,066	-	5,944
	2,337	81,800	373	-	255,595
	-	-	-	-	99,416
	-	-	17,476	-	43,123
	-	-	81,705	-	97,208
	-	-	76,586	-	76,586
	-	-	24,150	-	24,150
	-	-	-	13,486	13,486
	-	-	-	5,087,328	5,087,328
	53,376	1,250,972	279,926	5,100,814	8,552,128

City of LeClaire
 Combined Balance Sheet
 All Fund Types and Account Group
 June 30, 2003

	Government Fund	
	General	Special Revenue
Liabilities and Fund Equity		
Liabilities:		
Accounts payable	\$ 35,651	5,481
Due to other funds (note 5)	-	69,289
Deferred revenue:		
Succeeding year property tax	392,000	1,102,000
Liabilities payable from restricted assets:		
Customer deposits	15,503	-
Matured revenue bond interest	-	-
Matured revenue bonds (note 3)	-	-
Advance from other funds (note 5)	24,150	-
Revenue bonds (note 3)	-	-
General obligation bonds/notes (note 3)	-	-
Compensated absences	6,725	2,864
Total liabilities	474,029	1,179,634
Fund equity (deficit):		
Contributed capital	-	-
Retained earnings (deficit):		
Reserved for:		
Debt Service	-	-
Unreserved	-	-
Fund balance:		
Reserved for:		
Debt service	-	-
Prepaid insurance	13,234	12,413
Unreserved:		
Designated for future equipment purchases	-	4,356
Undesignated	106,858	76,516
Total fund equity (deficit)	120,092	93,285
Total liabilities and fund equity	\$ 594,121	1,272,919

See notes to financial statements.

Types			Proprietary Fund Type Enterprise	Account Group	Total (Memorandum Only)
	Debt Service	Capital Projects		General Long-Term Debt	
	1,553	96,198	15,812	-	154,695
	2,337	47,889	136,080	-	255,595
	36,000	-	-	-	1,530,000
	-	-	81,705	-	97,208
	-	-	4,154	-	4,154
	-	-	20,000	-	20,000
	-	-	-	-	24,150
	-	-	819,935	-	819,935
	-	-	-	5,086,409	5,086,409
	-	-	19,707	14,405	43,701
	39,890	144,087	1,097,393	5,100,814	8,035,847
	-	-	750,981	-	750,981
	-	-	50,534	-	50,534
	-	-	(1,618,982)	-	(1,618,982)
	13,486	-	-	-	13,486
	-	-	-	-	25,647
	-	-	-	-	4,356
	-	1,106,885	-	-	1,290,259
	13,486	1,106,885	(817,467)	-	516,281
	53,376	1,250,972	279,926	5,100,814	8,552,128

City of LeClaire

Combined Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Fund Types

Year ended June 30, 2003

	Governmental Fund	
	General	Special Revenue
Revenues:		
Property tax	\$ 402,989	170,171
Tax increment financing collections	-	773,172
Other city tax	127,040	345,513
Licenses and permits	4,115	-
Use of money and property	23,709	4,536
Intergovernmental	67,817	230,710
Charges for service	164,715	-
Special assessments	81	-
Miscellaneous	82,197	4,420
Total revenues	872,663	1,528,522
Expenditures:		
Public safety	463,751	108,703
Public works	138,859	269,257
Culture and recreation	143,641	13,700
Community and economic development	81,692	14,644
General government	110,229	20,247
Debt service	1,130	194,484
Capital projects	-	-
Total expenditures	939,302	621,035
Excess (deficiency) of revenues over (under) expenditures	(66,639)	907,487
Other financing sources (uses):		
General obligation refunding note proceeds, net of \$16,920 discount	-	-
General obligation corporate purpose and refunding note proceeds, net of \$34,620 discount	27,452	-
General obligation bonds/notes refunded	-	-
Sale of general fixed assets	160	-
Operating transfers in	95,046	-
Operating transfers out	(73,309)	(881,821)
Total other financing sources (uses)	49,349	(881,821)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(17,290)	25,666
Fund balances beginning of year, as restated (note 11)	137,844	70,826
Decrease in reserve for prepaid insurance	(462)	(3,207)
Fund balances end of year	\$ 120,092	93,285

See notes to financial statements.

Types		Total
Debt	Capital	(Memorandum
Service	Projects	Only)
146,784	-	719,944
-	-	773,172
4,604	-	477,157
-	-	4,115
1,377	13,556	43,178
-	-	298,527
-	-	164,715
-	-	81
330	2,136	89,083
153,095	15,692	2,569,972
-	-	572,454
-	-	408,116
-	-	157,341
-	-	96,336
-	-	130,476
1,046,032	-	1,241,646
-	802,625	802,625
1,046,032	802,625	3,408,994
(892,937)	(786,933)	(839,022)
1,743,080	-	1,743,080
1,630,200	1,192,728	2,850,380
(3,363,000)	-	(3,363,000)
-	-	160
1,277,854	67,203	1,440,103
(436,040)	(22,736)	(1,413,906)
852,094	1,237,195	1,256,817
(40,843)	450,262	417,795
54,329	656,623	919,622
-	-	(3,669)
13,486	1,106,885	1,333,748

City of LeClaire

City of LeClaire

Combined Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit)

Proprietary Fund Type

Year ended June 30, 2003

	<u>Enterprise</u>
Operating revenues:	
Charges for service	\$ 584,742
Miscellaneous	10,860
Total operating revenues	<u>595,602</u>
Operating expenses:	
Business type activities:	
Utility operations:	
Personal services	287,328
Services and commodities	211,529
Total operating expenses	<u>498,857</u>
Operating income	<u>96,745</u>
Non-operating revenues (expenses):	
Interest income	2,231
Rent	9,600
Interest expense	(51,671)
Debt service administrative fees	(300)
Purchase of capital assets	(63,039)
Total non-operating revenues (expenses)	<u>(103,179)</u>
Loss before operating transfers	(6,434)
Operating transfers out	<u>(26,197)</u>
Net loss	(32,631)
Retained earnings (deficit) beginning of year, as restated (note 11)	<u>(1,535,817)</u>
Retained earnings (deficit) end of year	<u><u>\$ (1,568,448)</u></u>

See notes to financial statements.

Exhibit D

City of LeClaire
Combined Statement of Cash Flows
Proprietary Fund Type
Year ended June 30, 2003

	<u>Enterprise</u>
Cash flows from operating activities:	
Cash received from customers	\$ 604,822
Cash payments to suppliers for services	(512,730)
Net cash provided by operating activities	<u>92,092</u>
Cash flows from non-capital financing activities:	
Cash received from rentals	9,600
Payment received on advance to other funds	16,870
Deficit cash implicitly financed	70,168
Transfers out	(26,197)
Net cash provided by non-capital financing activities	<u>70,441</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(124,484)
Principal paid	(22,600)
Interest paid	(51,090)
Debt service administrative fees	(300)
Net cash used for capital and related financing activities	<u>(198,474)</u>
Cash flows from investing activities:	
Interest on investments	<u>2,231</u>
Net decrease in cash and cash equivalents	(33,710)
Cash and cash equivalents beginning of year	<u>192,928</u>
Cash and cash equivalents end of year	<u>\$ 159,218</u>

City of LeClaire
 Combined Statement of Cash Flows
 Proprietary Fund Type
 Year ended June 30, 2003

	Enterprise
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 96,745
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) in accounts receivable	(6,270)
(Increase) in prepaid insurance	(4,072)
(Decrease) in accounts payable	(1,971)
Increase in customer deposits	2,773
Increase in compensated absences	4,887
Net cash provided by operating activities	\$ 92,092
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:	
Current assets:	
Cash and pooled investments	\$ 927
Restricted Assets:	
Customer deposits	81,705
Revenue bond and interest sinking account	76,586
Cash and cash equivalents at year end	\$ 159,218

See notes to financial statements.

City of LeClaire

Comparison of Revenues, Expenditures/Expenses
and Changes in Balances/Retained Earnings (Deficit)
Actual to Budget – All Governmental Fund Types and Proprietary Fund Type

Year ended June 30, 2003

	Actual	Less Funds Not Required to be Budgeted
Revenues:		
Property tax	\$ 719,944	-
Tax increment financing collections	773,172	-
Other city tax	477,157	-
Licenses and permits	4,115	-
Use of money and property	55,009	17
Intergovernmental	298,527	-
Charges for service	749,457	-
Special assessments	81	-
Miscellaneous	99,943	2,829
Total revenues	<u>3,177,405</u>	<u>2,846</u>
Expenditures/Expenses:		
Public safety	572,454	1,590
Public works	408,116	-
Culture and recreation	157,341	156
Community and economic development	96,336	-
General government	130,476	-
Debt service	1,241,646	-
Capital projects	802,625	-
Business type activities	613,867	-
Total expenditures/expenses	<u>4,022,861</u>	<u>1,746</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(845,456)	1,100
Other financing sources, net	<u>1,230,620</u>	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	385,164	1,100
Fund balance/retained earnings (deficit) beginning of year, as restated (note 11)	(616,195)	2,115
Decrease in reserve for prepaid insurance	<u>(3,669)</u>	-
Fund balance/retained earnings (deficit) end of year	<u>\$ (234,700)</u>	<u>3,215</u>

See notes to financial statements.

Net	Amended Budget	Variance Favorable (Unfavorable)	Net as % of Amended Budget
719,944	737,845	(17,901)	98%
773,172	807,871	(34,699)	96%
477,157	467,513	9,644	102%
4,115	6,723	(2,608)	61%
54,992	56,041	(1,049)	98%
298,527	290,358	8,169	103%
749,457	754,722	(5,265)	99%
81	1,225	(1,144)	7%
97,114	98,451	(1,337)	99%
<u>3,174,559</u>	<u>3,220,749</u>	<u>(46,190)</u>	<u>99%</u>
570,864	539,138	(31,726)	106%
408,116	393,187	(14,929)	104%
157,185	174,920	17,735	90%
96,336	83,865	(12,471)	115%
130,476	127,322	(3,154)	102%
1,241,646	4,631,581	3,389,935	27%
802,625	1,315,240	512,615	61%
613,867	622,017	8,150	99%
<u>4,021,115</u>	<u>7,887,270</u>	<u>3,866,155</u>	<u>99%</u>
(846,556)	(4,666,521)		
<u>1,230,620</u>	<u>4,592,610</u>		
384,064	(73,911)		
(618,310)	132,677		
<u>(3,669)</u>	-		
<u>(234,246)</u>	<u>58,766</u>		

City of LeClaire

Notes to Financial Statements

June 30, 2003

(1) Summary of Significant Accounting Policies

The City of LeClaire is a political subdivision of the State of Iowa located in Scott County. It was first incorporated in 1834 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 and recreation, community and economic development, general government and business type activities.

A. Reporting Entity

For financial reporting purposes, the City of LeClaire has included all funds, organizations, account group, agencies, boards, commissions and authorities, except for the general fixed assets account group. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of LeClaire (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Blended Component Units – The following component units are entities which are legally separate from the City, but are so intertwined with the City that they are, in substance, the same as the City. They are reported as part of the city and blended into the appropriate funds.

Friends of the LeClaire Community Library, Inc. has been incorporated under the provisions of the Iowa Nonprofit Corporation Act for the purpose of supporting the LeClaire Community Library. In accordance with criteria set by the Governmental Accounting Standards Board, the Friends of the LeClaire Community Library, Inc. meets the definition of a component unit which should be blended. The financial activity of the component unit has been blended as a Special Revenue Fund of the City.

The LeClaire Holding Company has been incorporated under the provisions of the Iowa Nonprofit Corporation Act for the purpose of managing property to house and operate a fire department in the City of LeClaire. In accordance with criteria set by the Governmental Accounting Standards Board, the LeClaire Holding Company meets the definition of a component unit which should be blended.

The financial activity of the component unit has been blended as a Special Revenue Fund of the City.

Jointly Governed Organization – The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of or appoint representatives to the following boards and commissions: Scott County Assessor’s Conference Board, Scott County Emergency Management Commission, Scott County Area Solid Waste Management Commission, Mississippi Valley Welcome Center Board and Bi-State Regional Commission. Financial transactions of these organizations are not included in the City’s financial statements.

B. Fund Accounting

The accounts of the City are organized on the basis of funds or account group, 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 assets, liabilities, fund balances, revenues and expenditures or expenses. The various funds and account group 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 revenues 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 expenses, 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 revenues derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

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

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

Proprietary Funds

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

Account Group

General Long-Term Debt – This account group is established to account for long-term debt of the City. Long-term liabilities expected to be financed from Governmental Funds are accounted for in this Account Group, not in the Governmental Funds.

C. Measurement Focus

Governmental Funds are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of “available spendable resources.” Governmental Fund operating statements present increases, revenues and other financing sources, and decreases, expenditures and other financing uses in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Proprietary Funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and liabilities, whether current or non-current, associated with their activity are included on their balance sheets. Their reported fund equity, net total assets, is reported as retained earnings. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

In reporting the financial activity of its proprietary funds, the City applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at time of purchase.

Property tax, intergovernmental revenue, (shared revenues, grants and reimbursements from other governments) charges for service and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenues from licenses and permits, fines and forfeitures, refunds and reimbursements and other miscellaneous sources are generally recognized when they are received in cash as they are generally not measurable until actually received.

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when earned and their expenses are recognized when incurred.

The City maintains its financial records on the accrual basis.

E. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the combined balance sheet:

Cash, Pooled Investments, and Cash Equivalents – The cash balances of most City funds are pooled and invested. Interest earned on investments is recorded in the General Fund and other funds as provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months. All cash investments at June 30, 2003 meet the definition of cash equivalents.

Property Tax Receivable – Property tax receivable in governmental fund types are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City to the County Board of Supervisors. Current year property taxes receivable represents taxes collected by the County but not remitted to the City at June 30, 2003. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2001 assessed property valuations; is for the tax accrual period July 1, 2002 through June 30, 2003 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March 2002.

Unbilled Usage – Accounts receivable are recorded in the Enterprise Fund at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

Due from and Due to Other Funds – During the course of its operations, the City has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2003, balances of interfund amounts receivable or payable have been recorded.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Restricted Assets – Funds set aside for payment of Enterprise Fund revenue bonds are classified as restricted assets since their use is restricted by applicable bond indentures. Other restricted assets include customer deposits restricted for application to unpaid customer accounts or refund to customers.

Advances to Other Funds – Non-current portions of interfund loan receivables are reported as advances.

Due to Other Governments – Due to other governments represents payments for services which will be remitted to other governments.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of the succeeding year property tax receivable.

Compensated Absences – City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. The City also allows employees to accumulate compensatory time during the fiscal year in lieu of overtime pay. The cost of vacation and compensatory time payments expected to be liquidated currently are recorded as liabilities of the Governmental Fund Types. A liability has been recorded in the General Long-Term Debt Account Group representing the City's commitment to fund non-current compensated absences. For Enterprise Fund employees, the entire cost of vacation and compensatory time payments earned at June 30, 2003 is recorded as a liability of the Enterprise Funds. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2003.

F. Budgets and Budgetary Accounting

The Code of Iowa requires the adoption of an annual budget, following public notice and hearing, for expenditures/expenses on a function basis. These functions are public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Although the budget document presents function expenditures/expenses by fund, the legal level of control is at the aggregated function level, not at the fund level. Function expenditures/expenses required to be budgeted include expenditures/expenses for the general fund, special revenue funds, except for the blended component units, debt service funds, capital projects and proprietary funds.

Amendments to the budget are considered and reviewed throughout the fiscal year. Amendments are subject to departmental review and by justification to the City Administrator. The budget is formally amended by the City Council following the required public notice and hearing. The original budget plus subsequent amendments constitutes the annual appropriated budget. No other appropriations of budget occur. Encumbrances are not recognized and appropriations as adopted and amended lapse at the end of the fiscal year. During the year ended June 30, 2003, the City Council approved two amendment to the budget.

The City of LeClaire prepares its budget on the modified accrual basis for the governmental fund types and the accrual basis for the proprietary fund types which is consistent with U.S. generally accepted accounting principles. Exhibit E is a comparison of revenues and expenditures/expenses of the City with the budget adopted and amended by the City Council. Expenditures/expenses exceeded the amounts budgeted for the public safety, public works, community and economic development and general government functions for the year ended June 30, 2003.

G. Total (Memorandum Only)

The total columns of the financial statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data, except that eliminations between the City and the LeClaire Holding Company, Inc. for transactions pertaining to the construction of a fire station have been made.

(2) Cash and Pooled Investments

The City’s deposits in banks at June 30, 2003 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

(3) Long-Term Debt

Bonds/Notes Payable

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

Year Ending June 30,	General					
	Obligation Bonds/Notes		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 711,409	199,662	19,315	49,852	730,724	249,514
2005	785,000	179,608	24,315	48,772	809,315	228,380
2006	630,000	154,545	24,315	47,423	654,315	201,968
2007	535,000	130,057	24,315	46,073	559,315	176,130
2008	600,000	108,168	24,315	44,722	624,315	152,890
2009-25	1,825,000	246,715	723,360	455,063	2,567,675	701,778
Total	\$ 5,086,409	1,018,755	839,935	691,905	5,945,659	1,710,660

The resolution providing for the issuance of the water revenue bonds includes the following provisions:

- (a) The bonds will only be redeemed from the future earnings of the enterprise activities and the bond holders hold a lien on the future earnings of the funds.

- (b) Sufficient monthly transfers shall be made to a separate water revenue bond sinking account for the purpose of making the bond principal and interest payments when due.
- (c) The water revenue bond and interest reserve fund account is required to have a minimum balance of the maximum total bond and interest due in any given fiscal year. The minimum balance required would be \$73,773. This account is to pay bond principal and interest should funds be insufficient in the sinking account. This account had a cash balance of \$75,670 at June 30, 2003.

General obligation bonds/notes bear interest with rates ranging from 0.00% to 5.65% and mature in varying annual amounts ranging from \$65,000 to \$785,000, with final maturities due in the year ended June 30, 2015.

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2003:

	Balance June 30, 2002	Additions	Retire- ments	Balance June 30, 2003
Reported in the General Long-Term Debt Account Group:				
General obligation bonds/notes:				
General corporate purpose	\$ 4,487,806	4,645,000	4,046,397	5,086,409
Compensated absences	18,859	-	4,454	14,405
Total	<u>\$ 4,506,665</u>	<u>4,645,000</u>	<u>4,050,851</u>	<u>5,100,814</u>
Reported in the Proprietary Fund Type – Enterprise Funds:				
General obligation notes:				
Corporate purpose	\$ 2,600	-	2,600	-
Revenue bonds:				
Water	859,250	685	20,000	839,935 (1)
Total	<u>\$ 861,850</u>	<u>685</u>	<u>22,600</u>	<u>839,935</u>

(1) Bonds were sold at a discount; unamortized discount at June 30, 2003 amounted to \$15,065.

Current Note Refundings

On December 1, 2002, the City issued \$2,885,000 of general obligation corporate purpose and refunding notes, a portion of which was used to currently refund the following notes: \$315,000 of general obligation corporate purpose notes dated October 1, 1995; \$211,000 of general obligation corporate purpose notes dated December 1, 2000; \$760,000 of general obligation corporate purpose notes dated March 30, 2001; and \$345,000 of general obligation corporate purpose notes dated November 30, 2001. The principal on these notes was called on December 1, 2002 and the notes were redeemed in their entirety by June 30, 2003.

On December 1, 2002, the City issued \$1,410,000 of general obligation refunding notes to currently refund the following notes: \$330,000 of general obligation economic development notes dated December 17, 1996; \$230,000 of general obligation economic development notes dated December 1, 1997; \$322,000 of general obligation corporate purpose notes dated December 1, 1998; and \$500,000 of general obligation economic development notes dated December 1, 2000. The principal on these notes was called on December 1, 2002 and the notes were redeemed in their entirety by June 30, 2003.

On May 30, 2003, the City issued \$220,000 of general obligation refunding notes to currently refund \$220,000 of general obligation economic development notes dated March 1, 1996. The principal on these notes was called on June 1, 2003 and the notes were redeemed in their entirety by June 30, 2003.

On May 30, 2003, the City issued \$130,000 of general obligation refunding notes to currently refund \$130,000 of general obligation sewer improvement notes dated March 1, 1996. The principal on these notes was called on June 1, 2003 and the notes were redeemed in their entirety by June 30, 2003.

Contingent Liability for Hydro-Electric Promissory Note

On January 15, 1990, the City entered into a loan agreement with Voith Hydro, Inc., for \$700,000. The City received \$250,000 on March 14, 1990 and \$450,000 during the year ended June 30, 1991, for the purpose of paying costs relating to the planning, design and development of the hydro-electric generating plant. The note bears interest payable at maturity at the rate of 7.25%. The note will mature 30 days after the issuance of the notice to proceed. The outstanding balance at June 30, 2003 was \$700,000.

The Federal Energy Regulatory Commission (FERC) imposed certain restrictions upon the City's license for the development of the generating plant. On April 1, 1996, the City entered into an agreement for the development phase with Gracon Corporation, an energy project engineering and development organization. Subsequent to April 1, 1996, Gracon Corporation changed its name to Matrix Energy, Inc. The development agreement has expired and was not renewed. If the generating plant does not proceed, any accumulated assets are sold and used to satisfy the Voith Hydro, Inc. loan. Any remaining balance on the loan is forgiven. The future development of the generating plant remains uncertain.

The note and interest payable are not general obligations of the City and are not payable from taxes or general revenues or funds of the City.

(4) Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll except for police employees, in which case the percentages are 6.04% and 9.07%, respectively. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2003, 2002, and 2001 were \$42,934, \$42,015 and \$38,221, respectively, equal to the required contributions for each year.

(5) Interfund Assets/Liabilities

The detail of interfund assets and liabilities at June 30, 2003 is as follows:

Receivable Fund	Payable Fund	Amount
<u>Due From/Due to Other funds:</u>		
General:	Special Revenue:	
General	Local Option Sales Tax	\$ 7,877
General	Urban Renewal Tax Increment I	3,767
General	Urban Renewal	68
General	Enterprise:	
Garbage Collection	Water	6,743
Garbage Collection	Water	10,685
Hotel/Motel Tax	Sewer	18,834
LeClaire Community Center/ Recreation Board	Water	30,747
Riverfront Levee Board	Water	4,810
Park Board	Water	8,283
Library Board	Water	3,490
Tourism Board	Water	252
Damages, Claims and Deductibles	Water	3,762
Unemployment Compensation	Water	5,292
		8,898
Special Revenue:	Special Revenue:	
Road Use Tax	Urban Renewal Tax Increment I	29,574
Workers' Compensation	Urban Renewal Tax Increment I	1,159
Employees' Retirement FICA/IPERS	Group Insurance	6,321
Employees' Retirement FICA/IPERS	Urban Renewal Tax Increment I	20,523
Debt Service:	Debt Service:	
2002 Corporate Purpose and Refunding	Fire Station I/Library 2001 Corporate Purpose	2,337
Capital Projects:	Enterprise:	
Hydro-Electric Project	Water	33,911
Library Project	Capital Projects:	
Public Works Facility	City Hall	27
	U.S. 67/Eagle Ridge Road	47,862
Enterprise:	Enterprise:	
Sewer	Water	<u>373</u>
Total		<u>\$255,595</u>
<u>Advances To/From Other Funds:</u>		
Enterprise:	General:	
Sewer	General	<u>\$ 24,150</u>

(6) Risk Management

The City of LeClaire 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 purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The City has a group insurance policy which provides comprehensive medical coverage for eligible employees and, if elected, their spouses and dependents. The City's group insurance is a partial self-funded health plan. Under the partial self-funded plan, the City will reimburse an eligible employee for a portion of the deductible. The amount of the deductibles for the employees and City are as follows:

	<u>Single</u>	<u>Family</u>
Employee	\$300	\$400
City	\$2,200	\$4,650

The City self funds dental coverage for eligible employees and, if elected, their spouses and dependents. The maximum annual coverage is \$1,000 per person.

The City self funds short-term disability benefits for employees. Benefits equal 100% of the employees' salary for the first three working days and 75% of the employees' salary for the remaining days up to six months at which time the City's long-term disability insurance coverage begins.

The City records the plan assets and related liabilities for the self-funded plan in the Special Revenue, Group Insurance Fund. The amounts payable at June 30, 2003 for incurred but not reported (IBNR) and reported but not paid claims have not been determined since the City has not obtained an actuarial opinion as required by Chapter 509A.15 of the Code of Iowa. These amounts are not expected to be material to the financial statements.

(7) Deficit Balances

At June 30, 2003, the City had deficit unreserved fund balances/retained earnings in the following accounts:

<u>Fund/Account</u>	<u>Unreserved Fund Balance/ Retained Earnings (Deficit) June 30, 2003</u>
General:	
General	\$ (4,780)
Library	(98)
Special Revenue:	
Group Insurance	(5,655)
Urban Renewal Tax Increment I	(55,023)
Urban Renewal	(68)
Debt Service:	
Eagle View 1996 Economic Development	(296)

Fund	Unreserved Fund Balance/ Retained Earnings (Deficit) June 30, 2003
Capital Projects:	
Street Overlay	(70)
U.S. 67/Eagle Ridge Road	(47,862)
City Hall	(27)
Enterprise:	
Water	(1,661,907)

The unreserved retained earnings deficit at June 30, 2003 for the Enterprise Fund, Water Account includes the balances for the water revenue and water surplus accounts. The primary reason for the deficit is that Enterprise Fund fixed assets are not included in the financial statements.

As noted in Note (15) below, on October 7, 2003, the City sold the City of LeClaire Municipal Waterworks System. Proceeds from the sale will be used to eliminate the deficit in the Enterprise, Water Fund. The City is aware of the remaining deficit balances and is reviewing possible alternatives to eliminate the deficits.

(8) Development and Rebate Agreement

The City has entered into eight development and rebate agreements to assist in certain urban renewal projects. The City agreed to rebate incremental taxes paid by the developers in exchange for infrastructure improvements and development of commercial retail space constructed by the developers as set forth in the urban renewal plan and the individual development and rebate agreements. The incremental taxes to be received by the City under Chapter 403.19 of the Code of Iowa from the developers will be rebated for a period ranging from four to twenty years, beginning with the tax year in which the property taxes on the completed value of the improvements are first paid. The total amount that will be rebated under the development and rebate agreements is not to exceed amounts ranging from \$43,000 to \$1,700,000. Certain of the agreements include provisions for payment of interest.

During the year ended June 30, 2003, the City rebated \$194,484 of incremental taxes to the developers, paying \$127,494 of principal and \$66,990 of interest. The outstanding principal balance on the agreements at June 30, 2003 is \$3,271,507.

No bonds or notes were issued for these construction projects. To the extent that on any payment date there are insufficient tax increment revenues available to make the required scheduled payment, the unpaid amount shall be carried over to the next payment date without accruing any further interest.

These agreements are not a general obligation of the City, however the debt payable in the succeeding year is subject to the constitutional debt limitation of the City.

(9) Operating Lease

In January 2002, the City entered into a lease agreement for a police headquarters facility. The lease is for five years and requires four annual rental payments of \$18,500. The lease has been classified as an operating lease and, accordingly, all rents are charged to expenditures as incurred.

Although the lease agreement includes an option to purchase, the option is not considered to be a bargain purchase option and, as of June 30, 2003, the City does not intend to exercise the option to purchase. During the year ended June 30, 2003, the City made a payment of \$18,500 under the agreement.

The following is a schedule of future minimum rental payments required under the operating lease which has an initial or remaining non-cancelable lease term in excess of one year as of June 30, 2003.

Year Ending June 30,	Amount
2004	\$ 18,500
2005	18,500
2006	<u>18,500</u>
Total	<u>\$ 55,500</u>

(10) Segment Information for Enterprise Funds

The City maintains two Enterprise Funds, which provide water and sewer collection services. The funds are set up to operate primarily from proceeds of user charges. Segment information for the year ended June 30, 2003 is as follows:

	Water	Sewer	Total
Results of operations:			
Operating revenues	\$ 259,349	336,253	595,602
Operating expenses	201,146	297,711	498,857
Operating income	58,203	38,542	96,745
Non-operating revenues (expenses), net	(63,597)	(39,582)	(103,179)
Operating transfers in (out)	-	(26,197)	(26,197)
Net loss	\$ (5,394)	(27,237)	(32,631)
Financial position:			
Total assets	\$ 158,729	121,197	279,926
Net working capital	\$ (83,596)	29,189	(54,407)
Bond/note and other			
long-term debt payable from operating revenues	\$ 839,935	-	839,935
Retained earnings (deficit)	\$(1,611,373)	42,925	(1,568,448)
Contributed capital	750,981	-	750,981
Total fund equity (deficit)	\$ (860,392)	42,925	(817,467)

(11) Restatement and Reclassifications

The beginning balance of the Special Revenue, Urban Renewal Tax Increment I Fund has been retroactively restated at July 1, 2002. This restatement was made to decrease the beginning fund balance due to an understatement of a payable at June 30, 2002. The effect of the restatement was to decrease the previously reported fund balance at June 30, 2002 of \$(14,299) by \$44,038 to the restated fund balance at July 1, 2002 of \$(58,337).

The City reclassified the following funds during the year ended June 30, 2003:

Fund	Fund Type		July 1, 2002
	Year Ended June 30,		Fund Balance/ Retained Earnings
	2002	2003	Reclassified
Unemployment Compensation	Special Revenue	General	\$ 8,770
Damages, Claims and Deductibles	Special Revenue	General	(3,421)
Local Option Sales Tax	General	Special Revenue	28,429
Garbage Collection	Enterprise	General	38,014

The net effect of these reclassifications was to increase the General Fund beginning balance by \$14,934, increase the Special Revenue Fund beginning balance by \$23,080, and decrease the Proprietary, Enterprise beginning retained earnings by \$38,014.

In addition, the Special Revenue, Delinquent Tax Fund was combined with the Special Revenue, Group Insurance Fund. This reclassification had no effect on the Special Revenue Fund beginning fund balance.

(12) Budget Overexpenditure

Per the Code of Iowa, expenditures may not exceed budgeted appropriations at the function level. During the year ended June 30, 2003, expenditures in the public safety, public works, community and economic development and general government functions exceeded the amount budgeted.

(13) Construction Commitment

During the year ended June 30, 2003, the City entered into a contract for \$630,734 to construct a public works facility. The project was funded through the issuance of general obligation notes. At June 30, 2003, \$107,439 of the contract had been completed. The remaining \$523,295 will be paid as work progresses.

(14) Pending Litigation

The City is subject to a potential lawsuit for which the probability and amount of loss, if any, is undeterminable.

(15) Municipal Water System

As a result of contamination of the City's water supply, the City and two local businesses entered into an agreement with the Iowa Comprehensive Petroleum Underground Storage Tank Fund Board implementing a community remediation project. The project includes the sale of the City of LeClaire Municipal Water Works System (Water System) to Iowa American Water Company (IAWC) and the subsequent connection to a new water supply. The City agrees to shutdown and plug city wells within sixty days after a new water supply system is operational. The total project costs for connecting the City to the new water supply is \$2,400,000. The City's share of the cost of the project is \$299,400. No costs were incurred during the year ended June 30, 2003.

During the year ended June 30, 2003, the City completed the requirements for the sale of the City's water system, including holding a special election on the matter. On October 7, 2003, the system was sold to IAWC who will provide drinking water to the City through a connection with its Davenport Public Water System. The City received

\$1,648,721 proceeds from the sale, of which \$984,144 was deposited in an irrevocable trust with an escrow agent (as trustee under an escrow agreement), of which \$983,665 was used to purchase government obligations in such amounts and with such maturities to be sufficient to pay the principal and interest on the City's outstanding water revenue bonds. The remaining \$479 is to be held as a cash balance by the escrow agent. The revenue bonds are considered defeased on October 7, 2003 and the liability for the bonds was removed from the Enterprise, Water Fund on that date.

(16) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures. These statements will be implemented for the fiscal year ending June 30, 2004. The effects are expected to significantly impact the presentation of the City's financial statements in the year of implementation. The revised requirements will include using the economic resources measurement focus and full accrual accounting. Also, the revised minimum reporting requirements include Management's Discussion and Analysis to introduce the basic financial statements and to provide an analytical overview of the City's financial activities.

City of LeClaire

Supplemental Information

City of LeClaire
Combining Balance Sheet
General Fund
June 30, 2003

	General	Garbage Collection	Hotel/Motel Tax	LeClaire Community Center/ Recreation Board
Assets				
Cash and pooled investments	\$ 146	279	-	25
Receivables:				
Property tax:				
Current	10,752	-	-	-
Succeeding year	378,000	-	-	-
Customer accounts	-	9,723	-	-
Accounts	5,179	2,095	-	123
Special assessments	2,878	-	-	-
Due from other funds	18,455	29,519	30,747	4,810
Due from other governments	6,177	-	22,496	-
Prepaid insurance	13,184	20	-	15
Restricted assets:				
Cash and pooled investments	3,115	12,388	-	-
Total assets	\$ 437,886	54,024	53,243	4,973
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ 17,601	10,580	-	523
Deferred revenue:				
Succeeding year property tax	378,000	-	-	-
Liabilities payable from restricted assets:				
Customer deposits	3,115	12,388	-	-
Advance from other funds	24,150	-	-	-
Compensated absences	6,616	109	-	-
Total liabilities	429,482	23,077	-	523
Fund equity (deficit):				
Fund balance (deficit):				
Reserved for prepaid insurance	13,184	20	-	15
Unreserved	(4,780)	30,927	53,243	4,435
Total fund equity (deficit)	8,404	30,947	53,243	4,450
Total liabilities and fund equity	\$ 437,886	54,024	53,243	4,973

See accompanying independent auditor's report.

Riverfront Levee Board	Park Board	Library Board	Tourism Board	Damages, Claims and Deductibles	Unemployment Compensation	Total
-	-	-	-	-	-	450
-	-	-	-	-	-	10,752
-	-	-	-	14,000	-	392,000
-	-	-	-	-	-	9,723
3	-	-	-	-	-	7,400
-	-	-	-	-	-	2,878
8,283	3,490	252	3,762	5,292	8,898	113,508
-	-	-	-	-	-	28,673
15	-	-	-	-	-	13,234
-	-	-	-	-	-	15,503
8,301	3,490	252	3,762	19,292	8,898	594,121
-	3,032	350	3,537	28	-	35,651
-	-	-	-	14,000	-	392,000
-	-	-	-	-	-	15,503
-	-	-	-	-	-	24,150
-	-	-	-	-	-	6,725
-	3,032	350	3,537	14,028	-	474,029
15	-	-	-	-	-	13,234
8,286	458	(98)	225	5,264	8,898	106,858
8,301	458	(98)	225	5,264	8,898	120,092
8,301	3,490	252	3,762	19,292	8,898	594,121

City of LeClaire

Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)

General Fund

Year ended June 30, 2003

	General	Garbage Collection	Hotel/Motel Tax	LeClaire Community Center/ Recreation Board
Revenues:				
Property tax	\$ 402,989	-	-	-
Other city tax:				
Mobile home tax	31	-	-	-
Utility tax replacement excise tax	19,957	-	-	-
Utility franchise tax	23,727	-	-	-
Hotel/motel tax	-	-	83,325	-
	43,715	-	83,325	-
Licenses and permits				
Cigarette	450	-	-	-
Liquor	2,828	-	-	-
Pet	156	-	-	-
Miscellaneous	581	100	-	-
	4,015	100	-	-
Use of money and property:				
Interest on investments	1,006	641	243	65
Rent	18,032	-	-	2,772
	19,038	641	243	2,837
Intergovernmental:				
State allocation	32,370	-	-	-
Fire contracts	29,665	-	-	-
Police state grants	5,412	-	-	-
Miscellaneous	370	-	-	-
	67,817	-	-	-
Charges for service:				
Garbage collection	-	142,844	-	-
Zoning and board of adjustment	6,230	-	-	-
Police	1,566	-	-	-
Fire	661	-	-	-
Recreation fees	-	-	-	4,224
Miscellaneous	7,749	1,441	-	-
	16,206	144,285	-	4,224
Special assessments	81	-	-	-

Riverfront Levee Board	Park Board	Library Board	Tourism Board	Damages, Claims and Deductibles	Unemployment Compensation	Total
-	-	-	-	-	-	402,989
-	-	-	-	-	-	31
-	-	-	-	-	-	19,957
-	-	-	-	-	-	23,727
-	-	-	-	-	-	83,325
-	-	-	-	-	-	127,040
-	-	-	-	-	-	450
-	-	-	-	-	-	2,828
-	-	-	-	-	-	156
-	-	-	-	-	-	681
-	-	-	-	-	-	4,115
109	112	362	135	74	128	2,875
-	30	-	-	-	-	20,834
109	142	362	135	74	128	23,709
-	-	-	-	-	-	32,370
-	-	-	-	-	-	29,665
-	-	-	-	-	-	5,412
-	-	-	-	-	-	370
-	-	-	-	-	-	67,817
-	-	-	-	-	-	142,844
-	-	-	-	-	-	6,230
-	-	-	-	-	-	1,566
-	-	-	-	-	-	661
-	-	-	-	-	-	4,224
-	-	-	-	-	-	9,190
-	-	-	-	-	-	164,715
-	-	-	-	-	-	81

City of LeClaire
Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
General Fund
Year ended June 30, 2003

	General	Garbage Collection	Hotel/Motel Tax	LeClaire Community Center/ Recreation Board
Revenues (continued):				
Miscellaneous:				
Donations and contributions	5,727	-	-	57
Refunds and reimbursements	3,955	151	-	25
Sales tax refund	7,425	-	-	-
Court fines	38,092	-	-	-
Miscellaneous	410	232	-	-
	<u>55,609</u>	<u>383</u>	<u>-</u>	<u>82</u>
Total revenues	<u>609,470</u>	<u>145,409</u>	<u>83,568</u>	<u>7,143</u>
Expenditures:				
Public safety:				
Police:				
Personal services	275,829	-	-	-
Services and commodities	89,145	-	-	-
Capital outlay	32,774	-	-	-
	<u>397,748</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fire department:				
Personal services	4,558	-	-	-
Services and commodities	52,455	-	-	-
Capital outlay	6,384	-	-	-
	<u>63,397</u>	<u>-</u>	<u>-</u>	<u>-</u>
Animal control:				
Services and commodities	1,242	-	-	-
	<u>462,387</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public works:				
Roads, bridges and sidewalks:				
Services and commodities	319	-	-	-
Snow removal:				
Services and commodities	1,112	-	-	-
Garbage:				
Personal services	-	5,754	-	-
Services and commodities	-	129,523	-	-
Capital outlay	-	72	-	-
	<u>-</u>	<u>135,349</u>	<u>-</u>	<u>-</u>
	<u>1,431</u>	<u>135,349</u>	<u>-</u>	<u>-</u>

Riverfront Levee Board	Park Board	Library Board	Tourism Board	Damages, Claims and Deductibles	Unemployment Compensation	Total
2,366	6,494	3,910	7,745	-	-	26,299
2	-	490	1,714	1,677	-	8,014
-	-	-	-	-	-	7,425
-	-	-	-	-	-	38,092
-	-	-	-	1,725	-	2,367
2,368	6,494	4,400	9,459	3,402	-	82,197
2,477	6,636	4,762	9,594	3,476	128	872,663
-	-	-	-	-	-	275,829
-	-	-	-	889	-	90,034
-	-	-	-	-	-	32,774
-	-	-	-	889	-	398,637
-	-	-	-	-	-	4,558
-	-	-	-	475	-	52,930
-	-	-	-	-	-	6,384
-	-	-	-	475	-	63,872
-	-	-	-	-	-	1,242
-	-	-	-	1,364	-	463,751
-	-	-	-	2,079	-	2,398
-	-	-	-	-	-	1,112
-	-	-	-	-	-	5,754
-	-	-	-	-	-	129,523
-	-	-	-	-	-	72
-	-	-	-	-	-	135,349
-	-	-	-	2,079	-	138,859

City of LeClaire

Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)

General Fund

Year ended June 30, 2003

	General	Garbage Collection	Hotel/Motel Tax	LeClaire Community Center/ Recreation Board
Expenditures (continued):				
Culture and recreation:				
Library:				
Personal services	-	-	-	-
Services and commodities	70,433	-	-	-
	<u>70,433</u>	<u>-</u>	<u>-</u>	<u>-</u>
Museum, band and theater:				
Services and commodities	163	-	-	-
	<u>163</u>	<u>-</u>	<u>-</u>	<u>-</u>
Parks:				
Personal services	4,626	-	-	-
Services and commodities	4,386	-	-	-
Capital outlay	11,430	-	-	-
	<u>20,442</u>	<u>-</u>	<u>-</u>	<u>-</u>
Veterans' memorial complex:				
Personal services	2,619	-	-	-
Services and commodities	2,777	-	-	-
Capital outlay	113	-	-	-
	<u>5,509</u>	<u>-</u>	<u>-</u>	<u>-</u>
Park board:				
Services and commodities	-	-	-	-
Capital outlay	-	-	1,060	-
	<u>-</u>	<u>-</u>	<u>1,060</u>	<u>-</u>
Recreation:				
Personal services	3,019	-	-	-
Services and commodities	4,464	-	-	-
Capital outlay	547	-	-	-
	<u>8,030</u>	<u>-</u>	<u>-</u>	<u>-</u>
Recreation board:				
Personal services	-	-	-	25
Services and commodities	-	-	-	6,486
Capital outlay	-	-	-	80
	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,591</u>
Riverfront recreation:				
Personal services	3,687	257	-	-
Services and commodities	2,660	-	500	-
Capital outlay	66	-	-	-
	<u>6,413</u>	<u>257</u>	<u>500</u>	<u>-</u>

Riverfront Levee Board	Park Board	Library Board	Tourism Board	Damages, Claims and Deductibles	Unemployment Compensation	Total
-	-	212	-	-	-	212
-	-	4,379	-	-	-	74,812
-	-	4,591	-	-	-	75,024
-	-	-	-	-	-	163
-	-	-	-	-	-	4,626
-	-	-	-	-	-	4,386
-	-	-	-	-	-	11,430
-	-	-	-	-	-	20,442
-	-	-	-	-	-	2,619
-	-	-	-	615	-	3,392
-	-	-	-	-	-	113
-	-	-	-	615	-	6,124
-	6,509	-	-	-	-	6,509
-	10,220	-	-	-	-	11,280
-	16,729	-	-	-	-	17,789
-	-	-	-	-	-	3,019
-	-	-	-	-	-	4,464
-	-	-	-	-	-	547
-	-	-	-	-	-	8,030
-	-	-	-	-	-	25
-	-	-	-	-	-	6,486
-	-	-	-	-	-	80
-	-	-	-	-	-	6,591
-	-	-	-	-	-	3,944
-	-	-	-	619	-	3,779
-	-	-	-	-	-	66
-	-	-	-	619	-	7,789

City of LeClaire

Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)

General Fund

Year ended June 30, 2003

	General	Garbage Collection	Hotel/Motel Tax	LeClaire Community Center/ Recreation Board
Expenditures (continued):				
Culture and recreation:				
Levee board:				
Personal services	-	-	-	-
Services and commodities	-	-	-	-
	-	-	-	-
Special events and celebrations:				
Personal services	-	-	178	-
Services and commodities	608	-	-	-
	608	-	178	-
	111,598	257	1,738	6,591
Community and economic development:				
Community beautification:				
Personal services	4,627	-	-	-
Services and commodities	3,132	-	5,000	-
Capital outlay	514	-	-	-
	8,273	-	5,000	-
Economic development:				
Personal services	202	-	-	-
Services and commodities	1,285	-	-	-
	1,487	-	-	-
Planning and zoning:				
Personal services	373	-	-	-
Services and commodities	11,890	-	-	-
	12,263	-	-	-
	22,023	-	5,000	-
General government:				
Mayor and council:				
Personal services	11,152	-	-	-
Services and commodities	1,559	-	-	-
	12,711	-	-	-
Clerk and administration:				
Personal services	48,590	-	-	-
Services and commodities	35,128	-	-	-
Capital outlay	938	-	-	-
	84,656	-	-	-

Riverfront Levee Board	Park Board	Library Board	Tourism Board	Damages, Claims and Deductibles	Unemployment Compensation	Total
50	-	-	-	-	-	50
853	-	-	-	-	-	853
903	-	-	-	-	-	903
-	-	-	-	-	-	178
-	-	-	-	-	-	608
-	-	-	-	-	-	786
903	16,729	4,591	-	1,234	-	143,641
-	-	-	-	-	-	4,627
-	-	-	-	-	-	8,132
-	-	-	-	-	-	514
-	-	-	-	-	-	13,273
-	-	-	305	-	-	507
-	-	-	54,364	-	-	55,649
-	-	-	54,669	-	-	56,156
-	-	-	-	-	-	373
-	-	-	-	-	-	11,890
-	-	-	-	-	-	12,263
-	-	-	54,669	-	-	81,692
-	-	-	-	-	-	11,152
-	-	-	-	-	-	1,559
-	-	-	-	-	-	12,711
-	-	-	-	-	-	48,590
-	-	-	-	521	-	35,649
-	-	-	-	-	-	938
-	-	-	-	521	-	85,177

City of LeClaire

Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)

General Fund

Year ended June 30, 2003

	General	Garbage Collection	Hotel/Motel Tax	LeClaire Community Center/ Recreation Board
Expenditures (continued):				
General government:				
City hall and general buildings:				
Personal services	3,517	-	-	-
Services and commodities	8,791	-	-	-
Capital outlay	33	-	-	-
	<u>12,341</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>109,708</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt service:				
Interest on advance from other funds	1,130	-	-	-
Total expenditures	<u>708,277</u>	<u>135,606</u>	<u>6,738</u>	<u>6,591</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(98,807)</u>	<u>9,803</u>	<u>76,830</u>	<u>552</u>
Other financing sources (uses):				
General obligation corporate purpose and refunding note proceeds	27,452	-	-	-
Sale of general fixed assets	160	-	-	-
Operating transfers in (out):				
General:				
General	-	(16,870)	-	-
Garbage Collection	16,870	-	-	-
Hotel/Motel Tax	-	-	-	-
Tourism Board	-	-	(45,300)	-
Damages, Claims and Deductibles	(10,407)	-	-	-
Special Revenue:				
Emergency	12,710	-	-	-
Local Option Sales Tax	9,759	-	-	-
Debt Service:				
2002 Corporate Purpose and Refunding	(732)	-	-	-
Total other financing sources (uses)	<u>55,812</u>	<u>(16,870)</u>	<u>(45,300)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(42,995)</u>	<u>(7,067)</u>	<u>31,530</u>	<u>552</u>
Fund balance (deficit) beginning of year, as restated (note 11)	51,867	38,014	21,713	3,895
Increase (decrease) in reserve for prepaid insurance	(468)	-	-	3
Fund balance (deficit) end of year	<u>\$ 8,404</u>	<u>30,947</u>	<u>53,243</u>	<u>4,450</u>

See accompanying independent auditor's report.

Riverfront Levee Board	Park Board	Library Board	Tourism Board	Damages, Claims and Deductibles	Unemployment Compensation	Total
-	-	-	-	-	-	3,517
-	-	-	-	-	-	8,791
-	-	-	-	-	-	33
-	-	-	-	-	-	12,341
-	-	-	-	521	-	110,229
-	-	-	-	-	-	1,130
903	16,729	4,591	54,669	5,198	-	939,302
1,574	(10,093)	171	(45,075)	(1,722)	128	(66,639)
-	-	-	-	-	-	27,452
-	-	-	-	-	-	160
-	-	-	-	10,407	-	(6,463)
-	-	-	-	-	-	16,870
-	-	-	45,300	-	-	45,300
-	-	-	-	-	-	(45,300)
-	-	-	-	-	-	(10,407)
-	-	-	-	-	-	12,710
-	-	-	-	-	-	9,759
-	-	-	-	-	-	(732)
-	-	-	45,300	10,407	-	49,349
1,574	(10,093)	171	225	8,685	128	(17,290)
6,724	10,551	(269)	-	(3,421)	8,770	137,844
3	-	-	-	-	-	(462)
8,301	458	(98)	225	5,264	8,898	120,092

City of LeClaire
Combining Balance Sheet
Special Revenue Funds
June 30, 2003

	Road Use Tax	Workers' Compen- sation	Employees' Retirement FICA/IPERS	Group Insurance	Emergency
Assets					
Cash and pooled investments	\$ 20	-	-	-	-
Receivables:					
Property tax:					
Current	-	791	1,609	1,608	309
Succeeding year	-	19,000	70,000	123,000	12,000
Accounts	212	-	-	702	-
Due from other funds	29,574	1,159	26,844	-	-
Due from other governments	17,560	-	-	-	-
Prepaid insurance	7,317	5,096	-	-	-
Total assets	\$ 54,683	26,046	98,453	125,310	12,309
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ 3,776	61	-	1,644	-
Due to other funds	-	-	-	6,321	-
Deferred revenue:					
Succeeding year property tax	-	19,000	70,000	123,000	12,000
Compensated absences	1,624	-	1,240	-	-
Total liabilities	5,400	19,061	71,240	130,965	12,000
Fund equity (deficit):					
Fund balance (deficit):					
Reserved for prepaid insurance	7,317	5,096	-	-	-
Unreserved:					
Designated for future equipment purchases	4,356	-	-	-	-
Undesignated	37,610	1,889	27,213	(5,655)	309
Total fund equity (deficit)	49,283	6,985	27,213	(5,655)	309
Total liabilities and fund equity	\$ 54,683	26,046	98,453	125,310	12,309

See accompanying independent auditor's report.

Local Option Sales Tax	Urban Renewal Tax Increment I	Urban Renewal Tax Increment II	Urban Renewal	Friends of the Library	Total
-	-	21,720	-	3,215	24,955
-	-	-	-	-	4,317
-	878,000	-	-	-	1,102,000
-	-	-	-	-	914
-	-	-	-	-	57,577
53,183	-	-	-	-	70,743
-	-	-	-	-	12,413
53,183	878,000	21,720	-	3,215	1,272,919

-	-	-	-	-	5,481
7,877	55,023	-	68	-	69,289
-	878,000	-	-	-	1,102,000
-	-	-	-	-	2,864
7,877	933,023	-	68	-	1,179,634

-	-	-	-	-	12,413
-	-	-	-	-	4,356
45,306	(55,023)	21,720	(68)	3,215	76,516
45,306	(55,023)	21,720	(68)	3,215	93,285
53,183	878,000	21,720	-	3,215	1,272,919

City of LeClaire

Combining Statement of Revenues, Expenditures
and Changes in Fund Balance (Deficit)

Special Revenue Funds

Year ended June 30, 2003

	Road Use Tax	Workers' Compen- sation	Employees' Retirement FICA/IPERS	Group Insurance	Emergency
Revenues:					
Property tax	\$ -	20,585	63,152	74,266	12,168
Tax increment financing collections	-	-	-	-	-
Other city tax:					
Mobile home tax	-	2	5	6	1
Utility tax replacement excise tax	-	1,029	3,157	3,696	607
Local option sales tax	-	-	-	-	-
	-	1,031	3,162	3,702	608
Use of money and property:					
Interest on investments	-	2	334	279	63
Intergovernmental:					
Road use tax allocation	230,710	-	-	-	-
Miscellaneous:					
Donations	-	-	-	-	-
Refunds and reimbursements	-	-	-	-	-
	-	-	-	-	-
Total revenues	230,710	21,618	66,648	78,247	12,839
Expenditures:					
Public safety:					
Police:					
Personal services	-	4,682	44,197	56,415	-
Fire department:					
Personal services	-	1,228	261	330	-
Capital outlay	-	-	-	-	-
	-	1,228	261	330	-
	-	5,910	44,458	56,745	-
Public works:					
Roads, bridges and sidewalks:					
Personal services	68,388	82	8,262	12,711	-
Services and commodities	58,229	-	-	-	-
Capital outlay	7,909	-	-	-	-
	134,526	82	8,262	12,711	-
Street lighting:					
Services and commodities	28,587	-	-	-	-
Snow removal:					
Personal services	20,088	34	2,302	8,556	-
Services and commodities	11,744	-	-	-	-
Capital outlay	17,826	-	-	-	-
	49,658	34	2,302	8,556	-

Local Option Sales Tax	Urban Renewal Tax Increment I	Urban Renewal Tax Increment II	Urban Renewal	Friends of the Library	LeClaire Holding Company	Total
-	-	-	-	-	-	170,171
-	167,407	605,765	-	-	-	773,172
-	-	-	-	-	-	14
-	-	-	-	-	-	8,489
337,010	-	-	-	-	-	337,010
337,010	-	-	-	-	-	345,513
1,165	785	1,891	-	-	17	4,536
-	-	-	-	-	-	230,710
-	-	-	-	1,504	1,000	2,504
-	1,591	-	-	-	325	1,916
-	1,591	-	-	1,504	1,325	4,420
338,175	169,783	607,656	-	1,504	1,342	1,528,522
-	-	-	-	-	-	105,294
-	-	-	-	-	-	1,819
-	-	-	-	-	1,590	1,590
-	-	-	-	-	1,590	3,409
-	-	-	-	-	1,590	108,703
-	-	-	-	-	-	89,443
17,261	-	-	-	-	-	75,490
-	-	-	-	-	-	7,909
17,261	-	-	-	-	-	172,842
-	-	-	-	-	-	28,587
-	-	-	-	-	-	30,980
-	-	-	-	-	-	11,744
-	-	-	-	-	-	17,826
-	-	-	-	-	-	60,550

City of LeClaire

Combining Statement of Revenues, Expenditures
and Changes in Fund Balance (Deficit)

Special Revenue Funds

Year ended June 30, 2003

	Road Use Tax	Workers' Compen- sation	Employees' Retirement FICA/IPERS	Group Insurance	Emergency
Expenditures (continued):					
Public works:					
Garage:					
Personal services	1,204	-	161	-	-
Services and comodities	5,880	-	-	-	-
Capital outlay	33	-	-	-	-
	<u>7,117</u>	<u>-</u>	<u>161</u>	<u>-</u>	<u>-</u>
	219,888	116	10,725	21,267	-
Culture and recreation:					
Library:					
Personal services	-	155	28	-	-
Services and comodities	-	-	-	-	-
	<u>-</u>	<u>155</u>	<u>28</u>	<u>-</u>	<u>-</u>
Parks:					
Personal services	-	701	613	1,495	-
Veterans' memorial complex:					
Personal services	-	449	350	1,495	-
Recreation:					
Personal services	-	465	405	1,516	-
Cemetery:					
Services and comodities	-	-	-	-	-
Riverfront recreation:					
Personal services	-	1,038	490	2,933	-
Special events and celebrations:					
Personal services	-	-	24	-	-
	<u>-</u>	<u>2,808</u>	<u>1,910</u>	<u>7,439</u>	<u>-</u>
Community and economic development:					
Community beautification:					
Personal services	-	-	620	-	-
Housing and urban renewal:					
Services and commodities	-	-	-	-	-
Planning and zoning:					
Personal services	-	-	50	-	-
Services and comodities	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>670</u>	<u>-</u>	<u>-</u>

Local Option Sales Tax	Urban Renewal Tax Increment I	Urban Renewal Tax Increment II	Urban Renewal	Friends of the Library	LeClaire Holding Company	Total
-	-	-	-	-	-	1,365
-	-	-	-	-	-	5,880
-	-	-	-	-	-	33
-	-	-	-	-	-	7,278
17,261	-	-	-	-	-	269,257
-	-	-	-	-	-	183
-	-	-	-	156	-	156
-	-	-	-	156	-	339
-	-	-	-	-	-	2,809
-	-	-	-	-	-	2,294
-	-	-	-	-	-	2,386
1,387	-	-	-	-	-	1,387
-	-	-	-	-	-	4,461
-	-	-	-	-	-	24
1,387	-	-	-	156	-	13,700
-	-	-	-	-	-	620
-	-	-	68	-	-	68
-	-	-	-	-	-	50
13,906	-	-	-	-	-	13,906
13,906	-	-	-	-	-	13,956
13,906	-	-	68	-	-	14,644

City of LeClaire

Combining Statement of Revenues, Expenditures
and Changes in Fund Balance (Deficit)

Special Revenue Funds

Year ended June 30, 2003

	Road Use Tax	Workers' Compen- sation	Employees' Retirement FICA/IPERS	Group Insurance	Emergency
Expenditures (continued):					
General government:					
Mayor and council:					
Personal services	-	20	803	-	-
Clerk and administration:					
Personal services	-	150	6,158	10,625	-
City hall and general buildings:					
Personal services	-	170	468	1,853	-
	-	340	7,429	12,478	-
Debt service:					
Incremental tax rebates	-	-	-	-	-
Total expenditures	219,888	9,174	65,192	97,929	-
Excess (deficiency) of revenues over (under) expenditures	10,822	12,444	1,456	(19,682)	12,839
Other financing uses:					
Operating transfers out:					
General	-	-	-	-	(12,710)
Debt Service:					
Forest Reed 1997 Economic Development	-	-	-	-	-
Valley 98-99 Corporate Purpose	-	-	-	-	-
Fire 703/BH/Cody Sewer I 1995 Corporate Purpose	-	-	-	-	-
Multi-purpose 1992 Essential Corporate Purpose	(1,452)	-	-	-	-
Bluffs #2 1998 Corporate Purpose	-	-	-	-	-
Cody II Sewer Improvement	-	-	-	-	-
Eagle View 1996 Economic Development	-	-	-	-	-
Bluffs #1 1996 Economic Development	-	-	-	-	-
Water Improvements	-	-	-	-	-
Bluffs #4 2000 Economic Development	-	-	-	-	-
8th/Cody Water/Sqd 2000 Corporate Purpose	-	-	-	-	-
Fire Station I/Library 2001 Corporate Purpose	-	-	-	-	-
Davenport/Dodge Street Project 2001 Corporate Purpose	-	-	-	-	-
Police Station Lease	-	-	-	-	-
2002 Refunding	-	-	-	-	-
2002 Corporate Purpose and Refunding	-	-	-	-	-
Capital Projects:					
Public Works Facility	-	-	-	-	-
Street Overlay	-	-	-	-	-
Total other financing sources (uses)	(1,452)	-	-	-	(12,710)
Excess (deficiency) of revenues over (under) expenditures and other financing uses	9,370	12,444	1,456	(19,682)	129
Fund balance (deficit) beginning of year, as restated (note 11)	32,596	5,065	25,757	14,027	180
Increase (decrease) in reserve for prepaid insurance	7,317	(10,524)	-	-	-
Fund balance (deficit) end of year	\$ 49,283	6,985	27,213	(5,655)	309

See accompanying independent auditor's report.

Local Option Sales Tax	Urban Renewal Tax Increment I	Urban Renewal Tax Increment II	Urban Renewal	Friends of the Library	LeClaire Holding Company	Total
-	-	-	-	-	-	823
-	-	-	-	-	-	16,933
-	-	-	-	-	-	2,491
-	-	-	-	-	-	20,247
-	-	194,484	-	-	-	194,484
32,554	-	194,484	68	156	1,590	621,035
305,621	169,783	413,172	(68)	1,348	(248)	907,487
(9,759)	-	-	-	-	-	(22,469)
-	-	(33,389)	-	-	-	(33,389)
(28,713)	-	-	-	-	-	(28,713)
(97,264)	-	-	-	-	-	(97,264)
-	(26,500)	(10,319)	-	-	-	(38,271)
-	-	(34,569)	-	-	-	(34,569)
(48,688)	-	-	-	-	-	(48,688)
-	-	(115,533)	-	-	-	(115,533)
-	-	(87,031)	-	-	-	(87,031)
(65,298)	(4,013)	-	-	-	-	(69,311)
-	-	(118,750)	-	-	-	(118,750)
(19,168)	(7,668)	-	-	-	-	(26,836)
(1,235)	(51,199)	-	-	-	-	(52,434)
(11,808)	(25,476)	-	-	-	-	(37,284)
-	(18,500)	-	-	-	-	(18,500)
-	-	(4,962)	-	-	-	(4,962)
(6,811)	-	-	-	-	-	(6,811)
-	-	(7,893)	-	-	-	(7,893)
-	(33,113)	-	-	-	-	(33,113)
(288,744)	(166,469)	(412,446)	-	-	-	(881,821)
16,877	3,314	726	(68)	1,348	(248)	25,666
28,429	(58,337)	20,994	-	1,867	248	70,826
-	-	-	-	-	-	(3,207)
45,306	(55,023)	21,720	(68)	3,215	-	93,285

City of LeClaire
Combining Balance Sheet
Debt Service Funds
June 30, 2003

	General	Valley 98-99 Corporate Purpose	Cody II Sewer Improve- ment	Eagle View 1996 Economic Development	1999 Police Equipment
Assets					
Cash and pooled investments	\$ 93	384	1,701	481	-
Receivables:					
Property tax:					
Current	-	-	-	-	-
Succeeding year	-	-	-	-	5,000
Due from other funds	-	-	-	-	-
Total assets	\$ 93	384	1,701	481	5,000
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ -	-	776	777	-
Due to other funds	-	-	-	-	-
Deferred revenue:					
Succeeding year property tax	-	-	-	-	5,000
Total liabilities	-	-	776	777	5,000
Fund equity (deficit):					
Fund balance (deficit):					
Reserved for debt service	93	384	925	(296)	-
Total liabilities and and fund equity	\$ 93	384	1,701	481	5,000

See accompanying independent auditor's report.

1999 Public Works Equipment Jeep	1999 Police Equipment Radios	Fire Station I/ Library 2001 Corporate Purpose	Fire Station II 2002 Corporate Purpose	2002 Refunding	2002 Corporate Purpose and Refunding	Total
3	-	-	774	194	9,072	12,702
-	-	2,337	-	-	-	2,337
5,000	14,000	-	-	-	12,000	36,000
-	-	-	-	-	2,337	2,337
5,003	14,000	2,337	774	194	23,409	53,376
-	-	-	-	-	-	1,553
-	-	2,337	-	-	-	2,337
5,000	14,000	-	-	-	12,000	36,000
5,000	14,000	2,337	-	-	12,000	39,890
3	-	-	774	194	11,409	13,486
5,003	14,000	2,337	774	194	23,409	53,376

City of LeClaire

Combining Statement of Revenues, Expenditures
and Changes in Fund Balance (Deficit)

Debt Service Funds

Year ended June 30, 2003

	General	Forest Reed 1997 Economic Development	Valley 98-99 Corporate Purpose	Fire 703/BH/ Cody Sewer I 1995 Corporate Purpose
Revenues:				
Property tax	\$ 249	-	-	15,134
Other city tax:				
Mobile home tax	-	-	-	-
Utility replacement excise tax	-	-	-	509
				509
Use of money and property:				
Interest on investments	3	1	5	94
Miscellaneous				
Miscellaneous	-	29	-	30
Total revenues	252	30	5	15,767
Expenditures:				
Debt service:				
Services and commodities	-	856	-	907
Capital outlay	-	-	-	-
Lease agreement	-	-	-	-
Principal redemption	-	-	25,000	-
Interest	-	8,625	3,712	8,116
Bond registration fees	-	-	-	-
Total expenditures	-	9,481	28,712	9,023
Excess (deficiency) of revenues over (under) expenditures	252	(9,451)	(28,707)	6,744
Other financing sources (uses):				
General obligation refunding note proceeds	-	231,809	-	-
General obligation corporate purpose and refunding note proceeds	-	-	-	314,792
General obligation bonds/notes refunded	-	(230,000)	-	(315,000)
Operating transfers in (out):				
General:				
General	-	-	-	-
Special Revenue:				
Road Use Tax	-	-	-	-
Local Option Sales Tax	-	-	28,713	97,264
Urban Renewal Tax Increment I	-	-	-	-
Urban Renewal Tax Increment II	-	33,389	-	-

1991 Fire Equip- ment	Multi-purpose 1992 Essential Corporate Purpose	Bluffs #2 1998 Corporate Purpose	Cody II Sewer Improve- ment	Eagle View 1996 Economic Development	Bluffs #1 1996 Economic Development	1999 Police Equipment
16,988	-	-	-	-	-	5,588
-	-	-	-	-	-	-
572	-	-	-	-	-	188
572	-	-	-	-	-	188
299	12	110	19	-	3	-
-	-	41	-	-	42	-
17,859	12	151	19	-	45	5,776
-	-	1,198	797	797	1,229	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
35,000	37,400	-	40,000	95,000	-	5,219
2,260	2,244	11,672	8,187	20,032	10,754	557
-	-	-	-	-	-	-
37,260	39,644	12,870	48,984	115,829	11,983	5,776
(19,401)	(39,632)	(12,719)	(48,965)	(115,829)	(11,938)	-
-	-	324,584	130,000	220,000	332,667	-
-	-	-	-	-	-	-
-	-	(322,000)	(130,000)	(220,000)	(330,000)	-
-	-	-	-	-	-	-
-	1,452	-	-	-	-	-
-	-	-	48,688	-	-	-
-	26,500	-	-	-	-	-
-	10,319	34,569	-	115,533	87,031	-

City of LeClaire

Combining Statement of Revenues, Expenditures
and Changes in Fund Balance (Deficit)

Debt Service Funds

Year ended June 30, 2003

	1999 Public Works Equipment Jeep	1999 Police Equipment Radios	Water Improve- ments	Bluffs #4 2000 Economic Development
Revenues:				
Property tax	5,439	15,192	-	-
Other city tax:				
Mobile home tax	-	-	-	-
Utility replacement excise tax	183	511	-	-
	183	511	-	-
Use of money and property:				
Interest on investments	-	-	-	2
Miscellaneous				
Miscellaneous	-	-	-	64
Total revenues	5,622	15,703	-	66
Expenditures:				
Debt service:				
Services and commodities	-	-	-	1,861
Capital outlay	-	-	-	-
Lease agreement	-	-	-	-
Principal redemption	5,075	15,703	35,000	-
Interest	546	-	33,930	95,000
Bond registration fees	-	-	300	-
Total expenditures	5,621	15,703	69,230	96,861
Excess (deficiency) of revenues over (under) expenditures	1	-	(69,230)	(96,795)
Other financing sources (uses):				
General obligation refunding note proceeds	-	-	-	504,020
General obligation corporate purpose and refunding note proceeds	-	-	-	-
General obligation bonds/notes refunded	-	-	-	(500,000)
Operating transfers in (out):				
General:				
General	-	-	-	-
Special Revenue:				
Road Use Tax	-	-	-	-
Local Option Sales Tax	-	-	65,298	-
Urban Renewal Tax Increment I	-	-	4,013	-
Urban Renewal Tax Increment II	-	-	-	118,750

Davenport/Dodge								Total
8th/Cody Water/ Sqd 2000 Corporate Purpose	Fire Station I/ Library 2001 Corporate Purpose	Street Project 2001 Corporate Purpose	Police Station Lease	Fire Station II 2002 Corporate Purpose	2002 Refunding	2002 Corporate Purpose and Refunding		
6,791	54,638	9,641	-	17,124	-	-	146,784	
-	7	-	-	-	-	-	7	
229	1,842	-	-	563	-	-	4,597	
229	1,849	-	-	563	-	-	4,604	
13	36	18	-	87	224	451	1,377	
20	72	32	-	-	-	-	330	
7,053	56,595	9,691	-	17,774	224	451	153,095	
608	2,186	992	-	-	-	-	11,431	
-	7,365	-	-	-	-	-	7,365	
-	-	-	18,500	-	-	-	18,500	
-	-	-	-	10,000	140,000	240,000	683,397	
6,276	17,414	8,625	-	7,000	31,435	48,154	324,539	
-	-	-	-	-	250	250	800	
6,884	26,965	9,617	18,500	17,000	171,685	288,404	1,046,032	
169	29,630	74	(18,500)	774	(171,461)	(287,953)	(892,937)	
-	-	-	-	-	-	-	1,743,080	
210,948	759,673	344,787	-	-	-	-	1,630,200	
(211,000)	(760,000)	(345,000)	-	-	-	-	(3,363,000)	
-	-	-	-	-	-	732	732	
-	-	-	-	-	-	-	1,452	
19,168	1,235	11,808	-	-	-	6,811	278,985	
7,668	51,199	25,476	18,500	-	-	-	133,356	
-	-	-	-	-	4,962	-	404,553	

City of LeClaire

Combining Statement of Revenues, Expenditures
and Changes in Fund Balance (Deficit)

Debt Service Funds

Year ended June 30, 2003

	Forest Reed 1997 Economic Development	Valley 98-99 Corporate Purpose	Fire 703/BH/ Cody Sewer I 1995 Corporate Purpose
	General	Development	Purpose
Other financing sources (uses) (continued):			
Operating transfers in (out):			
Debt Service:			
General	-	-	-
Forest Reed 1997 Economic Development	-	-	-
Fire 703/BH/Cody Sewer I 1995 Corporate Purpose	-	-	-
1991 Fire Equipment	1,420	-	-
Multi-purpose 1992 Essential Corporate Purpose	(264)	-	-
Bluffs #2 1998 Corporate Purpose	-	-	-
Bluffs #1 1996 Economic Development	-	-	-
Bluffs #4 2000 Economic Development	-	-	-
8th/Cody Water/Sqd 2000 Corporate Purpose	-	-	-
Fire Station I/Library 2001 Corporate Purpose	-	-	-
Davenport/Dodge Street Project 2001 Corporate Purpose	-	-	-
2002 Refunding	-	(25,747)	-
2002 Corporate Purpose and Refunding	(1,384)	-	(114,398)
Capital Projects:			
Iowa Drive Paving	-	-	-
Public Works Facility	-	-	-
Street Overlay	-	-	-
Total other financing sources (uses)	(228)	9,451	28,713
Excess (deficiency) or revenues and other financing sources over (under) expenditures and other financing uses	24	-	6
Fund balance (deficit) beginning of year	69	-	378
Fund balance (deficit) end of year	\$ 93	-	384

1991 Fire Equip- ment	Multi-purpose 1992 Essential Corporate Purpose	Bluffs #2 1998 Corporate Purpose	Cody II Sewer Improve- ment	Eagle View 1996 Economic Development	Bluffs #1 1996 Economic Development	1999 Police Equipment
(1,420)	264	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(37,042)	-	-	(77,929)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(1,420)	38,535	111	48,688	115,533	11,769	-
(20,821)	(1,097)	(12,608)	(277)	(296)	(169)	-
20,821	1,097	12,608	1,202	-	169	-
-	-	-	925	(296)	-	-

City of LeClaire

Combining Statement of Revenues, Expenditures
and Changes in Fund Balance (Deficit)

Debt Service Funds

Year ended June 30, 2003

	1999 Public Works Equipment Jeep	1999 Police Equipment Radios	Water Improve- ments	Bluffs #4 2000 Economic Development
Other financing sources (uses) (continued):				
Operating transfers in (out):				
Debt Service:				
General	-	-	-	-
Forest Reed 1997 Economic Development	-	-	-	-
Fire 703/BH/Cody Sewer I 1995 Corporate Purpose	-	-	-	-
1991 Fire Equipment	-	-	-	-
Multi-purpose 1992 Essential Corporate Purpose	-	-	-	-
Bluffs #2 1998 Corporate Purpose	-	-	-	-
Bluffs #1 1996 Economic Development	-	-	-	-
Bluffs #4 2000 Economic Development	-	-	-	-
8th/Cody Water/Sqd 2000 Corporate Purpose	-	-	-	-
Fire Station I/Library 2001 Corporate Purpose	-	-	-	-
Davenport/Dodge Street Project 2001 Corporate Purpose	-	-	-	-
2002 Refunding	-	-	-	(25,975)
2002 Corporate Purpose and Refunding	-	-	-	-
Capital Projects:				
Iowa Drive Paving	-	-	-	-
Public Works Facility	-	-	-	-
Street Overlay	-	-	-	-
Total other financing sources (uses)	-	-	69,311	96,795
Excess (deficiency) or revenues and other financing sources over (under) expenditures and other financing uses	1	-	81	-
Fund balance (deficit) beginning of year	2	-	(81)	-
Fund balance (deficit) end of year	3	-	-	-

See accompanying independent auditor's report.

8th/Cody Water/ Sqd 2000 Corporate Purpose	Fire Station I/ Library 2001 Corporate Purpose	Davenport/Dodge Street Project 2001 Corporate Purpose	Police Station Lease	Fire Station II 2002 Corporate Purpose	2002 Refunding	2002 Corporate Purpose and Refunding	Total
-	-	-	-	-	-	1,384	228
-	-	-	-	-	25,747	-	25,747
-	-	-	-	-	-	114,398	114,398
-	-	-	-	-	-	-	1,420
-	-	-	-	-	-	-	(264)
-	-	-	-	-	37,042	-	37,042
-	-	-	-	-	77,929	-	77,929
-	-	-	-	-	25,975	-	25,975
-	-	-	-	-	-	26,972	26,972
-	-	-	-	-	-	89,137	89,137
-	-	-	-	-	-	37,192	37,192
-	-	-	-	-	-	-	(166,693)
(26,972)	(89,137)	(37,192)	-	-	-	-	(269,083)
-	-	-	-	-	-	4,413	4,413
-	-	-	-	-	-	14,895	14,895
-	-	-	-	-	-	3,428	3,428
(188)	(37,030)	(121)	18,500	-	171,655	299,362	852,094
(19)	(7,400)	(47)	-	774	194	11,409	(40,843)
19	7,400	47	-	-	-	-	54,329
-	-	-	-	774	194	11,409	13,486

City of LeClaire
Combining Balance Sheet
Capital Projects Funds
June 30, 2003

	Hydro- Electric Project	Library Project	Iowa Drive Paving
Assets			
Cash and pooled investments	\$ -	614,247	7,176
Due from other funds	33,911	27	-
Total assets	\$ 33,911	614,274	7,176
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ -	17,566	-
Due to other funds	-	-	-
	-	17,566	-
Fund equity (deficit):			
Fund balance (deficit):			
Unreserved	33,911	596,708	7,176
Total liabilities and fund equity	\$ 33,911	614,274	7,176

See accompanying independent auditor's report.

Public Works Facility	Street Overlay	U.S.67/ Eagle Ridge Road	City Hall	Total
547,749	-	-	-	1,169,172
47,862	-	-	-	81,800
595,611	-	-	-	1,250,972

78,562	70	-	-	96,198
-	-	47,862	27	47,889
78,562	70	47,862	27	144,087

517,049	(70)	(47,862)	(27)	1,106,885
595,611	-	-	-	1,250,972

City of LeClaire

Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)

Capital Project Funds

Year ended June 30, 2003

	Hydro- Electric Project	Fire Station Project	Library Project
Revenues:			
Use of money and property:			
Interest on investments	\$ 491	-	8,644
Miscellaneous:			
Other	-	-	-
Total revenues	<u>491</u>	<u>-</u>	<u>8,644</u>
Expenditures:			
Capital projects:			
Personal services	-	-	290
Services and commodities	251	-	35,515
Capital outlay	-	33	-
Total expenditures	<u>251</u>	<u>33</u>	<u>35,805</u>
Excess (deficiency) of revenues over (under) expenditures	<u>240</u>	<u>(33)</u>	<u>(27,161)</u>
Other financing sources (uses):			
General obligation corporate purpose and refunding proceeds	-	-	-
Operating transfers in (out):			
Special Revenue:			
Urban Renewal Tax Increment I	-	-	-
Urban Renewal Tax Increment II	-	-	-
Debt Service:			
2002 Corporate purpose and refunding	-	-	-
Enterprise:			
Sewer	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>240</u>	<u>(33)</u>	<u>(27,161)</u>
Fund balance (deficit) beginning of year	<u>33,671</u>	<u>33</u>	<u>623,869</u>
Fund balance (deficit) end of year	<u>\$ 33,911</u>	<u>-</u>	<u>596,708</u>

See accompanying independent auditor's report.

Iowa Drive Paving	Public Works Facility	Street Overlay	U.S.67/ Eagle Ridge Road	City Hall	Total
66	4,355	-	-	-	13,556
22	569	1,545	-	-	2,136
88	4,924	1,545	-	-	15,692
-	-	-	-	-	290
23,275	31,572	597	45,941	27	137,178
196,693	256,018	210,492	1,921	-	665,157
219,968	287,590	211,089	47,862	27	802,625
(219,880)	(282,666)	(209,544)	(47,862)	(27)	(786,933)
231,469	781,404	179,855	-	-	1,192,728
-	-	33,113	-	-	33,113
-	7,893	-	-	-	7,893
(4,413)	(14,895)	(3,428)	-	-	(22,736)
-	26,197	-	-	-	26,197
227,056	800,599	209,540	-	-	1,237,195
7,176	517,933	(4)	(47,862)	(27)	450,262
-	(884)	(66)	-	-	656,623
7,176	517,049	(70)	(47,862)	(27)	1,106,885

City of LeClaire
Combining Balance Sheet
Enterprise Funds
June 30, 2003

	Water	Sewer	Total
Assets			
Current assets:			
Cash and pooled investments	\$ 70	857	927
Receivables:			
Customer accounts	19,755	24,793	44,548
Unbilled usage	12,026	12,039	24,065
Accounts	1,127	5,903	7,030
Special assessments	752	2,314	3,066
Due from other funds	-	373	373
Prepaid insurance	7,043	10,433	17,476
Restricted assets:			
Cash and pooled investments:			
Customer deposits	41,370	40,335	81,705
Revenue bond/note and interest sinking account	76,586	-	76,586
Advances to other funds	-	24,150	24,150
Total assets	\$ 158,729	121,197	279,926
Liabilities and Fund Equity			
Current liabilities:			
Accounts payable	\$ 7,123	8,689	15,812
Due to other funds	117,246	18,834	136,080
Current liabilities payable from restricted assets:			
Customer deposits	41,370	40,335	81,705
Accrued revenue bond interest	4,154	-	4,154
Current principal portion of revenue bonds	20,000	-	20,000
Non-current liabilities:			
Revenue bonds	819,935	-	819,935
Compensated absences	9,293	10,414	19,707
Total liabilities	<u>1,019,121</u>	<u>78,272</u>	<u>1,097,393</u>
Fund equity (deficit):			
Contributed capital	750,981	-	750,981
Retained earnings:			
Reserved for:			
Debt service	50,534	-	50,534
Unreserved (deficit)	(1,661,907)	42,925	(1,618,982)
Total fund equity	<u>(860,392)</u>	<u>42,925</u>	<u>(817,467)</u>
Total liabilities and fund equity	\$ 158,729	121,197	279,926

See accompanying independent auditor's report.

City of LeClaire

Combining Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit)

Enterprise Funds

Year ended June 30, 2003

	Water	Sewer	Total
Operating revenues:			
Charges for service:			
Sale of water	\$ 241,215	-	241,215
Customer penalties	3,461	4,730	8,191
Service charges	6,823	1,828	8,651
Fire hydrants	1,560	-	1,560
Sewer rental fees	-	321,960	321,960
Sewer connection fees	-	3,165	3,165
	<u>253,059</u>	<u>331,683</u>	<u>584,742</u>
Miscellaneous	6,290	4,570	10,860
Total operating revenues	<u>259,349</u>	<u>336,253</u>	<u>595,602</u>
Operating expenses:			
Business type activities:			
Personal services	120,594	166,734	287,328
Services and commodities	80,552	130,977	211,529
Total operating expenses	<u>201,146</u>	<u>297,711</u>	<u>498,857</u>
Operating income	<u>58,203</u>	<u>38,542</u>	<u>96,745</u>
Non-operating revenues (expenses):			
Interest income	1,879	352	2,231
Rent	9,600	-	9,600
Interest expense	(51,640)	(31)	(51,671)
Debt service administrative fees	(300)	-	(300)
Purchase of capital assets	(23,136)	(39,903)	(63,039)
Total non-operating revenues (expenses)	<u>(63,597)</u>	<u>(39,582)</u>	<u>(103,179)</u>
Loss before operating transfers	<u>(5,394)</u>	<u>(1,040)</u>	<u>(6,434)</u>
Operating transfers out:			
Capital Projects:			
Public Works Facility	-	(26,197)	(26,197)
Net loss	<u>(5,394)</u>	<u>(27,237)</u>	<u>(32,631)</u>
Retained earnings (deficit) beginning of year	<u>(1,605,979)</u>	<u>70,162</u>	<u>(1,535,817)</u>
Retained earnings (deficit) end of year	<u>\$ (1,611,373)</u>	<u>42,925</u>	<u>(1,568,448)</u>

See accompanying independent auditor's report.

Schedule 11

City of LeClaire
Combining Statement of Cash Flows
Enterprise Funds
Year ended June 30, 2003

	Water	Sewer	Total
Cash flows from operating activities:			
Cash received from customers	\$ 265,219	339,603	604,822
Cash payments to suppliers for services	(207,917)	(304,813)	(512,730)
Net cash provided by operating activities	57,302	34,790	92,092
Cash flows from non-capital financing activities:			
Cash received from rentals	9,600	-	9,600
Payment received on advance to other funds	16,870	-	16,870
Deficit cash implicitly financed	51,707	18,461	70,168
Transfer out	-	(26,197)	(26,197)
Net cash provided by (used for) non-capital financing activities	78,177	(7,736)	70,441
Cash flows from capital and related financing activities:			
Purchase of capital assets	(84,581)	(39,903)	(124,484)
Principal paid	(22,040)	(560)	(22,600)
Interest paid	(51,056)	(34)	(51,090)
Debt service administrative fees	(300)	-	(300)
Net cash used for capital and related financing activities	(157,977)	(40,497)	(198,474)
Cash flows from investing activities:			
Interest on investments	1,879	352	2,231
Net decrease in cash and cash equivalents	(20,619)	(13,091)	(33,710)
Cash and cash equivalents beginning of year	138,645	54,283	192,928
Cash and cash equivalents end of year	\$ 118,026	41,192	159,218

City of LeClaire
Combining Statement of Cash Flows
Enterprise Funds
Year ended June 30, 2003

	Water	Sewer	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 58,203	38,542	96,745
Adjustments to reconcile operating income to net cash provided by operating activities:			
(Increase) in receivables	(938)	(5,332)	(6,270)
(Increase) in prepaid insurance	(1,592)	(2,480)	(4,072)
(Decrease) in payables	(1,851)	(120)	(1,971)
Increase in customer deposits	830	1,943	2,773
Increase in compensated absences	2,650	2,237	4,887
Net cash provided by operating activities	<u>\$ 57,302</u>	<u>34,790</u>	<u>92,092</u>
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:			
Current assets:			
Cash and pooled investments	\$ 70	857	927
Restricted assets:			
Customer deposits	41,370	40,335	81,705
Revenue bond and interest sinking account	76,586	-	76,586
Cash and cash equivalents end of year	<u>\$ 118,026</u>	<u>41,192</u>	<u>159,218</u>

See accompanying independent auditor's report.

City of LeClaire
 Bond and Note Maturities
 June 30, 2003

Year Ending June 30,	General Obligation Bonds/Notes					
	Corporate Purpose		Police Car		Public Works Equipment	
	Issued Apr 1, 1998		Issued Oct 19, 1999		Issued Oct 19, 1999	
	Interest		Interest		Interest	
	Rates	Amount	Rates	Amount	Rates	Amount
2004	4.95%	\$ 25,000	5.25%	\$ 5,385	5.25%	\$ 5,322
2005	4.95	25,000		-		-
2006		-		-		-
2007		-		-		-
2008		-		-		-
2009-2025		-		-		-
Total		<u>\$ 50,000</u>		<u>\$ 5,385</u>		<u>\$ 5,322</u>

<u>Police Equipment</u>		<u>Water Improvements</u>		<u>Corporate Purpose</u>	
<u>Issued Nov 1, 1999</u>		<u>Issued Nov 15, 1999</u>		<u>Issued Apr 1, 2002</u>	
Interest		Interest		Interest	
Rates	Amount	Rates	Amount	Rates	Amount
0.00%	\$ 15,702	5.00%	\$ 40,000	5.00%	\$ 10,000
-	-	5.00	40,000	5.00	15,000
-	-	5.00	45,000	5.00	15,000
-	-	5.00	45,000	5.00	15,000
-	-	5.05	45,000	5.00	15,000
-	-	5.10-5.60	400,000	5.00	60,000
	<u>\$ 15,702</u>		<u>\$ 615,000</u>		<u>\$ 130,000</u>

City of LeClaire
 Bond and Note Maturities
 June 30, 2003

Year Ending June 30,	General Obligation Bonds/Notes					
	Refunding		Corporate Purpose and Refunding		Refunding	
	Issued Dec 1, 2002		Issued Dec 1, 2002		Issued May 30, 2003	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2004	3.50%	\$ 180,000	2.30%	\$ 285,000	1.60%	\$ 105,000
2005	4.00	240,000	2.60	305,000	1.85	115,000
2006	4.50	300,000	2.90	225,000		-
2007	5.00	205,000	3.20	270,000		-
2008	5.40	245,000	3.50	295,000		-
2009-2025	5.65	100,000	3.75-4.40	1,265,000		-
Total		<u>\$ 1,270,000</u>		<u>\$ 2,645,000</u>		<u>\$ 220,000</u>

* Net of discount \$15,065 amortized over life of bonds.

See accompanying independent auditor's report.

Refunding			Revenue Bonds	
Issued May 30, 2003			Water Revenue	
Interest			Issued Nov 15, 1999	
Rates	Amount	Total	Interest Rates	Amount
3.05%	\$ 40,000	\$ 711,409	5.40%	\$ 19,315
3.15	45,000	785,000	5.40	24,315
3.25	45,000	630,000	5.40	24,315
	-	535,000	5.40	24,315
	-	600,000	5.40	24,315
	-	1,825,000	5.40-6.15	723,360
	<u>\$ 130,000</u>	<u>\$ 5,086,409</u>		<u>\$ 839,935 *</u>

Schedule 13

City of LeClaire

Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30,			
	2003	2002	2001	2000
Property tax	\$ 719,944	697,224	675,786	651,676
Tax increment financing collections	773,172	649,999	537,842	399,918
Other city tax:				
Local option sales tax	337,010	326,513	319,964	334,454
Payment in lieu of tax	-	-	98,661	31,401
Mobile home tax	52	-	39	23
Utility franchise tax	23,727	21,145	18,963	7,582
Hotel/motel tax	83,325	109,640	83,899	69,793
Utility tax replacement excise tax	33,043	33,239	33,240	-
	477,157	490,537	554,766	443,253
Intergovernmental:				
Road use tax	230,710	230,420	221,018	223,993
State allocation	32,370	34,135	35,729	35,834
Public Safety Partnership and Community Policing grant	-	-	-	32,472
Public assistance grant	-	4,683	24,205	-
Miscellaneous	35,447	38,527	41,246	29,530
	298,527	307,765	322,198	321,829
Total	\$ 2,268,800	2,145,525	2,090,592	1,816,676

See accompanying independent auditor's report.



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

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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 general purpose financial statements of the City of LeClaire, Iowa, as of and for the year ended June 30, 2003, and have issued our report thereon dated September 12, 2003, except for Note 15, as to which the date is October 7, 2003. Our report expressed an adverse opinion on the financial statements of the Enterprise Funds due to the omission of fund fixed assets and a qualified opinion on the general purpose financial statements other than those of the Enterprise Funds due to the omission of the general fixed assets account group. 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 LeClaire's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2003 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for items (9) and (11).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of LeClaire'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 LeClaire'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 general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable conditions described in the accompanying Schedule of Findings are material weaknesses. Prior year reportable conditions have been resolved except for items (A) and (B).

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



DAVID A. VAUDT, CPA
Auditor of State

September 12, 2003

City of LeClaire
Schedule of Findings
June 30, 2003

Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

- (A) Information Systems – During our review of internal control, the existing control activities in the City's computer based systems were evaluated in order to determine that activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The following weaknesses in the City's computer based systems were noted:

The City does not have written policies for:

- Password privacy and confidentiality.
- Requiring password changes because software does not require the user to change log-ins/passwords periodically.
- Ensuring that only software licensed to the City is installed on computers.
- Usage of the internet.
- Personal use of computer equipment and software.

Also, the City's computer system does not have automatic lock out function if an incorrect password is entered several times in a row. The City does not have a disaster recovery plan or off-site storage for computer back ups of software and files. The City's anti-virus program is not run on a regular basis.

Recommendation – The City should develop written policies addressing the above items in order to improve the City's control over computer based systems. An automatic lock out function should be utilized. A disaster recovery plan should be developed and off-site storage of critical files should be established. The City's anti-virus program should be updated and run on a regular basis.

Response – We are continuing to review and work on this issue.

Conclusion – Response accepted.

- (B) Records of Accounts – The LeClaire Volunteer Fire Department (Department) maintained a checking and savings account separate from the City Clerk's records. The transactions and the resulting balances were not reported to the Council each month, and the transactions were not recorded in the Clerk's records. During the year ended June 30, 2003, the Department closed the bank accounts and opened

City of LeClaire

Schedule of Findings

June 30, 2003

new bank account(s) under the LeClaire Fire Association (Association). The City was not able to provide documentation that the Association has obtained separate legal status as of June 30, 2003.

Recommendation – 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." Until the Association becomes legally separate from the City, the monthly financial transactions should be included in the Clerk's monthly financial reports.

Response – The City is currently awaiting documentation from the Firefighters Association as to their legal status. Additionally, copies of that organizations' articles of incorporation and by-law will be provided when received by the City.

Conclusion – Response acknowledged. However, the Fire Association donation accounts were not legally separate from the City at June 30, 2003. Until the Association becomes legally separate, the monthly financial transactions should be included in the Clerk's monthly reports.

City of LeClaire
Schedule of Findings
June 30, 2003

Other Findings Related to Required Statutory Reporting:

- (1) Official Depositories – A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2003.
- (2) Certified Budget – Disbursements during the year ended June 30, 2003 exceeded the amount budgeted in the public safety, public works, community and economic development and general government functions. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

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

Response – The fiscal 2003 budgeting transition created some of this problem. Budget will be appropriately amended in the future.

Conclusion – Response accepted.

- (3) Questionable Expenditures – No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- (4) Travel Expense – No expenditures 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.

On May 27, 2003, the City approved a development agreement with Kimberly K. Collier, developer and owner of “Grasshoppers” and wife of Rodney L. Collier, City Council member. Mr. Collier abstained from voting on the item.

Under the agreement, the City agrees to make future tax rebate payments to the developer for up to a maximum of \$69,000 over ten years. The payments to be made under the agreement represent the incremental property taxes paid by the developer related to the project.

In the opinion of the City Attorney, the development agreement does not appear to represent a conflict of interest since the City complied with applicable statutes and made the required disclosures.

- (6) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- (7) Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

City of LeClaire
Schedule of Findings
June 30, 2003

Although minutes of Council proceedings were published, they were not always published within fifteen days as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation – The City should comply with Chapter 372.13(6) of the Code of Iowa and publish minutes as required.

Response – Minutes will be published within the prescribed time frame in the future.

Conclusion – Response accepted.

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

(9) Financial Condition – At June 30, 2002 and 2003, the City had deficit unreserved fund balances/retained earnings in the following accounts:

Fund	Unreserved Fund Balance/ Retained Earnings (Deficit)	
	June 30,	
	2002	2003
General:		
General	\$ 38,215	(4,780)
Library	(269)	(98)
Special Revenue:		
Group Insurance	14,001	(5,655)
Urban Renewal Tax Incremental I	(14,299)	(55,023)
Urban Renewal	-	(68)
Debt Service:		
Eagle View 1996 Economic Development	-	(296)
Capital Projects:		
Street Overlay	(66)	(70)
U.S. 67/Eagle Ridge	-	(47,862)
City Hall Project	-	(27)
Enterprise:		
Water	(1,656,220)	(1,661,907)

The deficit in the Enterprise Fund, Water Account is primarily because the City does not maintain a complete fixed asset cost record and fixed assets are not included in the financial statements.

On October 7, 2003, the City of LeClaire Municipal Water Works System (Water System) was sold. As a result, the City’s water revenue bonds were defeased and the liability for the bonds was removed from the Enterprise Fund, Water Account. The removal of this debt, along with the proceeds from the sale of the water system, will help eliminate the deficit retained earnings in the fund.

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

City of LeClaire
Schedule of Findings
June 30, 2003

Response – The sale of the water system in fiscal 2004 and other financial adjustments will be implemented to eliminate these deficit balances.

Conclusion – Response accepted.

- (10) Revenue Bonds – The Water Enterprise Fund had a deficit cash balance of \$117,246 at June 30, 2003. This appears to violate provisions of the revenue bond resolution which states that the bonds and interest are payable solely and only from the net earnings of the enterprise activities.

Recommendation – City officials should review the water bond resolution and comply with provisions of the resolution and ensure that the established rates will result in sufficient funds to meet future obligations.

Response – The water system will be sold in fiscal 2004. The proceeds from the sale will be used to eliminate this deficit.

Conclusion – Response accepted.

- (11) Health Insurance Plan – The City provides employees health insurance and other benefits through a partially self-insured benefit plan. Chapter 509A.15 of the Code of Iowa requires the City to obtain an actuarial opinion issued by a member of the American Academy of Actuaries which attests to the adequacy of reserves, rates and the financial condition of the plan and to file an annual financial report with the Insurance Commissioner.

Recommendation – The City should obtain an actuarial opinion, issued by a member of the American Academy of Actuaries, as required. The City should also file an annual financial report with the Insurance Commissioner as required.

Response – The City will continue to review and explore the economic justification of this requirement.

Conclusion – The City should obtain the actuarial opinion as required.

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

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

Response – The City has started this process.

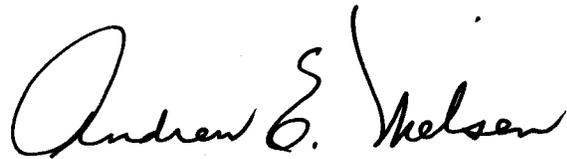
Conclusion – Response accepted.

City of LeClaire

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Manager
Donna F. Kruger, CPA, Senior Auditor II
Kimberly M. Knight, Staff Auditor
Donald N. Miksch, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial 'A' and a distinct 'E'.

Andrew E. Nielsen, CPA
Deputy Auditor of State