



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

Richard D. Johnson, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

Warren G. Jenkins, CPA
Chief Deputy Auditor of State

NEWS RELEASE

FOR RELEASE November 13, 2002

Contact: Andy Nielsen
515/281-5515

Auditor of State Richard Johnson today released an audit report on the City of LeClaire, Iowa.

Johnson reported that the City's revenues totaled \$3,597,458 for the year ended June 30, 2002, an 18 percent increase from 2001. The significant increase in revenues is primarily due to donations received for construction of a new library. The revenues included \$697,224 in property tax, \$649,999 in tax increment financing collections, \$490,537 in other City tax (including \$326,513 in local option sales tax), \$273,019 from the state, \$5,880 from the federal government and \$36,478 from interest on investments. The City also had other financing sources of \$485,000 from the sale of general obligation notes and \$181,716 from the sale of general fixed assets.

Expenditures and expenses for the year totaled \$4,408,992, a 14 percent increase from the prior year. The significant increase in expenditures and expenses is primarily due to the construction of a new fire station. Expenditures and expenses included \$1,363,737 for community protection, \$210,911 for human development, \$2,661,031 for home and community environment and \$173,313 for policy and administration.

Johnson recommended that the City review its operating procedures for utility billings and collections to obtain the maximum internal control possible. The City responded that continued efforts would be made to segregate duties and provide additional oversight.

Johnson also 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 the Auditor of State and the City Clerk's office.

###

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

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		5-6
General Purpose Financial Statements:	<u>Exhibit</u>	
Combined Balance Sheet – All Fund Types and Account Group	A	8-11
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types	B	12-13
Combined Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit) – Proprietary Fund Type	C	15
Combined Statement of Cash Flows – Proprietary Fund Type	D	16-17
Comparison of Revenues, Expenditures/Expenses and Changes in Fund Balances/Retained Earnings (Deficit) – Actual to Budget – All Governmental Fund Types and Proprietary Fund Type	E	18-19
Notes to Financial Statements		20-31
Supplemental Information:	<u>Schedule</u>	
General Fund:		
Combining Balance Sheet	1	34-35
Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)	2	36-47
Special Revenue Funds:		
Combining Balance Sheet	3	48-49
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	4	50-55
Debt Service Funds:		
Combining Balance Sheet	5	56-57
Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)	6	58-61
Capital Projects Funds:		
Combining Balance Sheet	7	62-63
Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)	8	64-67
Enterprise Funds:		
Combining Balance Sheet	9	68-69
Combining Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit)	10	70-71
Combining Statement of Cash Flows	11	72-73
Bond/Note Maturities	12	74-77
Comparison of Taxes and Intergovernmental Revenues	13	78
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting		79-80
Schedule of Findings		81-84
Staff		85

City of LeClaire

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2002)		
Vernon C. Spring	Mayor	Jan 2002
Jerry R. Holder	Mayor Pro tem	Jan 2004
Mike A. Becker	Council Member	Jan 2002
Debra D. Smith	Council Member	Jan 2002
Douglas R. Peterson	Council Member	Jan 2002
William F. Biggin	Council Member	Jan 2004
(After January 2002)		
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
Richard Roller	Attorney	Indefinite

City of LeClaire



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

Richard D. Johnson, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

Warren G. Jenkins, CPA
Chief Deputy Auditor of State

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, 2002. 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 amount that should be recorded in the general fixed assets account group are 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 are not known.

In our opinion, because of the effects of the matters 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, 2002 or the results of their operations and their cash flows for the year then ended.

In our opinion, except that the omission of the financial statement 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, 2002 in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 26, 2002 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 two years ended June 30, 2001 (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. Also, we previously audited the financial statements for the year ended June 30, 1999 (none of which are presented herein) and expressed qualified opinions on the financial statements due to the omission of the general fixed assets account group and 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, 2002 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.

RICHARD D. JOHNSON, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

September 26, 2002

Financial Statements

City of LeClaire
 Combined Balance Sheet
 All Fund Types and Account Group
 June 30, 2002

	Government Fund	
	General	Special Revenue
Assets and Other Debits		
Cash and pooled investments	\$ 88,203	143,537
Receivables:		
Property tax:		
Current year	5,843	3,837
Succeeding year	378,000	940,000
Customer accounts	-	-
Unbilled usage	-	-
Accounts	3,676	3,767
Special assessments	972	-
Due from other funds (note 5)	13,681	16,518
Due from other governments	70,036	19,351
Prepaid insurance	13,678	15,621
Restricted assets:		
Cash and pooled investments:		
Customer deposits	2,965	-
Revenue bond/note 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	\$ 577,054	1,142,631

Types			Account Group		Total (Memorandum Only)
	Debt Service	Capital Projects	Proprietary Fund Type Enterprise	General Long-Term Debt	
	52,868	628,047	43,344	-	955,999
	1,461	-	-	-	11,141
	136,000	-	-	-	1,454,000
	-	-	54,002	-	54,002
	-	-	22,956	-	22,956
	-	-	3,262	-	10,705
	-	-	2,849	-	3,821
	1,527	30,456	35,083	-	97,265
	-	-	-	-	89,387
	-	-	13,462	-	42,761
	-	-	90,378	-	93,343
	-	-	74,485	-	74,485
	-	-	41,020	-	41,020
	-	-	-	54,329	54,329
	-	-	-	4,452,336	4,452,336
	191,856	658,503	380,841	4,506,665	7,457,550

City of LeClaire
 Combined Balance Sheet
 All Fund Types and Account Group
 June 30, 2002

	Government Fund	
	General	Special Revenue
Liabilities and Fund Equity		
Liabilities:		
Accounts payable	\$ 14,111	92,602
Interest payable	-	-
Due to other funds (note 5)	13,681	16,452
Deferred revenue:		
Succeeding year property tax	378,000	940,000
General obligation bonds/notes payable - current (note 3)	-	-
Liabilities payable from restricted assets:		
Customer deposits	2,965	-
Matured revenue bond interest	-	-
Matured revenue bonds (note 3)	-	-
Advances from other funds (note 5)	41,020	-
Revenue bonds (note 3)	-	-
General obligation bonds/notes (note 3)	-	-
Compensated absences	4,367	1,793
Total liabilities	454,144	1,050,847
Fund equity (deficit):		
Contributed capital	-	-
Retained earnings (deficit):		
Reserved for:		
Debt Service	-	-
Unreserved	-	-
Fund balance:		
Reserved for:		
Debt service	-	-
Prepaid insurance	13,678	15,621
Unreserved:		
Designated for future equipment purchases	-	15,415
Undesignated	109,232	60,748
Total fund equity (deficit)	122,910	91,784
Total liabilities and fund equity	\$ 577,054	1,142,631

See notes to financial statements.

Types			Account Group		Total (Memorandum Only)
	Debt Service	Capital Projects	Proprietary Fund Type Enterprise	General Long-Term Debt	
-	1,814	90,428	-	-	198,955
-	-	14	-	-	14
1,527	66	65,539	-	-	97,265
136,000	-	-	-	-	1,454,000
-	-	2,600	-	-	2,600
-	-	90,378	-	-	93,343
-	-	4,244	-	-	4,244
-	-	20,000	-	-	20,000
-	-	-	-	-	41,020
-	-	839,250	-	-	839,250
-	-	-	4,487,806	-	4,487,806
-	-	15,210	18,859	-	40,229
137,527	1,880	1,127,663	4,506,665	-	7,278,726
-	-	750,981	-	-	750,981
-	-	50,241	-	-	50,241
-	-	(1,548,044)	-	-	(1,548,044)
54,329	-	-	-	-	54,329
-	-	-	-	-	29,299
-	-	-	-	-	15,415
-	656,623	-	-	-	826,603
54,329	656,623	(746,822)	-	-	178,824
191,856	658,503	380,841	4,506,665	-	7,457,550

City of LeClaire

Combined Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Fund Types

Year ended June 30, 2002

	Governmental Fund	
	General	Special Revenue
Revenues:		
Property tax	\$ 384,432	175,184
Tax increment financing	-	649,999
Other city tax	476,882	8,996
Licenses and permits	5,238	-
Use of money and property	26,648	14,259
Intergovernmental	72,662	235,103
Charges for service	14,503	-
Special assessments	19	-
Miscellaneous	72,665	12,941
Total revenues	<u>1,053,049</u>	<u>1,096,482</u>
Expenditures:		
Community Protection Program	408,758	384,004
Human Development Program	158,991	21,013
Home and Community Environment Program	257,142	574,567
Policy and Administration Program	111,534	29,425
Total expenditures	<u>936,425</u>	<u>1,009,009</u>
Excess (deficiency) of revenues over (under) expenditures	<u>116,624</u>	<u>87,473</u>
Other financing sources (uses):		
General obligation note proceeds	147,000	-
Sale of general fixed assets	607	181,109
Operating transfers in	43,683	83
Operating transfers out	(267,482)	(470,801)
Total other financing sources (uses)	<u>(76,192)</u>	<u>(289,609)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	40,432	(202,136)
Fund balances beginning of year	82,670	290,410
Increase (decrease) in reserve for prepaid insurance	(192)	3,510
Fund balances end of year	<u>\$ 122,910</u>	<u>91,784</u>

See notes to financial statements.

Types		Total
Debt Service	Capital Projects	(Memorandum Only)
137,608	-	697,224
-	-	649,999
4,659	-	490,537
-	-	5,238
1,643	15,005	57,555
-	-	307,765
-	-	14,503
-	-	19
-	546,816	632,422
143,910	561,821	2,855,262
86,823	484,152	1,363,737
19,247	11,278	210,529
578,617	392,021	1,802,347
32,354	-	173,313
717,041	887,451	3,549,926
(573,131)	(325,630)	(694,664)
-	338,000	485,000
-	-	181,716
581,879	148,492	774,137
-	(35,854)	(774,137)
581,879	450,638	666,716
8,748	125,008	(27,948)
45,581	531,615	950,276
-	-	3,318
54,329	656,623	925,646

City of LeClaire

City of LeClaire

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

Proprietary Fund Type

Year ended June 30, 2002

	<u>Enterprise</u>
Operating revenues:	
Charges for service	\$ 712,309
Miscellaneous	12,626
Total operating revenues	<u>724,935</u>
Operating expenses:	
Human Development Program:	
Personal services	<u>382</u>
Home and Community Environment Program:	
Utility operations:	
Personal services	294,027
Contractual services	300,154
Commodities	104,413
	<u>698,594</u>
Total operating expenses	<u>698,976</u>
Operating income	<u>25,959</u>
Non-operating revenues (expenses):	
Interest income	7,661
Rent	9,600
Interest expense	(53,231)
Debt service administrative fees	(174)
Purchase of capital assets	(106,685)
Total non-operating revenues (expenses)	<u>(142,829)</u>
Net loss	(116,870)
Retained earnings (deficit) beginning of year	<u>(1,380,933)</u>
Retained earnings (deficit) end of year	<u>\$ (1,497,803)</u>

See notes to financial statements.

Exhibit D

City of LeClaire
Combined Statement of Cash Flows
Proprietary Fund Type
Year ended June 30, 2002

	<u>Enterprise</u>
Cash flows from operating activities:	
Cash received from operating fund for services	\$ 706,538
Cash payments to suppliers for services	(664,853)
Net cash provided by operating activities	<u>41,685</u>
Cash flows from non-capital financing activities:	
Cash received from rentals	9,600
Deficit cash implicitly financed	30,456
Net cash provided by non-capital financing activities	<u>40,056</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(45,240)
Principal paid	(76,950)
Interest paid	(54,259)
Debt service administrative fees	(174)
Net cash used for capital and related financing activities	<u>(176,623)</u>
Cash flows from investing activities:	
Interest on investments	<u>7,661</u>
Net decrease in cash and cash equivalents	(87,221)
Cash and cash equivalents at beginning of year	<u>295,428</u>
Cash and cash equivalents at end of year	<u>\$ 208,207</u>

City of LeClaire
 Combined Statement of Cash Flows
 Proprietary Fund Type
 Year ended June 30, 2002

	Enterprise
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 25,959
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) in accounts receivable	(3,231)
(Increase) in prepaid insurance	(3,069)
Increase in accounts payable	17,816
Increase in customer deposits	5,055
(Decrease) in compensated absences	(845)
Net cash provided by operating activities	\$ 41,685
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:	
Current assets:	
Cash and pooled investments	\$ 43,344
Restricted Assets:	
Customer deposits	90,378
Revenue bond/note and interest sinking account	74,485
Cash and cash equivalents at year end	\$ 208,207

See notes to financial statements.

City of LeClaire

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

Year ended June 30, 2002

	<u>Actual</u>
Revenues:	
Property tax	\$ 697,224
Tax increment financing collections	649,999
Other City tax	490,537
Licenses and permits	5,238
Use of money and property	74,816
Intergovernmental	307,765
Charges for service	726,812
Special assessments	19
Miscellaneous	645,048
Total revenues	<u>3,597,458</u>
Expenditures/Expenses:	
Community Protection Program	1,363,737
Human Development Program	210,911
Home and Community Environment Program	2,661,031
Policy and Administration Program	173,313
Total expenditures/expenses	<u>4,408,992</u>
Deficiency of revenues under expenditures/expenses	(811,534)
Other financing sources, net	<u>666,716</u>
Deficiency of revenues and other financing sources under expenditures/expenses and other financing uses	(144,818)
Fund balance/retained earnings (deficit) beginning of year	(430,657)
Increase in reserve for prepaid insurance	<u>3,318</u>
Fund balance/retained earnings (deficit) end of year	<u>\$ (572,157)</u>

See notes to financial statements.

Less: Funds not Required to be Budgeted	Net	Amended Budget	Variance Favorable (Unfavorable)	Actual as % of Amended Budget
-	697,224	698,977	(1,753)	100%
-	649,999	672,154	(22,155)	97%
-	490,537	449,485	41,052	109%
-	5,238	6,423	(1,185)	82%
7,799	67,017	56,690	10,327	118%
-	307,765	3,865,348	(3,557,583)	8%
-	726,812	665,725	61,087	109%
-	19	1,250	(1,231)	2%
5,778	639,270	904,634	(265,364)	71%
<u>13,577</u>	<u>3,583,881</u>	<u>7,320,686</u>	<u>(3,736,805)</u>	<u>49%</u>
225,614	1,138,123	1,314,271	176,148	87%
147	210,764	1,002,421	791,657	21%
-	2,661,031	5,470,163	2,809,132	49%
-	173,313	207,375	34,062	84%
<u>225,761</u>	<u>4,183,231</u>	<u>7,994,230</u>	<u>3,810,999</u>	<u>52%</u>
(212,184)	(599,350)	(673,544)		
<u>181,109</u>	<u>485,607</u>	<u>165,500</u>		
(31,075)	(113,743)	(508,044)		
33,190	(463,847)	287,136		
-	3,318	-		
<u>2,115</u>	<u>(574,272)</u>	<u>(220,908)</u>		

City of LeClaire

Notes to Financial Statements

June 30, 2002

(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, recreation, public improvements and general administrative services.

A. Reporting Entity

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

These financial statements present the City of 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 and special assessment 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 taxes, 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 they are earned and their expenses are recognized when they are 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, 2002 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, 2002. 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, 2000 assessed property valuations; is for the tax accrual period July 1, 2001 through June 30, 2002 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March 2001.

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, 2002, 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 for 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, 2002 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, 2002.

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 program basis. These programs are community protection, human development, home and community environment, and policy and administration. Although the budget document presents program expenditures/expenses by fund, the legal level of control is at the aggregated program level, not at the fund level. Program 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, 2002, the City Council approved one 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 did not exceed the amounts budgeted at June 30, 2002, however, expenditures in the Community Protection Program exceeded the amount budget prior to the budget amendment.

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, 2002 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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		Revenue Bonds		Total	
	Obligation Principal	Bonds/Notes Interest	Principal	Interest	Principal	Interest
2003	\$ 632,996	340,284	19,315	50,933	652,311	391,217
2004	662,410	234,690	19,315	49,852	681,725	284,542
2005	711,000	197,537	24,315	48,772	735,315	246,309
2006	532,000	154,778	24,315	47,423	556,315	202,201
2007	418,000	120,261	24,315	46,073	442,315	166,334
2008	441,000	92,436	24,315	44,722	465,315	137,158
2009-25	1,093,000	166,715	723,360	455,063	1,816,360	621,778
Total	\$ 4,490,406	1,306,701	859,250	742,838	5,349,656	2,049,539

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 \$73,773 at June 30, 2002.

General obligation bonds/notes have been issued for both general government and proprietary activities. The portion of unmatured general obligation bonds/notes accounted for in the general long-term debt account group and serviced by the Debt Service Fund totaled \$4,487,806 as of June 30, 2002. The portion of unmatured general obligation bonds/notes expected to be repaid from proprietary revenues and accounted for in the Enterprise Funds totaled \$2,600 as of June 30, 2002. In compliance with statutory requirements, funds pledged and available in the Enterprise Funds to service general obligation bonds are recorded as reimbursements to the Debt Service Fund in the City's accounting system. General obligation bonds/notes bear interest with rates ranging from 0.00% to 9.50% and mature in varying annual amounts ranging from \$60,000 to \$711,000, 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, 2002:

	Balance June 30, 2001	Additions	Retire- ments	Balance June 30, 2002
Reported in the General Long-Term Debt Account Group:				
General obligation bonds/notes:				
General corporate purpose	\$ 4,472,340	485,000	469,534	4,487,806
Compensated absences	16,440	2,419	-	18,859
Total	<u>\$ 4,488,780</u>	<u>487,419</u>	<u>469,534</u>	<u>4,506,665</u>
Reported in the Proprietary Fund				
Type - Enterprise Funds:				
General obligation notes:				
Corporate purpose	\$ 4,550	-	1,950	2,600
Revenue bonds/notes:				
Water	859,250	-	-	859,250
Sewer revenue refunding	75,000	-	75,000	-
Total	<u>\$ 938,800</u>	<u>-</u>	<u>76,950</u>	<u>861,850</u>

Contingent Liability for Hydro-Electric Promissory Note

On January 15, 1990, the City entered into a loan agreement with Voith Hydro, Inc., in the maximum principal amount of \$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 project. 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, 2002 was \$700,000.

The Federal Energy Regulatory Commission (FERC) has 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 of the project 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 project does not proceed, any accumulated assets are sold and used to satisfy the loan. Any remaining balance on the loan is forgiven. The status of the construction project 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. The note is payable from the future net revenues of the utility or from the remaining project funds and bond proceeds.

(4) Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll except for police employees, in which case the percentages are 6.20% and 9.29%, respectively. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2002, 2001, and 1999 were \$42,015, \$38,221 and \$36,179, respectively, equal to the required contributions for each year.

(5) Interfund Assets/Liabilities

The detail of interfund assets and liabilities at June 30, 2002 is as follows:

<u>Receivable</u> <u>Fund</u>	<u>Payable</u> <u>Fund</u>	<u>Amount</u>
<u>Due From/Due to Other funds:</u>		
General:	General:	
General	Local Option Sales Tax	\$ 13,185
General	Hotel/Motel Tax	496
Special Revenue:	Capital Projects:	
Road Use Tax	Street Overlay	66
	Special Revenue:	
Group Insurance	Workers Compensation	12,724
Group Insurance	Damages, Claims and Deductibles	3,728

Receivable Fund	Payable Fund	Amount
Debt Service: 1991 Fire Equipment	Debt Service: Water Improvements	1,527
Capital Projects: Hydro-Electric Project	Enterprise: Water	30,456
Enterprise: Solid Waste	Enterprise: Water	<u>35,083</u>
Total		<u>\$ 97,265</u>
<u>Advances To/From Other Funds:</u>		
Enterprise: Water	General: General	\$ 16,870
Sewer	General	<u>24,150</u>
Total		<u>\$ 41,020</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	\$4,550

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 75% of the employees' salary for 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, 2002 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, 2002, the City had deficit unreserved fund balances/retained earnings in the following accounts:

Fund	Unreserved Fund Balance/ Retained Earnings (Deficit) June 30, 2002
General:	
Library	\$ (269)
Special Revenue:	
Workers' Compensation	(10,556)
Damages, Claims and Deductibles	(3,421)
Urban Renewal Tax Increment I	(14,299)
Debt Service:	
Water Improvements	(81)
Capital Projects:	
Public Works Facility	(884)
Street Overlay	(66)
Enterprise:	
Water	(1,656,220)

The unreserved retained earnings deficit at June 30, 2002 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.

The City is aware of the deficit balances and is reviewing possible alternatives to eliminate this financial situation.

(8) Development and Rebate Agreement

The City has entered into four 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 ten 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 \$55,000 to \$1,700,000. Certain of the agreements include provisions for payment of interest.

During the year ended June 30, 2002, the City rebated \$180,042 of incremental taxes to the developers, paying \$104,436 of principal and \$75,606 of interest. The outstanding principal balance on the agreements at June 30, 2002 is \$2,387,001.

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 scheduled rent payment for the first year was \$0. 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, 2002, the City does not intend to exercise the option to purchase.

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, 2002.

Year Ending June 30,	Amount
2003	\$ 18,500
2004	18,500
2005	18,500
2006	<u>18,500</u>
Total	<u>\$ 74,000</u>

(10) Segment Information for Enterprise Funds

The City maintains three enterprise funds, which provide water, sewer and garbage collection services. The funds are set up to operate primarily from proceeds of user charges. Segment information for the year ended June 30, 2002 is as follows:

	Water	Sewer	Garbage Collection	Total
Results of operations:				
Operating revenues	\$ 249,972	335,390	139,573	724,935
Operating expenses	222,930	336,628	139,418	698,976
Operating income (loss)	27,042	(1,238)	155	25,959
Non-operating revenues (expenses), net	(125,559)	(18,498)	1,228	(142,829)
Net income (loss)	(98,517)	(19,736)	1,383	(116,870)
Financial position:				
Total assets	193,688	126,103	61,050	380,841
Net working capital	(76,216)	54,189	38,404	16,377
Bond/note and other long-term debt payable				
from operating revenues	861,290	560	-	861,850
Retained earnings	(1,605,979)	70,162	38,014	(1,497,803)
Contributed capital	750,981	-	-	750,981
Total fund equity	<u>\$ (854,998)</u>	<u>70,162</u>	<u>38,014</u>	<u>(746,822)</u>

(11) Reclassification

On July 1, 2001, the Special Revenue, Urban Renewal Tax Increment Fund was divided into two funds in order to properly reflect activity for each individual tax increment financing district. This reclassification had no effect on the total July 1, 2001 Special Revenue Fund balance.

(12) Subsequent Events

In July and August 2002, the City entered into street and salt storage building construction contracts totaling \$324,958. The projects will primarily be funded through tax increment financing revenues and general obligation note proceeds.

(13) Pending Litigation

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

City of LeClaire

Supplemental Information

City of LeClaire
Combining Balance Sheet
General Fund
June 30, 2002

	General	LeClaire Community Center/ Recreation Board	Riverfront Levee Board
Assets			
Cash and pooled investments	\$ 64,056	4,804	6,722
Receivables:			
Property tax:			
Current	5,843	-	-
Succeeding year	378,000	-	-
Accounts	3,676	-	-
Special assessments	972	-	-
Due from other funds	13,681	-	-
Due from other governments	6,213	-	-
Prepaid insurance	13,652	13	13
Restricted assets:			
Cash and pooled investments	2,965	-	-
Total assets	\$ 489,058	4,817	6,735
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ 10,839	922	11
Due to other funds	-	-	-
Deferred revenue:			
Succeeding year property tax	378,000	-	-
Liabilities payable from restricted assets:			
Customer deposits	2,965	-	-
Advance from other funds	41,020	-	-
Compensated absences	4,367	-	-
Total liabilities	437,191	922	11
Fund equity (deficit):			
Fund balance (deficit):			
Reserved for prepaid insurance	13,652	13	13
Unreserved	38,215	3,882	6,711
Total fund equity (deficit)	51,867	3,895	6,724
Total liabilities and fund equity	\$ 489,058	4,817	6,735

See accompanying independent auditor's report.

Local Option Sales Tax	Library	Park Board	Hotel/Motel Tax	Total
-	-	12,621	-	88,203
-	-	-	-	5,843
-	-	-	-	378,000
-	-	-	-	3,676
-	-	-	-	972
-	-	-	-	13,681
41,614	-	-	22,209	70,036
-	-	-	-	13,678
-	-	-	-	2,965
41,614	-	12,621	22,209	577,054
-	269	2,070	-	14,111
13,185	-	-	496	13,681
-	-	-	-	378,000
-	-	-	-	2,965
-	-	-	-	41,020
-	-	-	-	4,367
13,185	269	2,070	496	454,144
-	-	-	-	13,678
28,429	(269)	10,551	21,713	109,232
28,429	(269)	10,551	21,713	122,910
41,614	-	12,621	22,209	577,054

City of LeClaire

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

General Fund

Year ended June 30, 2002

	General	LeClaire Community Center/ Recreation Board	Riverfront Levee Board
Revenues:			
Property tax	\$ 384,432	-	-
Other city tax:			
Local option sales tax	-	-	-
Utility franchise tax	21,145	-	-
Hotel/motel tax	-	-	-
Utility replacement excise tax	19,584	-	-
	<u>40,729</u>	-	-
Licenses and permits:			
Cigarette	525	-	-
Liquor	2,470	-	-
Pet	140	-	-
Beer	1,275	-	-
Miscellaneous	828	-	-
	<u>5,238</u>	-	-
Use of money and property:			
Interest on investments	3,211	280	167
Rent	16,758	4,970	-
	<u>19,969</u>	<u>5,250</u>	<u>167</u>
Intergovernmental:			
State allocation	34,135	-	-
Fire contracts	28,322	-	-
Miscellaneous	10,205	-	-
	<u>72,662</u>	-	-
Charges for service:			
Fire and rescue charges	405	-	-
Zoning and board of adjustment fees	3,950	-	-
Subdivision fees	500	-	-
Weed abatement	3,817	-	-
Recreation fees	-	4,607	-
Miscellaneous	1,224	-	-
	<u>9,896</u>	<u>4,607</u>	<u>-</u>

Local Option Sales Tax	Library	Park Board	Hotel/ Motel Tax	Total
-	-	-	-	384,432
326,513	-	-	-	326,513
-	-	-	-	21,145
-	-	-	109,640	109,640
-	-	-	-	19,584
326,513	-	-	109,640	476,882
-	-	-	-	525
-	-	-	-	2,470
-	-	-	-	140
-	-	-	-	1,275
-	-	-	-	828
-	-	-	-	5,238
696	-	290	266	4,910
-	-	10	-	21,738
696	-	300	266	26,648
-	-	-	-	34,135
-	-	-	-	28,322
-	-	-	-	10,205
-	-	-	-	72,662
-	-	-	-	405
-	-	-	-	3,950
-	-	-	-	500
-	-	-	-	3,817
-	-	-	-	4,607
-	-	-	-	1,224
-	-	-	-	14,503

City of LeClaire

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

General Fund

Year ended June 30, 2002

	General	LeClaire Community Center/ Recreation Board	Riverfront Levee Board
Revenues (continued):			
Special assessments	19	-	-
Miscellaneous:			
Court fines	41,787	-	-
Donations and contributions	3,272	1,506	788
Concession sales and merchandise sales	-	444	-
Refunds and reimbursements	14,199	391	2
Miscellaneous	52	-	-
	<u>59,310</u>	<u>2,341</u>	<u>790</u>
Total revenues	<u>592,255</u>	<u>12,198</u>	<u>957</u>
Expenditures:			
Community Protection Program:			
Police:			
Personal services	243,973	-	-
Contractual services	55,877	-	-
Commodities	19,552	-	-
Capital outlay	32,290	-	-
	<u>351,692</u>	<u>-</u>	<u>-</u>
Fire:			
Personal services	4,895	-	-
Contractual services	32,558	-	-
Commodities	14,753	-	-
Capital outlay	4,860	-	-
	<u>57,066</u>	<u>-</u>	<u>-</u>
	<u>408,758</u>	<u>-</u>	<u>-</u>
Human Development Program:			
Library:			
Personal Services	-	-	-
Contractual services	23,744	-	-
Commodities	-	-	-
	<u>23,744</u>	<u>-</u>	<u>-</u>

Local Option Sales Tax	Library	Park Board	Hotel/ Motel Tax	Total
-	-	-	-	19
-	-	-	-	41,787
-	128	6,878	-	12,572
-	-	-	-	444
-	3,218	-	-	17,810
-	-	-	-	52
-	3,346	6,878	-	72,665
327,209	3,346	7,178	109,906	1,053,049
-	-	-	-	243,973
-	-	-	-	55,877
-	-	-	-	19,552
-	-	-	-	32,290
-	-	-	-	351,692
-	-	-	-	4,895
-	-	-	-	32,558
-	-	-	-	14,753
-	-	-	-	4,860
-	-	-	-	57,066
-	-	-	-	408,758
-	157	-	-	157
-	4,110	-	43,324	71,178
-	16	-	-	16
-	4,283	-	43,324	71,351

City of LeClaire

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

General Fund

Year ended June 30, 2002

	General	LeClaire Community Center/ Recreation Board	Riverfront Levee Board
Expenditures (continued):			
Human Development Program:			
Public museums and centers:			
Personal services	2	-	-
Contractual services	156	-	-
	<u>158</u>	-	-
Special Events and Celebrations:			
Personal services	-	-	-
Parks:			
Personal services	5,264	-	-
Contractual services	3,099	-	-
Commodities	563	-	-
Capital outlay	3,985	-	-
	<u>12,911</u>	-	-
Veterans Memorial Complex:			
Personal services	2,692	-	-
Contractual services	1,779	-	-
Commodities	723	-	-
Capital outlay	3,917	-	-
	<u>9,111</u>	-	-
Recreation Center:			
Personal services	4,294	-	-
Contractual services	2,138	14,673	-
Commodities	387	718	-
Capital outlay	4,013	5,286	-
	<u>10,832</u>	<u>20,677</u>	-
Riverfront Recreation:			
Personal services	5,556	-	-
Contractual services	2,177	-	432
Commodities	1,001	-	461
Capital outlay	1,964	-	110
	<u>10,698</u>	-	<u>1,003</u>
	<u>67,454</u>	<u>20,677</u>	<u>1,003</u>

Local Option Sales Tax	Library	Park Board	Hotel/ Motel Tax	Total
-	-	-	-	2
-	-	-	-	156
-	-	-	-	158
-	-	-	218	218
-	-	-	-	5,264
-	-	230	-	3,329
-	-	1,709	-	2,272
-	-	2,856	3,640	10,481
-	-	4,795	3,640	21,346
-	-	-	-	2,692
-	-	-	-	1,779
-	-	-	-	723
-	-	-	-	3,917
-	-	-	-	9,111
-	-	-	-	4,294
-	-	-	6,916	23,727
-	-	-	-	1,105
-	-	-	4,714	14,013
-	-	-	11,630	43,139
-	-	-	-	5,556
-	-	-	813	3,422
-	-	-	1,154	2,616
-	-	-	-	2,074
-	-	-	1,967	13,668
-	4,283	4,795	60,779	158,991

City of LeClaire

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

General Fund

Year ended June 30, 2002

	General	LeClaire Community Center/ Recreation Board	Riverfront Levee Board
Expenditures (continued):			
Home and Community Environment Program:			
Community development and enhancement:			
Personal services	1,481	-	-
Contractual services	-	-	-
Commodities	29	-	-
	<u>1,510</u>	-	-
Cemetery:			
Contractual	-	-	-
Economic Development:			
Contractual services	5,022	-	-
Roadway Maintenance:			
Contractual services	3,985	-	-
Commodities	1,979	-	-
Capital outlay	110,773	-	-
	<u>116,737</u>	-	-
Snow and Ice Control:			
Contractual	924	-	-
	<u>124,193</u>	-	-
Policy and Administration Program:			
Legislative and policy development:			
Personal services	10,500	-	-
Contractual services	4,136	-	-
Commodities	96	-	-
Capital outlay	411	-	-
	<u>15,143</u>	-	-

Local Option Sales Tax	Library	Park Board	Hotel/ Motel Tax	Total
-	-	-	-	1,481
-	-	-	12,900	12,900
-	-	-	-	29
-	-	-	12,900	14,410
2,393	-	-	-	2,393
-	-	-	33,656	38,678
-	-	-	-	3,985
-	-	-	-	1,979
84,000	-	-	-	194,773
84,000	-	-	-	200,737
-	-	-	-	924
86,393	-	-	46,556	257,142
-	-	-	-	10,500
4,700	-	-	-	8,836
-	-	-	-	96
-	-	-	-	411
4,700	-	-	-	19,843

City of LeClaire

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

General Fund

Year ended June 30, 2002

	General	LeClaire Community Center/ Recreation Board	Riverfront Levee Board
Expenditures (continued):			
Policy and Administration Program:			
Executive and administrative:			
Personal services	40,463	-	-
Contractual services	31,348	-	-
Commodities	3,907	-	-
Capital outlay	1,305	-	-
Debt service	1,025	-	-
	<u>78,048</u>	<u>-</u>	<u>-</u>
Planning and zoning:			
Personal services	774	-	-
Contractual services	3,186	-	-
Commodities	450	-	-
Capital outlay	12	-	-
	<u>4,422</u>	<u>-</u>	<u>-</u>
City Hall:			
Personal services	3,603	-	-
Contractual services	5,363	-	-
Commodities	243	-	-
Capital outlay	12	-	-
	<u>9,221</u>	<u>-</u>	<u>-</u>
	<u>106,834</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>707,239</u>	<u>20,677</u>	<u>1,003</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(114,984)</u>	<u>(8,479)</u>	<u>(46)</u>
Other financing sources (uses):			
General obligation note proceeds	147,000	-	-
Sale of general fixed assets	556	51	-
Operating transfers in (out):			
General:			
General	-	-	-
Local Option Sales Tax	30,000	-	-

Local Option Sales Tax	Library	Park Board	Hotel/ Motel Tax	Total
-	-	-	-	40,463
-	-	-	-	31,348
-	-	-	-	3,907
-	-	-	-	1,305
-	-	-	-	1,025
-	-	-	-	78,048
-	-	-	-	774
-	-	-	-	3,186
-	-	-	-	450
-	-	-	-	12
-	-	-	-	4,422
-	-	-	-	3,603
-	-	-	-	5,363
-	-	-	-	243
-	-	-	-	12
-	-	-	-	9,221
4,700	-	-	-	111,534
91,093	4,283	4,795	107,335	936,425
236,116	(937)	2,383	2,571	116,624
-	-	-	-	147,000
-	-	-	-	607
(30,000)	-	-	-	(30,000)
-	-	-	-	30,000

City of LeClaire
Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
General Fund
Year ended June 30, 2002

	General	LeClaire Community Center/ Recreation Board	Riverfront Levee Board
Other financing sources (uses) (continued):			
Operating transfers in (out):			
Special Revenue:			
Emergency	12,723	-	-
Debt Service:			
Fire 703/BH/Cody Sewer I 1995 Corporate Purpose	-	-	-
Cody Sewer II Sewer Improvement	-	-	-
Valley/98-99 Corporate Purpose	-	-	-
8th/Cody Water/Sqd 2000 Corporate Purpose	(13,000)	-	-
Davenport/Dodge Street Project 2001 Corporate Purpose	(3,695)	-	-
Capital Projects:			
Library Project	-	-	-
Davenport/Dodge Street Project	(5,409)	-	-
Total other financing sources (uses)	<u>168,175</u>	<u>51</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	53,191	(8,428)	(46)
Fund balance (deficit) beginning of year	(1,132)	12,323	6,770
Decrease in reserve for prepaid insurance	(192)	-	-
Fund balance (deficit) end of year	<u>\$ 51,867</u>	<u>3,895</u>	<u>6,724</u>

See accompanying independent auditor's report.

Local Option Sales Tax	Library	Park Board	Hotel/ Motel Tax	Total
-	-	-	-	12,723
(100,875)	-	-	-	(100,875)
(45,298)	-	-	-	(45,298)
(29,950)	-	-	-	(29,950)
(9,845)	-	-	-	(22,845)
-	-	-	-	(3,695)
-	960	-	-	960
(29,410)	-	-	-	(34,819)
(245,378)	960	-	-	(76,192)
(9,262)	23	2,383	2,571	40,432
37,691	(292)	8,168	19,142	82,670
-	-	-	-	(192)
28,429	(269)	10,551	21,713	122,910

City of LeClaire
Combining Balance Sheet
Special Revenue Funds
June 30, 2002

	Road Use Tax	Employees' Retirement FICA/IPERS	Workers' Compen- sation	Group Insurance	Unemployment Compensation
Assets					
Cash and pooled investments	\$ 18,262	25,576	-	1,034	8,770
Receivables:					
Property tax:					
Current	-	979	154	1,316	-
Succeeding year	-	59,000	19,000	70,000	-
Accounts	-	-	2,014	519	-
Due from other funds	66	-	-	16,452	-
Due from other governments	19,351	-	-	-	-
Prepaid insurance	-	-	15,621	-	-
Total assets	\$ 37,679	85,555	36,789	89,321	8,770
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ 4,088	-	-	5,320	-
Due to other funds	-	-	12,724	-	-
Deferred revenue:					
Succeeding year property tax	-	59,000	19,000	70,000	-
Compensated absences	995	798	-	-	-
Total liabilities	5,083	59,798	31,724	75,320	-
Fund equity (deficit):					
Fund balance (deficit):					
Reserved for prepaid insurance	-	-	15,621	-	-
Unreserved:					
Designated for future equipment purchases	15,415	-	-	-	-
Undesignated	17,181	25,757	(10,556)	14,001	8,770
Total fund equity (deficit)	32,596	25,757	5,065	14,001	8,770
Total liabilities and fund equity	\$ 37,679	85,555	36,789	89,321	8,770

See accompanying independent auditor's report.

Damages, Claims and Deductibles	Urban Renewal Tax Increment I	Urban Renewal Tax Increment II	Emergency	Delinquent Taxes	Friends of the Library	LeClaire Holding Company	Total
-	66,825	20,955	-	-	1,867	248	143,537
-	1,143	39	180	26	-	-	3,837
-	170,000	611,000	11,000	-	-	-	940,000
1,234	-	-	-	-	-	-	3,767
-	-	-	-	-	-	-	16,518
-	-	-	-	-	-	-	19,351
-	-	-	-	-	-	-	15,621
1,234	237,968	631,994	11,180	26	1,867	248	1,142,631
927	82,267	-	-	-	-	-	92,602
3,728	-	-	-	-	-	-	16,452
-	170,000	611,000	11,000	-	-	-	940,000
-	-	-	-	-	-	-	1,793
4,655	252,267	611,000	11,000	-	-	-	1,050,847
-	-	-	-	-	-	-	15,621
-	-	-	-	-	-	-	15,415
(3,421)	(14,299)	20,994	180	26	1,867	248	60,748
(3,421)	(14,299)	20,994	180	26	1,867	248	91,784
1,234	237,968	631,994	11,180	26	1,867	248	1,142,631

City of LeClaire

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances

Special Revenue Funds

Year ended June 30, 2002

	Road Use Tax	Employees' Retirement FICA/IPERS	Workers' Compen- sation	Group Insurance	Unemployment Compensation
Revenues:					
Property tax	\$ -	65,200	10,270	87,715	-
Tax increment financing revenues	-	-	-	-	-
Other city tax:					
Utility replacement excise tax	-	3,604	221	4,560	-
Use of money and property:					
Interest on investments	-	435	89	393	228
Rent	-	-	-	-	-
	-	435	89	393	228
Intergovernmental:					
Road use tax allocation	230,420	-	-	-	-
Public assistance grant	-	-	-	-	-
	230,420	-	-	-	-
Miscellaneous:					
Donations	-	-	-	-	-
Refunds and reimbursements	-	-	2,014	5,149	-
Miscellaneous	-	-	-	-	-
	-	-	2,014	5,149	-
Total revenues	230,420	69,239	12,594	97,817	228
Expenditures:					
Community Protection Program:					
Personal services	-	40,228	16,618	51,287	-
Contractual services	28,475	-	-	-	-
Capital outlay	-	-	-	-	-
	28,475	40,228	16,618	51,287	-
Human Development Program:					
Personal services	-	2,437	2,046	10,553	-
Contractual services	-	-	-	-	-
Commodities	-	-	-	-	-
	-	2,437	2,046	10,553	-

Damages, Claims and Deductibles	Urban Renewal Tax Increment I	Urban Renewal Tax Increment II	Emergency	Delinquent Taxes	Friends of the Library	LeClaire Holding Company	Total
-	-	-	11,891	108	-	-	175,184
-	140,803	509,196	-	-	-	-	649,999
-	-	-	611	-	-	-	8,996
101	2,316	2,755	142	1	-	799	7,259
-	-	-	-	-	-	7,000	7,000
101	2,316	2,755	142	1	-	7,799	14,259
-	-	-	-	-	-	-	230,420
4,683	-	-	-	-	-	-	4,683
4,683	-	-	-	-	-	-	235,103
-	-	-	-	-	1,941	2,980	4,921
-	-	-	-	-	-	536	7,699
-	-	-	-	-	-	321	321
-	-	-	-	-	1,941	3,837	12,941
4,784	143,119	511,951	12,644	109	1,941	11,636	1,096,482
579	-	-	-	-	-	-	108,712
21,203	-	-	-	-	-	-	49,678
-	-	-	-	-	-	225,614	225,614
21,782	-	-	-	-	-	225,614	384,004
-	-	-	-	-	-	-	15,036
-	5,830	-	-	-	-	-	5,830
-	-	-	-	-	147	-	147
-	5,830	-	-	-	147	-	21,013

City of LeClaire

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances

Special Revenue Funds

Year ended June 30, 2002

	Road Use Tax	Employees' Retirement FICA/IPERS	Workers' Compen- sation	Group Insurance	Unemployment Compensation
Expenditures:					
Home and Community Environment Program:					
Personal services	76,730	11,016	7,158	18,341	-
Contractual services	18,047	-	-	-	-
Commodities	31,167	-	-	-	-
Capital outlay	96,742	-	-	-	-
Debt service:					
Incremental tax rebate payments	-	-	-	-	-
	<u>222,686</u>	<u>11,016</u>	<u>7,158</u>	<u>18,341</u>	<u>-</u>
Policy and Administration Program:					
Personal services	-	6,829	956	21,640	-
Total expenditures	<u>251,161</u>	<u>60,510</u>	<u>26,778</u>	<u>101,821</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,741)</u>	<u>8,729</u>	<u>(14,184)</u>	<u>(4,004)</u>	<u>228</u>
Other financing sources (uses):					
Sale of general fixed assets	-	-	-	-	-
Operating transfers in (out):					
General:					
General	-	-	-	-	-
Special Revenue:					
Group Insurance	-	-	-	-	-
Delinquent Taxes	-	-	-	83	-
Debt Service:					
Multi-purpose 1992 Essential Corporate Purpose	(1,208)	-	-	-	-
Eagle View 1996 Economic Development	-	-	-	-	-
Bluffs #1 1996 Economic Development	-	-	-	-	-
Forest Reed 1997 Economic Development	-	-	-	-	-
Bluffs #2 1998 Corporate Purpose	-	-	-	-	-
8th Cody Water/Sqd 2000 Corporate Purpose	-	-	-	-	-
Fire Station I/Library 2001 Corporate Purpose	-	-	-	-	-

Damages, Claims and Deductibles	Urban Renewal Tax Increment I	Urban Renewal Tax Increment II	Emergency	Delinquent Taxes	Friends of the Library	LeClaire Holding Company	Total
-	-	-	-	-	-	-	113,245
4,460	771	5,241	-	-	-	-	28,519
-	-	-	-	-	-	-	31,167
-	82,267	42,585	-	-	-	-	221,594
-	-	180,042	-	-	-	-	180,042
4,460	83,038	227,868	-	-	-	-	574,567
-	-	-	-	-	-	-	29,425
26,242	88,868	227,868	-	-	147	225,614	1,009,009
(21,458)	54,251	284,083	12,644	109	1,794	(213,978)	87,473
-	-	-	-	-	-	181,109	181,109
-	-	-	(12,723)	-	-	-	(12,723)
-	-	-	-	(83)	-	-	(83)
-	-	-	-	-	-	-	83
-	(29,277)	(12,412)	-	-	-	-	(42,897)
-	-	(121,328)	-	-	-	-	(121,328)
-	-	(85,350)	-	-	-	-	(85,350)
-	-	(33,375)	-	-	-	-	(33,375)
-	-	(31,925)	-	-	-	-	(31,925)
-	(10,200)	-	-	-	-	-	(10,200)
-	(19,247)	-	-	-	-	-	(19,247)

City of LeClaire

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances

Special Revenue Funds

Year ended June 30, 2002

	Road Use Tax	Employees' Retirement FICA/IPERS	Workers' Compen- sation	Group Insurance	Unemployment Compensation
Other financing sources (uses):					
Operating transfers in (out):					
Capital Projects:					
Bluffs at Bridgeview	-	-	-	-	-
Davenport/Dodge Street Project	-	-	-	-	-
Total other financing sources (uses)	(1,208)	-	-	83	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(21,949)	8,729	(14,184)	(3,921)	228
Fund balance beginning of year, as restated (note 11)	56,751	17,028	13,533	17,922	8,542
Increase (decrease) in reserve for prepaid insurance	(2,206)	-	5,716	-	-
Fund balance (deficit) end of year	\$ 32,596	25,757	5,065	14,001	8,770

See accompanying independent auditor's report.

Damages, Claims and Deductibles	Urban Renewal Tax Increment I	Urban Renewal Tax Increment II	Emergency	Delinquent Taxes	Friends of the Library	LeClaire Holding Company	Total
-	-	(5,978)	-	-	-	-	(5,978)
-	(107,695)	-	-	-	-	-	(107,695)
-	(166,419)	(290,368)	(12,723)	(83)	-	181,109	(289,609)
(21,458)	(112,168)	(6,285)	(79)	26	1,794	(32,869)	(202,136)
18,037	97,869	27,279	259	-	73	33,117	290,410
-	-	-	-	-	-	-	3,510
(3,421)	(14,299)	20,994	180	26	1,867	248	91,784

City of LeClaire
Combining Balance Sheet

Debt Service Funds

June 30, 2002

	General	1991 Fire Equip- ment	Multi-purpose 1992 Essential Corporate Purpose	Fire 703/BH/ Cody Sewer I 1995 Corporate Purpose	Bluffs #1 1996 Economic Development	Cody II Sewer Improve- ment	Valley 98-99 Corporate Purpose	Bluffs #2 1998 Corporate Purpose	
Assets									
Cash and pooled investments	\$	54	19,294	1,097	10,598	169	1,202	378	12,608
Receivables:									
Property tax:									
Current		15	-	-	-	-	-	-	-
Succeeding year		-	16,000	-	14,000	-	-	-	-
Due from other funds		-	1,527	-	-	-	-	-	-
Total assets	\$	69	36,821	1,097	24,598	169	1,202	378	12,608
Liabilities and Fund Equity									
Liabilities:									
Due to other funds	\$	-	-	-	-	-	-	-	-
Deferred revenue:									
Succeeding year property tax		-	16,000	-	14,000	-	-	-	-
Total liabilities		-	16,000	-	14,000	-	-	-	-
Fund equity (deficit):									
Fund balance (deficit):									
Reserved for debt service		69	20,821	1,097	10,598	169	1,202	378	12,608
Total liabilities and and fund equity	\$	69	36,821	1,097	24,598	169	1,202	378	12,608

See accompanying independent auditor's report.

Water Improve-ments	1999 Police Equipment	1999 Public Works Equipment Jeep	1999 Police Equipment Radios	8th/Cody Water/ Sqd 2000 Corporate Purpose	Fire Station I/ Library 2001 Corporate Purpose	Davenport/Dodge Street Project 2001 Corporate Purpose	Fire Station II 2002 Corporate Purpose	Total
-	-	2	-	19	7,400	47	-	52,868
1,446	-	-	-	-	-	-	-	1,461
-	5,000	5,000	14,000	6,000	51,000	9,000	16,000	136,000
-	-	-	-	-	-	-	-	1,527
1,446	5,000	5,002	14,000	6,019	58,400	9,047	16,000	191,856
1,527	-	-	-	-	-	-	-	1,527
-	5,000	5,000	14,000	6,000	51,000	9,000	16,000	136,000
1,527	5,000	5,000	14,000	6,000	51,000	9,000	16,000	137,527
(81)	-	2	-	19	7,400	47	-	54,329
1,446	5,000	5,002	14,000	6,019	58,400	9,047	16,000	191,856

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

Debt Service Funds

Year ended June 30, 2002

	Fire 703/BH/							
	General	1991 Fire Equip- ment	Mulit-purpose 1992 Corporate Purpose	Cody Sewer I 1995 Corporate Purpose	Eagle View 1996 Economic Development	Bluffs #1 1996 Economic Development	Cody Sewer II Sewer Improve- ment	Forest Reed 1997 Economic Development
Revenues:								
Property tax	\$ 60	17,857	-	15,062	-	-	-	-
Other city tax:								
Utility replacement excise tax	-	648	-	547	-	-	-	-
Use of money and property:								
Interest on investments	1	650	28	415	-	2	31	-
Total revenues	61	19,155	28	16,024	-	2	31	-
Expenditures:								
Community Protection Program:								
Debt Service:								
Principal redemption	-	15,000	-	12,730	-	-	-	-
Interest payments	-	3,205	-	2,812	-	-	-	-
Administration fee	-	300	-	67	-	-	-	-
	-	18,505	-	15,609	-	-	-	-
Human Development Program:								
Debt Service:								
Interest payments	-	-	-	-	-	-	-	-
Home and Community Environment Program:								
Debt Service:								
Principal redemption	-	-	38,050	82,270	95,000	60,000	35,000	15,000
Interest payments	-	-	4,470	18,171	25,828	25,185	9,798	18,375
Administration fee	-	-	376	433	500	-	500	-
	-	-	42,896	100,874	121,328	85,185	45,298	33,375
Policy and Administration Program:								
Debt Service:								
Principal redemption	-	-	-	-	-	-	-	-
Interest payments	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total expenditures	-	18,505	42,896	116,483	121,328	85,185	45,298	33,375
Excess (deficiency) of revenues over (under) expenditures	61	650	(42,868)	(100,459)	(121,328)	(85,183)	(45,267)	(33,375)
Other financing sources:								
Operating transfers in:								
General:								
General	-	-	-	-	-	-	-	-
Local Option Sales Tax	-	-	-	100,875	-	-	45,298	-

Schedule 6

Valley/98-99 Corporate Purpose	Bluffs #2		1999 Police Equipment	1999		8th/Cody Water/ Sqd 2000 Corporate Purpose	Fire Station I/ Library 2001 Corporate Purpose	Davenport/Dodge		Total
	1998 Corporate Purpose	Water Improve- ments		Public Works Equipment Jeep	Police Equipment Radios			Street Project 2001 Corporate Purpose	Fire Station II 2002 Corporate Purpose	
-	-	68,170	5,574	5,465	15,153	10,267	-	-	-	137,608
-	-	2,140	202	158	550	414	-	-	-	4,659
10	327	77	-	-	-	20	35	47	-	1,643
10	327	70,387	5,776	5,623	15,703	10,701	35	47	-	143,910
-	-	-	4,959	-	15,703	6,000	-	-	-	54,392
-	-	-	817	-	-	2,025	21,385	653	1,167	32,064
-	-	-	-	-	-	-	-	-	-	367
-	-	-	5,776	-	15,703	8,025	21,385	653	1,167	86,823
-	-	-	-	-	-	-	19,247	-	-	19,247
-	8,000	35,000	-	-	-	17,000	-	-	-	385,320
3,217	23,893	35,680	-	-	-	18,702	-	8,019	-	191,338
-	-	150	-	-	-	-	-	-	-	1,959
3,217	31,893	70,830	-	-	-	35,702	-	8,019	-	578,617
25,000	-	-	-	4,822	-	-	-	-	-	29,822
1,733	-	-	-	799	-	-	-	-	-	2,532
26,733	-	-	-	5,621	-	-	-	-	-	32,354
29,950	31,893	70,830	5,776	5,621	15,703	43,727	40,632	8,672	1,167	717,041
(29,940)	(31,566)	(443)	-	2	-	(33,026)	(40,597)	(8,625)	(1,167)	(573,131)
-	-	-	-	-	-	13,000	-	3,695	-	16,695
29,950	-	-	-	-	-	9,845	-	-	-	185,968

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

Debt Service Funds

Year ended June 30, 2002

	Fire 703/BH/						
	1991 Fire	Multi-purpose 1992 Essential	Cody Sewer I 1995 Corporate Purpose	Eagle View 1996 Economic Development	Bluffs #1 1996 Economic Development	Cody Sewer II Sewer Improve- ment	Forest Reed 1997 Economic Development
General	Equip- ment	Corporate Purpose	Corporate Purpose	Economic Development	Economic Development	Improve- ment	Economic Development
Other financing sources:							
Operating transfers in:							
Special Revenue:							
Road Use Tax	-	-	1,208	-	-	-	-
Urban Renewal Tax Increment I	-	-	29,277	-	-	-	-
Urban Renewal Tax Increment II	-	-	12,412	-	121,328	85,350	33,375
Capital Projects:							
Fire Station Project	-	-	-	-	-	-	-
Davenport/Dodge Street Project	-	-	-	-	-	-	-
Total other financing sources	-	-	42,897	100,875	121,328	85,350	45,298
Excess (deficiency) of revenues and other financing sources over (under) expenditures	61	650	29	416	-	167	31
Fund balance beginning of year	8	20,171	1,068	10,182	-	2	1,171
Fund balance (deficit) end of year	\$ 69	20,821	1,097	10,598	-	169	1,202

See accompanying independent auditor's report.

Valley/98-99 Corporate Purpose	Bluffs #2		1999 Police Equipment	1999 Public Works Equipment Jeep	1999 Police Equipment Radios	8th/Cody Water/ Sqd 2000 Corporate Purpose	Fire Station I/ Library 2001 Corporate Purpose	Davenport/Dodge		Total
	1998 Corporate Purpose	Water Improve- ments						Street Project 2001 Corporate Purpose	Fire Station II 2002 Corporate Purpose	
-	-	-	-	-	-	-	-	-	-	1,208
-	-	-	-	-	-	10,200	19,247	-	-	58,724
-	31,925	-	-	-	-	-	-	-	-	284,390
-	-	-	-	-	-	-	28,750	-	1,167	29,917
-	-	-	-	-	-	-	-	4,977	-	4,977
29,950	31,925	-	-	-	-	33,045	47,997	8,672	1,167	581,879
10	359	(443)	-	2	-	19	7,400	47	-	8,748
368	12,249	362	-	-	-	-	-	-	-	45,581
378	12,608	(81)	-	2	-	19	7,400	47	-	54,329

City of LeClaire
Combining Balance Sheet
Capital Projects Funds
June 30, 2002

	Hydro- Electric Project	Fire Station Project	Library Project
Assets			
Cash and pooled investments	\$ 3,215	33	624,702
Due from other funds	30,456	-	-
Total assets	\$ 33,671	33	624,702
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ -	-	833
Due to other funds	-	-	-
	-	-	833
Fund equity (deficit):			
Fund balance (deficit):			
Unreserved	33,671	33	623,869
Total liabilities and fund equity	\$ 33,671	33	624,702

See accompanying independent auditor's report.

Davenport/ Dodge Street Project	Public Works Facility	Street Overlay	Total
97	-	-	628,047
-	-	-	30,456
97	-	-	658,503
97	884	-	1,814
-	-	66	66
97	884	66	1,880
-	(884)	(66)	656,623
97	-	-	658,503

City of LeClaire

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

Capital Project Funds

Year ended June 30, 2002

	Hydro- Electric Project	Bluffs at Bridge- view	Fire Station Project
Revenues:			
Use of money and property:			
Interest on investments	\$ 876	574	3,850
Miscellaneous:			
Donations	-	-	-
Refunds and reimbursements	-	-	-
	-	-	-
Total revenues	876	574	3,850
Expenditures:			
Community Protection Program:			
Contractual services	-	-	3,101
Capital outlay	-	-	480,717
Debt service	-	-	334
	-	-	484,152
Human Development Program:			
Contractual services	-	-	-
Commodities	-	-	-
Capital outlay	-	-	-
	-	-	-
Home and Community Environment Program:			
Contractual services	271	400	-
Commodities	-	-	-
Capital outlay	12	50,000	-
	283	50,400	-
Total expenditures	283	50,400	484,152
Excess (deficiency) of revenues over (under) expenditures	593	(49,826)	(480,302)
Other financing sources (uses):			
General obligation note proceeds	-	-	140,000
Operating transfers in (out):			
General:			
General	-	-	-
Local Option Sales Tax	-	-	-
Library	-	-	-

	Davenport/ Dodge Street Project	Public Works Facility	Street Overlay	Total
	9,530	175	-	15,005
	542,140	-	-	542,140
	-	4,676	-	4,676
	542,140	4,676	-	546,816
	551,670	4,851	-	561,821
	-	-	-	3,101
	-	-	-	480,717
	-	-	-	334
	-	-	-	484,152
	11,006	-	-	11,006
	37	-	-	37
	235	-	-	235
	11,278	-	-	11,278
	-	10,119	-	10,856
	-	1,968	-	1,968
	-	328,301	884	379,197
	-	340,388	884	392,021
	11,278	340,388	884	887,451
	540,392	(335,537)	(884)	(325,630)
	-	198,000	-	338,000
	-	5,409	-	5,409
	-	29,410	-	29,410
	(960)	-	-	(960)

City of LeClaire

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

Capital Project Funds

Year ended June 30, 2002

	Hydro- Electric Project	Bluffs at Bridge- view	Fire Station Project
Other financing sources (uses):			
Operating transfers in (out):			
Special Revenue:			
Urban Renewal Tax Increment I	-	-	-
Urban Renewal Tax Increment II	-	5,978	-
Debt Service:			
Fire Station I/Library 2001 Corporate Purpose	-	-	(28,750)
Davenport/Dodge Street Project 2001 Corporate Purpose	-	-	-
Fire Station II 2002 Corporate Purpose	-	-	(1,167)
Total other financing sources (uses)	-	5,978	110,083
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	593	(43,848)	(370,219)
Fund balance beginning of year	33,078	43,848	370,252
Fund balance (deficit) end of year	\$ 33,671	-	33

See accompanying independent auditor's report.

Library Project	Davenport/ Dodge Street Project	Public Works Facility	Street Overlay	Total
-	107,695	-	-	107,695
-	-	-	-	5,978
-	-	-	-	(28,750)
-	(4,977)	-	-	(4,977)
-	-	-	-	(1,167)
(960)	335,537	-	-	450,638
539,432	-	(884)	(66)	125,008
84,437	-	-	-	531,615
623,869	-	(884)	(66)	656,623

Schedule 9

City of LeClaire
Combining Balance Sheet
Enterprise Funds
June 30, 2002

	Water	Sewer	Garbage Collection	Total
Assets				
Current assets:				
Cash and pooled investments	\$ 23,620	15,891	3,833	43,344
Receivables:				
Customer accounts	19,495	25,653	8,854	54,002
Unbilled usage	11,511	11,445	-	22,956
Accounts	1,276	210	1,776	3,262
Special assessments	440	2,409	-	2,849
Due from other funds	-	-	35,083	35,083
Prepaid insurance	5,451	7,953	58	13,462
Restricted assets:				
Cash and pooled investments:				
Customer deposits	40,540	38,392	11,446	90,378
Revenue bond/note and interest sinking account	74,485	-	-	74,485
Advances to other funds	16,870	24,150	-	41,020
Total assets	\$ 193,688	126,103	61,050	380,841
Liabilities and Fund Equity				
Current liabilities:				
Accounts payable	\$ 70,419	8,809	11,200	90,428
Accrued general obligation note interest	11	3	-	14
Due to other funds	65,539	-	-	65,539
Current principal portion of general obligation notes	2,040	560	-	2,600
Current liabilities payable from restricted assets:				
Customer deposits	40,540	38,392	11,446	90,378
Accrued revenue bond interest	4,244	-	-	4,244
Current principal portion of revenue bonds	20,000	-	-	20,000
Non-current liabilities:				
Revenue bonds	839,250	-	-	839,250
Compensated absences	6,643	8,177	390	15,210
Total liabilities	1,048,686	55,941	23,036	1,127,663

City of LeClaire
Combining Balance Sheet
Enterprise Funds
June 30, 2002

	Water	Sewer	Garbage Collection	Total
Fund equity (deficit):				
Contributed capital	750,981	-	-	750,981
Retained earnings:				
Reserved for:				
Debt service	50,241	-	-	50,241
Unreserved (deficit)	(1,656,220)	70,162	38,014	(1,548,044)
Total fund equity	(854,998)	70,162	38,014	(746,822)
Total liabilities and fund equity	\$ 193,688	126,103	61,050	380,841

See accompanying independent auditor's report.

Schedule 10

City of LeClaire

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

Enterprise Funds

Year ended June 30, 2002

	Water	Sewer	Garbage Collection	Total
Operating revenues:				
Charges for service:				
Sale of water	\$ 228,731	-	-	228,731
Customer penalties	3,357	4,855	25	8,237
Service charges	11,431	536	-	11,967
Fire hydrants	1,386	-	-	1,386
Sewer rental fees	-	315,036	-	315,036
Sewer connection fees	-	7,704	-	7,704
Solid waste collection fees	-	-	139,248	139,248
	<u>244,905</u>	<u>328,131</u>	<u>139,273</u>	<u>712,309</u>
Miscellaneous	5,067	7,259	300	12,626
Total operating revenues	<u>249,972</u>	<u>335,390</u>	<u>139,573</u>	<u>724,935</u>
Operating expenses:				
Human Development Program:				
Riverfront Recreation:				
Personal services	-	-	382	382
Home and Community Environment Program:				
Utility operations:				
Personal services	128,511	159,269	6,247	294,027
Contractual services	73,421	96,801	129,932	300,154
Commodities	20,998	80,558	2,857	104,413
	<u>222,930</u>	<u>336,628</u>	<u>139,036</u>	<u>698,594</u>
Total operating expenses	<u>222,930</u>	<u>336,628</u>	<u>139,418</u>	<u>698,976</u>
Operating income (loss)	<u>27,042</u>	<u>(1,238)</u>	<u>155</u>	<u>25,959</u>
Non-operating revenues (expenses):				
Interest income	3,194	3,214	1,253	7,661
Rent	9,600	-	-	9,600
Interest expense	(51,137)	(2,094)	-	(53,231)

City of LeClaire

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

Enterprise Funds

Year ended June 30, 2002

	Water	Sewer	Garbage Collection	Total
Non-operating revenues (expenses):				
Debt service administrative fees	(169)	(5)	-	(174)
Purchase of capital assets	(87,047)	(19,613)	(25)	(106,685)
Total non-operating revenues (expenses)	(125,559)	(18,498)	1,228	(142,829)
Net income (loss)	(98,517)	(19,736)	1,383	(116,870)
Retained earnings (deficit) at beginning of year	(1,507,462)	89,898	36,631	(1,380,933)
Retained earnings (deficit) at end of year	\$(1,605,979)	70,162	38,014	(1,497,803)

See accompanying independent auditor's report.

Schedule 11

City of LeClaire
Combining Statement of Cash Flows
Enterprise Funds
Year ended June 30, 2002

	Water	Sewer	Garbage Collection	Total
Cash flows from operating activities:				
Cash received from operating fund for services	\$ 241,858	327,900	136,780	706,538
Cash payments to suppliers for services	(211,951)	(327,687)	(125,215)	(664,853)
Net cash provided by operating activities	<u>29,907</u>	<u>213</u>	<u>11,565</u>	<u>41,685</u>
Cash flows from non-capital financing activities:				
Cash received from rentals	9,600	-	-	9,600
Deficit cash implicitly financed	50,595	-	(20,139)	30,456
Net cash provided by (used for) non-capital financing activities	<u>60,195</u>	<u>-</u>	<u>(20,139)</u>	<u>40,056</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(25,602)	(19,613)	(25)	(45,240)
Principal paid	(1,530)	(75,420)	-	(76,950)
Interest paid	(51,144)	(3,115)	-	(54,259)
Debt service administrative fees	(169)	(5)	-	(174)
Net cash used for capital and related financing activities	<u>(78,445)</u>	<u>(98,153)</u>	<u>(25)</u>	<u>(176,623)</u>
Cash flows from investing activities:				
Interest on investments	<u>3,194</u>	<u>3,214</u>	<u>1,253</u>	<u>7,661</u>
Net increase (decrease) in cash and cash equivalents	14,851	(94,726)	(7,346)	(87,221)
Cash and cash equivalents at beginning of year	<u>123,794</u>	<u>149,009</u>	<u>22,625</u>	<u>295,428</u>
Cash and cash equivalents at end of year	<u>\$ 138,645</u>	<u>54,283</u>	<u>15,279</u>	<u>208,207</u>

City of LeClaire
Combining Statement of Cash Flows
Enterprise Funds
Year ended June 30, 2002

	Water	Sewer	Garbage Collection	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 27,042	(1,238)	155	25,959
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
(Increase) in receivables	(1,978)	(445)	(808)	(3,231)
(Increase) in prepaid insurance	(1,191)	(1,851)	(27)	(3,069)
Increase in accounts payable	5,831	787	11,198	17,816
Increase in customer deposits	1,750	2,358	947	5,055
Increase (decrease) in compensated absences	(1,547)	602	100	(845)
Net cash provided by operating activities	<u>\$ 29,907</u>	<u>213</u>	<u>11,565</u>	<u>41,685</u>
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:				
Current assets:				
Cash and pooled investments	\$ 23,620	15,891	3,833	43,344
Restricted assets:				
Customer deposits	40,540	38,392	11,446	90,378
Revenue bond/note and interest sinking account	74,485	-	-	74,485
Cash and cash equivalents at year end	<u>\$ 138,645</u>	<u>54,283</u>	<u>15,279</u>	<u>208,207</u>

See accompanying independent auditor's report.

City of LeClaire
Bond/Note Maturities
June 30, 2002

Year Ending June 30,	General Obligation Bonds/Notes					
	Fire Equipment		Essential		Corporate Purpose	
	Issued Aug 15, 1991		Corporate Purpose		Issued Oct 1, 1995	
	Interest		Issued Dec 1, 1992		Interest	
Rates	Amount	Rates	Amount	Rates	Amount	
2003	6.40%	\$ 15,000	6.00%	\$ 40,000	5.05%	\$ 100,000
2004	6.50	20,000		-	5.15	105,000
2005		-		-	5.25	110,000
2006		-		-		-
2007		-		-		-
2008		-		-		-
2009-2015		-		-		-
Total		\$ 35,000		\$ 40,000		\$ 315,000

Year Ending June 30,	General Obligation Bonds/Notes					
	Economic Development		Corporate Purpose		Corporate Purpose	
	Issued Dec 1, 1997		Issued Apr 1, 1998		Issued Dec 1, 1998	
	Interest		Interest		Interest	
Rates	Amount	Rates	Amount	Rates	Amount	
2003	7.50%	\$ 20,000	4.95%	\$ 25,000	7.25%	\$ 29,000
2004	7.50	25,000	4.95	25,000	7.25	43,000
2005	7.50	35,000	4.95	25,000	7.25	48,000
2006	7.50	45,000		-	7.25	54,000
2007	7.50	50,000		-	7.25	60,000
2008	7.50	55,000		-	7.25	67,000
2009-2015		-		-	7.25	21,000
Total		\$ 230,000		\$ 75,000		\$ 322,000

<u>Economic Development</u> <u>Issued Mar 1, 1996</u>		<u>Sewer Improvement</u> <u>Issued Mar 1, 1996</u>		<u>Economic Development</u> <u>Issued Dec 17, 1996</u>	
Interest		Interest		Interest	
Rates	Amount	Rates	Amount	Rates	Amount
6.20%	\$ 95,000	4.70%	\$ 40,000	6.50%	\$ 70,000
6.35	105,000	4.80	40,000	6.50	80,000
6.50	115,000	4.85	45,000	6.50	90,000
	-	4.90	45,000	6.50	90,000
	-		-		-
	-		-		-
	-		-		-
	<u>\$ 315,000</u>		<u>\$ 170,000</u>		<u>\$ 330,000</u>

<u>General Obligation Bonds/Notes</u>						
Year Ending June 30,	<u>Police Car</u> <u>Issued Oct 19, 1999</u>		<u>Public Works Equipment</u> <u>Issued Oct 19, 1999</u>		<u>Police Equipment</u> <u>Issued Nov 1, 1999</u>	
	Interest		Interest		Interest	
	Rates	Amount	Rates	Amount	Rates	Amount
2003	5.25%	\$ 5,219	5.25%	\$ 5,075	0.00%	\$ 15,702
2004	5.25	5,385	5.25	5,322	0.00	15,703
2005		-		-		-
2006		-		-		-
2007		-		-		-
2008		-		-		-
2009-2015		-		-		-
		<u>\$ 10,604</u>		<u>\$ 10,397</u>		<u>\$ 31,405</u>

City of LeClaire
 Bond/Note Maturities
 June 30, 2002

General Obligation Bonds/Notes								
Year Ending June 30,	Water Improvements Issued Nov 15, 1999		Economic Development Issued Dec 1, 2000		Corporate Purpose Issued Dec 1, 2000		Corporate Purpose Issued Mar 30, 2001	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2003	5.00%	\$ 35,000		-	5.50%	\$ 23,000	4.35%	\$ 75,000
2004	5.00	40,000	9.50%	10,000	5.75	23,000	4.40	75,000
2005	5.00	40,000	9.50	50,000	5.75	23,000	4.45	80,000
2006	5.00	45,000	9.50	100,000	5.75	23,000	4.50	80,000
2007	5.00	45,000	9.50	100,000	6.00	23,000	4.55	90,000
2008	5.05	45,000	9.50	110,000	6.00	24,000	4.65	90,000
2009-2025	5.10-5.60	400,000	9.50	130,000	6.25	72,000	4.70-4.80	270,000
Total		<u>\$650,000</u>		<u>\$ 500,000</u>		<u>\$211,000</u>		<u>\$ 760,000</u>

* Net of discount \$15,750 amortized over life of bonds.

See accompanying independent auditor's report.

<u>Corporate Purpose</u>		<u>Corporate Purpose</u>		<u>Total</u>	<u>Revenue Bonds</u>	
<u>Issued Nov 30, 2001</u>		<u>Issued Apr 1, 2002</u>			<u>Water Revenue</u>	
<u>Interest</u>		<u>Interest</u>			<u>Issued Nov 15, 1999</u>	
<u>Rates</u>	<u>Amount</u>	<u>Rates</u>	<u>Amount</u>		<u>Interest</u>	<u>Amount</u>
					<u>Rates</u>	<u>Amount</u>
5.00%	\$ 30,000	5.00%	\$ 10,000	632,996	5.40%	\$ 19,315
5.00	35,000	5.00	10,000	662,410	5.40	19,315
5.00	35,000	5.00	15,000	711,000	5.40	24,315
5.00	35,000	5.00	15,000	532,000	5.40	24,315
5.00	35,000	5.00	15,000	418,000	5.40	24,315
5.00	35,000	5.00	15,000	441,000	5.40	24,315
5.00	140,000	5.00	60,000	1,093,000	5.40-6.15	723,360
	<u>\$ 345,000</u>		<u>\$ 140,000</u>	<u>\$ 4,490,406</u>		<u>\$ 859,250 *</u>

Schedule 13

City of LeClaire

Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30,			
	2002	2001	2000	1999
Property tax	\$ 697,224	675,786	651,676	631,081
Tax increment financing	649,999	537,842	399,918	338,443
Other city tax:				
Local option sales tax	326,513	319,964	334,454	304,432
Payment in lieu of tax	-	98,661	31,401	46,885
Mobile home tax	-	39	23	24
Utility franchise tax	21,145	18,963	7,582	-
Hotel/motel tax	109,640	83,899	69,793	10,497
Utility replacement excise tax	33,239	33,240	-	-
	<u>490,537</u>	<u>554,766</u>	<u>443,253</u>	<u>361,838</u>
Intergovernmental:				
Road use tax	230,420	221,018	223,993	207,942
State allocation	34,135	35,729	35,834	35,810
Public Safety Partnership and Community Policing grant	-	-	32,472	33,875
Public assistance grant	4,683	24,205	-	-
Miscellaneous	38,527	41,246	29,530	26,197
	<u>307,765</u>	<u>322,198</u>	<u>321,829</u>	<u>303,824</u>
Total	<u>\$ 2,145,525</u>	<u>2,090,592</u>	<u>1,816,676</u>	<u>1,635,186</u>

See accompanying independent auditor's report.



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

Richard D. Johnson, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

Warren G. Jenkins, CPA
Chief Deputy Auditor of State

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

To the Honorable Mayor and
Members of the City Council:

We have audited the general purpose financial statements of the City of LeClaire, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated September 26, 2002. 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, 2002 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 (2), (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 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, of the reportable conditions described above, we believe item (A) is a material weakness. Prior year reportable conditions have been resolved except for items (A), (B) and (C).

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.

RICHARD D. JOHNSON, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

September 26, 2002

City of LeClaire
Schedule of Findings
June 30, 2002

Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

- (A) Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The utility billings, collections, posting to customer accounts and reconciliation of billings to collections and delinquent accounts are primarily done by the same person.

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

Response - We are acutely aware of this concern and try to segregate duties as much as possible with this limited, available staffing.

Conclusion - Response accepted. The City should consider utilizing current personnel to provide additional control through review of the reconciliation. Such review should be performed by an independent person and should be evidenced by initials or signature of the reviewer and the date of the review.

- (B) Electronic Data Processing 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.

City of LeClaire
Schedule of Findings
June 30, 2002

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.

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.

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

Conclusion - Response accepted.

- (C) Records of Accounts - The LeClaire Volunteer Fire Department maintained the fire department checking and savings account records 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.

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." Monthly fire department account financial transactions should be included in the Clerk's monthly financial reports.

Response - This situation will be eliminated sometime during FY 2003 with the change in the fire department's internal organizational structure.

Conclusion - Response accepted.

- (D) Change Orders - Change orders for the Dodge/Davenport Street Project were not properly approved by the Council.

Recommendation - All change orders should be approved by the Council.

Response - The Council will delegate certain change order authority to the City Administrator at the start of each project.

Conclusion - Response accepted. The Council should ensure that change orders not falling within the authority provided to the City Administrator are properly approved by the Council.

City of LeClaire
Schedule of Findings
June 30, 2002

Other Findings Related to Required Statutory Reporting:

- (1) Official Depositories - A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2002.
- (2) Certified Budget - Although the City acted to amend the budget in May 2002, expenditures in the Community Protection Program exceeded the amount budgeted prior to the budget amendment. 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 disbursements were allowed to exceed the budget.

Response - We will monitor our expenditure timing more closely 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 - No business transactions between the City and City officials or employees were noted.
- (6) Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to 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.
- (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.

City of LeClaire
Schedule of Findings
June 30, 2002

- (9) Financial Condition - At June 30, 2001 and 2002, the City had deficit unreserved fund balances/retained earnings in the following accounts:

Fund	Unreserved Fund Balance/ Retained Earnings (Deficit)	
	June 30,	
	2001	2002
General:		
Library	\$ (292)	(269)
Special Revenue:		
Workers' Compensation	-	(10,556)
Damages, Claims and Deductibles	18,037	(3,421)
Urban Renewal Tax Incremental I	97,869	(14,299)
Debt Service:		
Water Improvements	362	(81)
Capital Projects:		
Public Works Facility	-	(884)
Street Overlay	-	(66)
Enterprise:		
Water	(1,577,352)	(1,656,220)

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.

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

Response - The City will continue to investigate alternatives to eliminate any deficits.

Conclusion - Response accepted.

- (10) Revenue Bonds - We noted no instances of non-compliance with the provisions of the City's revenue bond resolution.

- (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 obtain this opinion and provide a report as required.

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
Kevin P. Riley, Staff Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State