



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

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Warren G. Jenkins, CPA
Chief Deputy Auditor of State

NEWS RELEASE

FOR RELEASE August 5, 2002

Contact: Andy Nielsen
515/281-5515

Auditor of State Richard Johnson today released an audit report on the City of Le Grand, Iowa for the six months ended December 31, 2001 and the year ended June 30, 2001.

Johnson reported that the City's receipts totaled \$282,340 for the six months ended December 31, 2001, including \$50,401 in property tax, \$29,108 in local option sales tax, \$50,884 from the state, and \$9,448 in interest on investments. The City's receipts totaled \$490,522 for the year ended June 30, 2001, including \$100,808 in property tax, \$52,423 in local option sales tax, \$87,413 from the state, and \$13,829 in interest on investments.

Disbursements for the six months ended December 31, 2001 totaled \$221,330 and included \$48,162 for community protection, \$65,848 for human development, \$82,414 for home and community environment and \$24,886 for policy and administration. Disbursements for the year ended June 30, 2001 totaled \$484,938 and included \$54,694 for community protection, \$73,186 for human development, \$313,478 for home and community environment and \$43,580 for policy and administration.

This report contains recommendations to the City Council and other City officials. For example, duties should be segregated among employees to prevent individual employees from handling duties which are incompatible. Procedures should also be established to reconcile utility billings, collections and delinquencies for each billing period and the City should establish written policies concerning the use of electronic data processing systems. The City has responded that policies will be established for the review of records by the Mayor or Council, procedures will be established to reconcile utility billings, collections and delinquencies for each billing period and written policies for the electronic data processing systems will be drafted and approved.

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

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CITY OF LE GRAND

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

**SIX MONTHS ENDED DECEMBER 31, 2001, AND
YEAR ENDED JUNE 30, 2001**

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City of Le Grand
Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Wayne Weitzell	Mayor	Jan 2002
Ed Wignall	Mayor Pro tem	Jan 2002
Scott Kellogg	Council Member	Jan 2004
Troy Underhill	Council Member	Jan 2004
Rick Weitzell	Council Member	Jan 2004
Gary Paxton	Council Member	Jan 2004
Shannon Mitchell	City Clerk	Resigned Dec 2001
Cheryl Culver	City Clerk	Indefinite
Gene Beach	City Attorney	Indefinite

City of Le Grand



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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 financial statements, listed as exhibits in the table of contents of this report, of the City of Le Grand, Iowa, as of and for the six months ended December 31, 2001 and the year ended June 30, 2001. These financial statements are the responsibility of the City of Le Grand's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the aforementioned financial statements present fairly, in all material respects, the results of the cash transactions of the funds of the City of Le Grand as of and for the six months ended December 31, 2001 and the year ended June 30, 2001, and its indebtedness at December 31, 2001 and June 30, 2001, on the basis of accounting described in note 1.

In accordance with Government Auditing Standards, we have also issued our report dated March 13, 2002 on our consideration of the City of Le Grand'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 aforementioned financial statements taken as a whole. The supplemental information included in Schedules 1 through 9 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the aforementioned financial statements taken as a whole.

RICHARD D. JOHNSON, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 13, 2002

City of Le Grand

Financial Statements

City of Le Grand
 Combined Statement of Cash Transactions
 All Funds
 Six Months ended December 31, 2001

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Receipts:			
Property tax	\$ 45,848	-	4,553
Other city tax	25,032	-	12,306
Licenses and permits	430	-	-
Use of money and property	12,068	-	-
Intergovernmental	15,490	35,394	-
Charges for service	2,627	-	-
Miscellaneous	24,908	-	-
Total receipts	<u>126,403</u>	<u>35,394</u>	<u>16,859</u>
Disbursements:			
Community Protection Program	45,064	3,118	-
Human Development Program	36,260	29,588	-
Home and Community Environment Program	1,718	-	3,483
Policy and Administration Program	24,886	-	-
Total disbursements	<u>107,928</u>	<u>32,706</u>	<u>3,483</u>
Excess of receipts over disbursements	18,475	2,688	13,376
Balance beginning of period	<u>170,999</u>	<u>44,974</u>	<u>2,067</u>
Balance end of period	<u>\$ 189,474</u>	<u>47,662</u>	<u>15,443</u>

See notes to financial statements.

<u>Proprietary Fund Types</u>	<u>Total (Memorandum Only)</u>
Enterprise	
-	50,401
-	37,338
-	430
-	12,068
-	50,884
98,624	101,251
5,060	29,968
<u>103,684</u>	<u>282,340</u>
-	48,182
-	65,848
77,213	82,414
-	24,886
<u>77,213</u>	<u>221,330</u>
26,471	61,010
<u>208,478</u>	<u>426,518</u>
<u>234,949</u>	<u>487,528</u>

City of Le Grand
 Combined Statement of Cash Transactions
 All Funds
 Year ended June 30, 2001

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Receipts:			
Property tax	\$ 96,718	-	4,090
Other city tax	52,586	-	10,287
Licenses and permits	789	-	-
Use of money and property	19,640	-	-
Intergovernmental	18,332	69,081	-
Charges for service	678	-	-
Miscellaneous	17,434	-	1,620
Total receipts	<u>206,177</u>	<u>69,081</u>	<u>15,997</u>
Disbursements:			
Community Protection Program	45,709	8,985	-
Human Development Program	73,186	-	-
Home and Community Environment Program	3,421	62,625	13,817
Policy and Administration Program	43,580	-	-
Total disbursements	<u>165,896</u>	<u>71,610</u>	<u>13,817</u>
Excess (deficiency) of receipts over (under) disbursements	<u>40,281</u>	<u>(2,529)</u>	<u>2,180</u>
Other financing sources (uses):			
Operating transfers in	3,077	-	1,179
Operating transfers out	(6,256)	-	-
Total other financing sources (uses)	<u>(3,179)</u>	<u>-</u>	<u>1,179</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	37,102	(2,529)	3,359
Balance beginning of year	<u>133,897</u>	<u>47,503</u>	<u>(1,292)</u>
Balance end of year	<u>\$170,999</u>	<u>44,974</u>	<u>2,067</u>

See notes to financial statements.

Capital Projects	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise		
-	-		100,808
-	-		62,873
-	-		789
-	260		19,900
-	-		87,413
-	190,072		190,750
-	8,935		27,989
-	199,267		490,522
-	-		54,694
-	-		73,186
-	233,615		313,478
-	-		43,580
-	233,615		484,938
-	(34,348)		5,584
2,000	6,500		12,756
-	(6,500)		(12,756)
2,000	-		-
2,000	(34,348)		5,584
(2,000)	242,826		420,934
-	208,478		426,518

Exhibit C

City of Le Grand

Comparison of Receipts, Disbursements and Changes in Balances -

Actual to Budget

Year ended June 30, 2001

	Actual	Amended Budget	Variance Favorable (Unfavorable)	Actual as % of Amended Budget
Receipts:				
Property tax	\$ 100,808	96,000	4,808	105%
Other city tax	62,873	54,914	7,959	114%
Licenses and permits	789	760	29	104%
Use of money and property	19,900	19,800	100	101%
Intergovernmental	87,413	92,570	(5,157)	94%
Charges for service	190,750	216,906	(26,156)	88%
Miscellaneous	27,989	21,501	6,488	130%
Total receipts	<u>490,522</u>	<u>502,451</u>	<u>(3,198)</u>	<u>98%</u>
Disbursements:				
Community Protection Program	54,694	81,519	26,825	67%
Human Development Program	73,186	94,760	21,574	77%
Home and Community Environment Program	313,478	319,397	5,919	98%
Policy and Administration Program	43,580	44,338	758	98%
Total disbursements	<u>484,938</u>	<u>540,014</u>	<u>55,076</u>	<u>90%</u>
Excess (deficiency) of receipts over (under) disbursements	5,584	(37,563)		
Balance beginning of year	<u>420,934</u>	<u>420,934</u>		
Balance end of year	<u>\$ 426,518</u>	<u>383,371</u>		

See notes to financial statements.

City of Le Grand

City of Le Grand

Statement of Indebtedness

Six Months ended December 31, 2001 and Year ended June 30, 2001

Six months ended December 31, 2001

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
General obligation notes:			
Fire Station	Dec 1, 1992	6.00%	\$ 51,825
RC 2000 Fire Station	Jul 1, 1991	3.00%	58,439
Total			
Revenue bonds:			
Sewer revenue bonds	Dec 1, 1992	4.86%	\$ 500,000

Year ended June 30, 2001

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
General obligation notes:			
Fire Station	Dec 1, 1992	6.00%	\$ 51,825
RC 2000 Fire Station	Jul 1, 1991	3.00%	58,439
Total			
Revenue bonds:			
Sewer revenue bonds	Dec 1, 1992	4.86%	\$ 500,000

See notes to financial statements.

Balance Beginning of Period	Redeemed During Period	Balance End of Period	Interest Paid
13,513	3,081	10,432	402
13,109	-	13,109	-
<u>\$ 26,622</u>	<u>3,081</u>	<u>23,541</u>	<u>402</u>
<u>288,000</u>	<u>-</u>	<u>288,000</u>	<u>7,004</u>

Balance Beginning of Year	Redeemed During Year	Balance End of Year	Interest Paid
19,443	5,930	13,513	1,037
19,378	6,269	13,109	581
<u>\$ 38,821</u>	<u>12,199</u>	<u>26,622</u>	<u>1,618</u>
<u>310,000</u>	<u>22,000</u>	<u>288,000</u>	<u>14,538</u>

City of Le Grand

Notes to Financial Statements

December 31, 2001 and June 30, 2001

(1) Summary of Significant Accounting Policies

The City of Le Grand is a political subdivision of the State of Iowa located in Marshall County. It was first incorporated in 1891 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 Le Grand has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City of Le Grand has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City also 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 the following boards and commissions: Marshall County Assessor's Conference Board and the Marshall County Emergency Management Commission.

B. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its receipts, disbursements and fund balances. The various funds and their designated purposes are as follows:

Governmental Funds

General Fund - The General Fund is the general operating fund of the City. All general tax receipts and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid through other funds.

Special Revenue Fund - The Special Revenue Fund is utilized to account for receipts derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

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

Capital Projects Fund - The Capital Projects Fund is 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.

C. Basis of Accounting

The City of Le Grand maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

D. Budgets and Budgetary Accounting

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

Formal and legal budgetary control is based upon four major classes of disbursements, known as programs, not by fund. These four programs are community protection, human development, home and community environment and policy and administration.

E. Total (Memorandum Only)

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

(2) Cash and Pooled Investments

The City's deposits in banks at December 31, 2001 and June 30, 2001 were entirely covered by federal depository insurance or the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

(3) Bonds and Notes Payable

Annual debt service requirements to maturity as of December 31, 2001 for general obligation notes and revenue bonds are as follows:

Year Ending June 30,	General Obligation Notes		General Obligation Notes		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2002	\$ 3,171	313	6,458	393	20,000	14,008	\$ 29,629	14,714
2003	7,261	337	6,651	200	21,000	13,036	34,912	13,573
2004	-	-	-	-	22,000	12,014	22,000	12,014
2005	-	-	-	-	24,000	10,944	24,000	10,944
2006	-	-	-	-	25,000	9,777	25,000	9,777
2007	-	-	-	-	26,000	8,561	26,000	8,561
2008	-	-	-	-	27,000	7,296	27,000	7,296
2009	-	-	-	-	29,000	5,983	29,000	5,983
2010	-	-	-	-	30,000	4,572	30,000	4,572
2011	-	-	-	-	31,000	3,113	31,000	3,113
2012	-	-	-	-	33,000	1,605	33,000	1,605
Total	\$ 10,432	650	13,109	593	288,000	90,909	\$ 311,541	92,152

The resolutions providing for the issuance of the revenue bonds include the following provisions.

- (a) The bonds will only be redeemed from the future earnings of the sewer system.
- (b) Sufficient monthly transfers shall be made to a separate sewer sinking fund for the purpose of making the bond principal and interest payments when due.
- (c) Additional monthly transfers in an amount equal to the amount required to be deposited into the sinking fund shall be made to the sewer reserve fund until specific minimum balances have been accumulated. This account is restricted for the purpose of paying principal at maturity or interest on the bonds in the event that funds are not available in the sinking fund.

(4) Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual salary and the City is required to contribute 5.75% of annual covered payroll except for police employees, in which case the percentages are 5.90% and 8.86%, respectively. Contribution requirements are established by state statute. The City's contribution to IPERS for the year ended June 30, 2001 was \$7,281, equal to the required contribution for that year. The City's contribution to IPERS for the six months ended December 31, 2001 was \$3,795.

(5) Risk Management

The City of Le Grand is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in the fiscal year ended June 30, 2001 or the six months ended December 31, 2001.

(6) Related Party Transactions

The City had business transactions between City and the spouse of a City employee totaling \$8,385 during the year ended June 30, 2001.

City of Le Grand

Supplemental Information

Schedule 1

City of Le Grand
Combining Schedule of Cash Transactions
General Fund
Six Months ended December 31, 2001

	General	Community Center	First Responders	Library	Park and Recreation	Total
Receipts:						
Property tax	\$ 45,848	-	-	-	-	45,848
Other city tax:						
Local option tax	16,802	-	-	-	-	16,802
Cable franchise tax	469	-	-	-	-	469
Utility tax replacement excise tax	1,633	-	-	-	-	1,633
Other	6,128	-	-	-	-	6,128
	<u>25,032</u>	-	-	-	-	<u>25,032</u>
Licenses and permits:						
Liquor	390	-	-	-	-	390
Building	40	-	-	-	-	40
	<u>430</u>	-	-	-	-	<u>430</u>
Use of money and property:						
Interest on investments	9,448	-	-	-	-	9,448
Rent	2,620	-	-	-	-	2,620
	<u>12,068</u>	-	-	-	-	<u>12,068</u>
Intergovernmental:						
Bank franchise tax	384	-	-	-	-	384
County library allocation	5,816	-	-	-	-	5,816
Library grants	-	-	-	2,312	-	2,312
Replacement tax	4,531	-	-	-	-	4,531
Fire department support	2,447	-	-	-	-	2,447
	<u>13,178</u>	-	-	<u>2,312</u>	-	<u>15,490</u>
Charges for service:						
Library fines and book replacements	99	-	-	-	-	99
Library copy fees	13	-	-	-	-	13
Animal control	25	-	-	-	-	25
Miscellaneous	2,490	-	-	-	-	2,490
	<u>2,627</u>	-	-	-	-	<u>2,627</u>
Miscellaneous:						
Donations	-	497	-	4,247	5,694	10,438
Refunds and reimbursements	13,030	-	-	-	-	13,030
Court fines	1,426	-	-	-	-	1,426
Accident reports	14	-	-	-	-	14
	<u>14,470</u>	<u>497</u>	-	<u>4,247</u>	<u>5,694</u>	<u>24,908</u>
Total receipts	<u>113,653</u>	<u>497</u>	-	<u>6,559</u>	<u>5,694</u>	<u>126,403</u>

City of Le Grand
Combining Schedule of Cash Transactions
General Fund
Six Months ended December 31, 2001

	General	Community Center	First Responders	Library	Park and Recreation	Total
Disbursements:						
Community Protection Program:						
Police:						
Personal services	10,528	-	-	-	-	10,528
Contractual services	1,501	-	-	-	-	1,501
Commodities	894	-	-	-	-	894
Capital outlay	4,893	-	-	-	-	4,893
	<u>17,816</u>	-	-	-	-	<u>17,816</u>
Protective services:	<u>12,175</u>	-	-	-	-	<u>12,175</u>
First Responders:						
Contractual services	263	-	-	-	-	263
Commodities	6,363	-	-	-	-	6,363
	<u>6,626</u>	-	-	-	-	<u>6,626</u>
Fire:						
Contractual services	3,850	-	-	-	-	3,850
Commodities	4,597	-	-	-	-	4,597
	<u>8,447</u>	-	-	-	-	<u>8,447</u>
	<u>45,064</u>	-	-	-	-	<u>45,064</u>
Human Development Program:						
Library:						
Personal services	10,826	-	-	-	-	10,826
Contractual services	1,300	-	-	373	-	1,673
Commodities	4,703	-	3,005	5,315	-	13,023
Capital outlay	-	-	-	202	-	202
	<u>16,829</u>	-	<u>3,005</u>	<u>5,890</u>	-	<u>25,724</u>
Parks:						
Personal services	984	-	-	-	-	984
Contractual	1,001	-	-	-	-	1,001
Commodities	630	-	-	-	-	630
	<u>2,615</u>	-	-	-	-	<u>2,615</u>
Community Center:						
Personal Services	1,120	-	-	-	-	1,120
Contractual	3,431	-	-	-	-	3,431
Commodities	272	-	-	-	-	272
Capital outlay	523	-	-	-	-	523
	<u>5,346</u>	-	-	-	-	<u>5,346</u>

Schedule 1

City of Le Grand
Combining Schedule of Cash Transactions
General Fund
Six Months ended December 31, 2001

	General	Community Center	First Responders	Library	Park and Recreation	Total
Disbursements (continued):						
Human Development Program:						
Special events:						
Contractual services	2,575	-	-	-	-	2,575
	<u>27,365</u>	-	3,005	5,890	-	<u>36,260</u>
Home and Community Environment Program:						
Building Safety:						
Personal services	10	-	-	-	-	10
Solid Waste:						
Contractual services	1,708	-	-	-	-	1,708
	<u>1,718</u>	-	-	-	-	<u>1,718</u>
Policy and Administration Program:						
Mayor and Council Members:						
Personal services	1,184	-	-	-	-	1,184
Contractual services	150	-	-	-	-	150
	<u>1,334</u>	-	-	-	-	<u>1,334</u>
Clerk/Treasurer:						
Personal services	8,634	-	-	-	-	8,634
Contractual services	9,016	-	-	-	-	9,016
Commodities	1,576	-	-	-	-	1,576
	<u>19,226</u>	-	-	-	-	<u>19,226</u>
Miscellaneous:						
Contractual services	535	-	-	-	-	535
Capital outlay	3,000	-	-	-	-	3,000
	<u>3,535</u>	-	-	-	-	<u>3,535</u>
Legal and Professional:						
Contractual services	791	-	-	-	-	791
	<u>24,886</u>	-	-	-	-	<u>24,886</u>
Total disbursements	<u>99,033</u>	-	3,005	5,890	-	<u>107,928</u>
Excess (deficiency) of receipts over (under) disbursements	14,620	497	(3,005)	669	5,694	18,475
Balance beginning of period	157,919	1,268	3,005	8,807	-	170,999
Balance end of period	<u>\$ 172,539</u>	<u>1,765</u>	<u>-</u>	<u>9,476</u>	<u>5,694</u>	<u>189,474</u>

See accompanying independent auditor's report.

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

	General	Community Center	First Responders	Library	Park and Recreation	Total
Receipts:						
Property tax	\$ 96,718	-	-	-	-	96,718
Other city tax:						
Local option tax	42,136	-	-	-	-	42,136
Cablevision franchise tax	774	-	-	-	-	774
Utility tax replacement excise tax	9,552	-	-	-	-	9,552
Other	124	-	-	-	-	124
	<u>52,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,586</u>
Licenses and permits:						
Liquor	465	-	-	-	-	465
Cigarette	150	-	-	-	-	150
Vending	5	-	-	-	-	5
Building	169	-	-	-	-	169
	<u>789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>789</u>
Use of money and property:						
Interest on investments	13,778	-	-	-	51	13,829
Rent	5,811	-	-	-	-	5,811
	<u>19,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51</u>	<u>19,640</u>
Intergovernmental:						
Bank franchise tax	2,264	-	-	-	-	2,264
County library allocation	6,195	-	-	-	-	6,195
Library grants	-	-	-	2,530	-	2,530
Fire department support	7,343	-	-	-	-	7,343
	<u>15,802</u>	<u>-</u>	<u>-</u>	<u>2,530</u>	<u>-</u>	<u>18,332</u>
Charges for service:						
Library fines and book replacements	545	-	-	-	-	545
Library copy fees	133	-	-	-	-	133
	<u>678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>678</u>
Miscellaneous:						
Donations	-	1,824	-	4,457	-	6,281
Refunds and reimbursements	1,120	-	-	-	-	1,120
Community center deposits	50	-	-	-	-	50
Insurance dividends	1,213	-	-	-	-	1,213
Court fines	4,254	-	-	-	-	4,254
Accident reports	35	-	-	-	-	35
Miscellaneous	4,481	-	-	-	-	4,481
	<u>11,153</u>	<u>1,824</u>	<u>-</u>	<u>4,457</u>	<u>-</u>	<u>17,434</u>
Total receipts	<u>197,315</u>	<u>1,824</u>	<u>-</u>	<u>6,987</u>	<u>51</u>	<u>206,177</u>

Schedule 2

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

	General	Community Center	First Responders	Library	Park and Recreation	Total
Disbursements:						
Community Protection Program:						
Police:						
Personal services	15,859	-	-	-	-	15,859
Contractual services	2,184	-	-	-	-	2,184
Commodities	2,284	-	-	-	-	2,284
	<u>20,327</u>	-	-	-	-	<u>20,327</u>
Civil Defense	1,250	-	-	-	-	1,250
Protective services	3,500	-	-	-	-	3,500
First Responders:						
Contractual services	2,133	-	-	-	-	2,133
Commodities	3,259	-	-	-	-	3,259
	<u>5,392</u>	-	-	-	-	<u>5,392</u>
Fire:						
Contractual services	9,751	-	-	-	-	9,751
Commodities	5,489	-	-	-	-	5,489
	<u>15,240</u>	-	-	-	-	<u>15,240</u>
	<u>45,709</u>	-	-	-	-	<u>45,709</u>
Human Development Program:						
Library:						
Personal services	20,655	-	-	-	-	20,655
Contractual services	4,295	-	-	2,247	-	6,542
Commodities	7,435	-	-	2,752	-	10,187
Capital outlay	44	-	-	641	-	685
	<u>32,429</u>	-	-	<u>5,640</u>	-	<u>38,069</u>
Animal control:						
Contractual services	322	-	-	-	-	322
Parks:						
Personal services	2,069	-	-	-	-	2,069
Contractual	1,676	-	-	-	-	1,676
Commodities	4,471	-	-	-	-	4,471
Capital outlay	1,200	-	-	-	1,957	3,157
	<u>9,416</u>	-	-	-	<u>1,957</u>	<u>11,373</u>

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

	General	Community Center	First Responders	Library	Park and Recreation	Total
Community Center:						
Personal services	2,461	-	-	-	-	2,461
Contractual services	8,036	-	-	-	-	8,036
Commodities	1,509	-	-	-	-	1,509
Miscellaneous	1,254	4,487	-	-	-	5,741
	<u>13,260</u>	<u>4,487</u>	-	-	-	<u>17,747</u>
Special events	5,675	-	-	-	-	5,675
	<u>61,102</u>	<u>4,487</u>	-	<u>5,640</u>	<u>1,957</u>	<u>73,186</u>
Home and Community Environment Program:						
Building Safety:						
Personal services	5	-	-	-	-	5
Solid Waste:						
Contractual services	3,416	-	-	-	-	3,416
	<u>3,421</u>	-	-	-	-	<u>3,421</u>
Policy and Administration Program:						
Mayor and Council Members:						
Personal services	1,787	-	-	-	-	1,787
Contractual services	7	-	-	-	-	7
	<u>1,794</u>	-	-	-	-	<u>1,794</u>
Financial Administration:						
Personal services	12,538	-	-	-	-	12,538
Contractual services	4,548	-	-	-	-	4,548
Commodities	2,077	-	-	-	-	2,077
	<u>19,163</u>	-	-	-	-	<u>19,163</u>
Miscellaneous:						
Contractual services	8,619	-	-	-	-	8,619
Capital outlay	9,186	-	-	-	-	9,186
	<u>17,805</u>	-	-	-	-	<u>17,805</u>
Legal and Professional:						
Contractual services	1,248	-	-	-	-	1,248
City Hall:						
Personal services	79	-	-	-	-	79
Contractual services	2,877	-	-	-	-	2,877
Commodities	614	-	-	-	-	614
	<u>3,570</u>	-	-	-	-	<u>3,570</u>
	<u>43,580</u>	-	-	-	-	<u>43,580</u>
Total disbursements	<u>153,812</u>	<u>4,487</u>	-	<u>5,640</u>	<u>1,957</u>	<u>165,896</u>

Schedule 2

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

	General	Community Center	First Responders	Library	Park and Recreation	Total
Excess (deficiency) of receipts over (under) disbursements	43,503	(2,663)	-	1,347	(1,906)	40,281
Other financing sources (uses):						
Operating transfers in (out):						
General:						
General	-	-	-	251	-	251
Community Center	-	-	-	-	(2,826)	(2,826)
Library	(251)	-	-	-	-	(251)
Park and Recreation	-	2,826	-	-	-	2,826
Debt Service	(1,179)	-	-	-	-	(1,179)
Capital Projects	(2,000)	-	-	-	-	(2,000)
Total other financing sources (uses)	(3,430)	2,826	-	251	(2,826)	(3,179)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	40,073	163	-	1,598	(4,732)	37,102
Balance beginning of year	117,846	1,105	3,005	7,209	4,732	133,897
Balance end of year	\$ 157,919	1,268	3,005	8,807	-	170,999

See accompanying independent auditor's report.

City of Le Grand
Combining Schedule of Cash Transactions
Special Revenue Fund
Six Months ended December 31, 2001

	Road Use Tax
Receipts:	
Intergovernmental:	
Road use tax allocation	\$ 35,394
Disbursements:	
Community Protection Program:	
Street lighting	3,118
Home and Community Environment Program:	
Personal services	10,097
Contractual services	4,239
Commodities	15,252
Total disbursements	32,706
Excess of receipts over disbursements	2,688
Balance beginning of period	44,974
Balance end of period	\$ 47,662

See accompanying independent auditor's report.

Schedule 4

City of Le Grand
Combining Schedule of Cash Transactions
Special Revenue Fund
Year ended June 30, 2001

	<u>Road Use Tax</u>
Receipts:	
Intergovernmental:	
Road use tax allocation	<u>\$ 69,081</u>
Disbursements:	
Community Protection Program:	
Street lighting	<u>8,985</u>
Home and Community Environment Program:	
Personal services	20,082
Contractual services	18,310
Commodities	19,768
Capital outlay	106
Miscellaneous	4,359
	<u>62,625</u>
Total disbursements	<u>71,610</u>
Deficiency of receipts under disbursements	(2,529)
Balance beginning of year	<u>47,503</u>
Balance end of year	<u><u>\$ 44,974</u></u>

See accompanying independent auditor's report.

City of Le Grand
 Schedule of Cash Transactions
 Debt Service Fund
 Six Months ended December 31, 2001

	<u>Water Improvements</u>
Receipts:	
Property tax	\$ 4,553
Local option tax	12,306
Total receipts	16,859
Disbursements:	
Home and Community Environment Program:	
Debt service:	
Principal redemption	3,081
Interest payments	402
Total disbursements	3,483
Excess of receipts over disbursements	13,376
Balance beginning of period	2,067
Balance end of period	\$ 15,443

See accompanying independent auditor's report.

Schedule 6

City of Le Grand
Schedule of Cash Transactions
Debt Service Fund
Year ended June 30, 2001

	<u>Water Improvements</u>
Receipts:	
Property tax	\$ 4,090
Local option tax	10,287
Use of money and property:	
Miscellaneous	1,620
Total receipts	<u>15,997</u>
Disbursements:	
Home and Community Environment Program:	
Debt service:	
Principal redemption	12,199
Interest payments	1,618
Total disbursements	<u>13,817</u>
Excess of receipts over disbursements	2,180
Other financing sources:	
Operating transfers in:	
General:	
General	<u>1,179</u>
Excess of receipts and other financing sources over disbursements	3,359
Balance beginning of year	<u>(1,292)</u>
Balance end of year	<u>\$ 2,067</u>

See accompanying independent auditor's report.

City of Le Grand
Combining Schedule of Cash Transactions
Enterprise Funds
Six Months ended December 31, 2001

	Water	Sewer Revenue	Sewer Sinking	Total
Receipts:				
Charges for service:				
Sale of water	\$ 59,037	-	-	59,037
Sewer rental fees	-	23,337	16,250	39,587
	<u>59,037</u>	<u>23,337</u>	<u>16,250</u>	<u>98,624</u>
Miscellaneous:				
Sales tax collected	3,223	-	-	3,223
Customer deposits	700	70	-	770
Miscellaneous	588	479	-	1,067
	<u>4,511</u>	<u>549</u>	<u>-</u>	<u>5,060</u>
Total receipts	<u>63,548</u>	<u>23,886</u>	<u>16,250</u>	<u>103,684</u>
Disbursements:				
Home and Community Environment Program:				
Administration and collection:				
Personal services	17,956	-	-	17,956
Contractual services	19,204	-	-	19,204
Commodities	5,155	-	-	5,155
Capital outlay	8,026	-	-	8,026
	<u>50,341</u>	<u>-</u>	<u>-</u>	<u>50,341</u>
Plant:				
Personal services	-	10,903	-	10,903
Contractual services	-	4,920	-	4,920
Commodities	-	4,045	-	4,045
	<u>-</u>	<u>19,868</u>	<u>-</u>	<u>19,868</u>

Schedule 7

City of Le Grand
Combining Schedule of Cash Transactions
Enterprise Funds
Six Months ended December 31, 2001

	Water	Sewer Revenue	Sewer Sinking	Total
Disbursements (continued):				
Home and Community Environment Program:				
Debt service:				
Interest payments	-	-	7,004	7,004
Total disbursements	<u>50,341</u>	<u>19,868</u>	<u>7,004</u>	<u>77,213</u>
Excess of receipts over disbursements	13,207	4,018	9,246	26,471
Balance beginning of period	<u>34,926</u>	<u>165,723</u>	<u>7,829</u>	<u>208,478</u>
Balance end of period	<u>\$ 48,133</u>	<u>169,741</u>	<u>17,075</u>	<u>234,949</u>

See accompanying independent auditor's report.

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

	Water	Sewer Revenue	Sewer Sinking	Total
Receipts:				
Use of money and property:				
Interest on investments	\$ 260	-	-	260
Charges for service:				
Sale of water	113,130	-	-	113,130
Sewer rental fees	-	38,542	38,400	76,942
	113,130	38,542	38,400	190,072
Miscellaneous:				
Sales tax collected	5,161	795	-	5,956
Customer deposits	750	595	-	1,345
Miscellaneous	852	782	-	1,634
	6,763	2,172	-	8,935
Total receipts	120,153	40,714	38,400	199,267
Disbursements:				
Home and Community Environment Program:				
Administration and collection:				
Personal services	32,340	21,608	-	53,948
Contractual services	74,301	16,129	533	90,963
Commodities	20,905	12,089	-	32,994
Capital outlay	17,688	156	-	17,844
	145,234	49,982	533	195,749
Miscellaneous:				
Personal services	1,328	-	-	1,328

Schedule 8

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

	Water	Sewer Revenue	Sewer Sinking	Total
Disbursements (continued):				
Home and Community Environment Program:				
Debt service:				
Principal redemption	-	-	22,000	22,000
Interest payments	-	-	14,538	14,538
	-	-	36,538	36,538
Total disbursements	146,562	49,982	37,071	233,615
Excess (deficiency) of receipts over (under) disbursements	(26,409)	(9,268)	1,329	(34,348)
Operating transfers in (out):				
Enterprise:				
Sewer Revenue	-	-	6,500	6,500
Sewer Sinking	-	(6,500)	-	(6,500)
Total other financing sources (uses)	-	(6,500)	6,500	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(26,409)	(15,768)	7,829	(34,348)
Balance beginning of year	61,335	181,491	-	242,826
Balance end of year	\$ 34,926	165,723	7,829	208,478

See accompanying independent auditor's report.

City of Le Grand
Bond and Note Maturities
June 30, 2001

Year Ending June 30,	General Obligation Notes					Revenue Bonds	
	RC 2000 Fire Station		Fire Station		Total	Sewer	
	Issued Jul 1, 1991		Issued Dec 1, 1992			Issued Dec 1, 1992	
	Interest Rates	Amount	Interest Rates	Amount		Interest Rates	Amount
2002	3.00%	\$ 6,458	6.00%	\$ 3,171	\$ 9,629	4.86%	\$ 20,000
2003	3.00	6,651	6.00	7,261	13,912	4.86	21,000
2004		-		-	-	4.86	22,000
2005		-		-	-	4.86	24,000
2006		-		-	-	4.86	25,000
2007		-		-	-	4.86	26,000
2008		-		-	-	4.86	27,000
2009		-		-	-	4.86	29,000
2010		-		-	-	4.86	30,000
2011		-		-	-	4.86	31,000
2012		-		-	-	4.86	33,000
Total		<u>\$ 13,109</u>		<u>\$ 10,432</u>	<u>\$ 23,541</u>		<u>\$ 288,000</u>

See accompanying independent auditor's report.

City of Le Grand



**OFFICE OF AUDITOR OF STATE
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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 financial statements of the City of Le Grand, Iowa, as of and for the six months ended December 31, 2001 and the year ended June 30, 2001, and have issued our report thereon dated March 13, 2002. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. 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 Le Grand's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City of Le Grand's operations for the six months ended December 31, 2001 and year ended June 30, 2001 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Le Grand'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 Le Grand'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 that item A is a material weakness. Prior audit reportable conditions have been resolved except for item A.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Le Grand and other parties to whom the City of Le Grand 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 Le Grand 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

March 13, 2002

City of Le Grand

Schedule of Findings

Six months ended December 31, 2001 and
Year ended June 30, 2001

Findings Related to the General Purpose Financial Statements:

REPORTABLE CONDITIONS:

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

- (1) Investments--investing, recording and custody.
- (2) Receipts--collecting, depositing, journalizing and posting.
- (3) Disbursements--check writing, signing and posting.
- (4) Payroll--preparation and distribution.
- (5) Water utility billings, collections, deposits, posting to customer accounts and cash receipts journal, and reconciliation of billings to collections and delinquent accounts are all 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 will address this issue the best we can.

Conclusion - Response accepted.

- (B) Transfers - The City periodically transferred money to and from various funds and accounts. However, these transfers were not always approved by the Council prior to the actual transfer.

Recommendation - The City should approve all fund/account transfers prior to the actual transfer and document the approval and amount as part of the minutes record.

Response - A sample transfer resolution was provided to me. Therefore, I will have the Council pass the resolution for transfers from this point on.

Conclusion - Response accepted.

- (C) Receipts - The City did not issue receipts until the collections were deposited. A restrictive endorsement (for deposit only) was not placed on all checks when received. Collections for miscellaneous services were not deposited on a timely basis.

Recommendation - Prenumbered receipts should be issued by the City at the time of collection. Checks should be restrictively endorsed when received. All collections should be deposited intact timely.

City of Le Grand

Schedule of Findings

Six months ended December 31, 2001 and
Year ended June 30, 2001

Response - This has been corrected. Deposits are now being deposited once a week.

Conclusion - Response accepted.

- (D) Unused Checks - Unused checks are not properly safeguarded.

Recommendation - Unused checks should be properly safeguarded.

Response - This has been corrected. They are now locked up.

Conclusion - Response accepted.

- (E) Vehicle Usage Policy - The City owns vehicles for use by various employees while on City business. The City has not established a policy to regulate the use of these vehicles.

Recommendation - The City should establish a written policy regulating the use of City vehicles. The policy should include provisions for incidental personal use, commuting, assignment of vehicles, documentation required, restricted vehicle uses, and compensation for employees. The policy should be applied consistently for all City employees.

Response - This matter will be put before the Council and a policy will be established.

Conclusion - Response accepted.

- (F) Disbursements - Certain invoices were not properly marked paid to help prevent possible duplicate payment of invoices. Additionally, the City has not established a written disbursement approval policy allowing the Clerk to pay certain disbursements prior to Council approval.

Recommendation - All paid invoices should be marked or stamped paid with the date of payment to aid in preventing possible duplicate payment of invoices. The Council should adopt a resolution to establish a policy for payment of certain disbursements prior to Council approval. For those disbursements paid prior to Council approval, a listing should be provided to the Council at the next Council meeting for review and approval.

Response - A policy will be set up for this problem.

Conclusion - Response accepted.

- (G) 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:

City of Le Grand

Schedule of Findings

Six months ended December 31, 2001 and
Year ended June 30, 2001

The City does not have written policies for:

- Instructing employees on their responsibilities to maintain password privacy and confidentiality.
- Personal use of computers.
- Internet usage.

The City does not backup all files at month end or fiscal year end.

The City does not keep a copy of the computer procedures manual offsite.

Recommendation - The City should develop written policies addressing the above items in order to improve the City's control over computer based systems. Also, the City should also backup all files at month end and fiscal year end and store the backups and a copy of the computer procedures manual at an offsite location.

Response - These policies will be established and the backups will be done.

Conclusion - Response accepted.

- (H) Construction Contracts - The Community Center bathroom renovation was let for bid and the contractor with the lower bid was not awarded the contract. The minutes did not document why the higher bid was awarded the contract.

Recommendation - The Council should document the reason for accepting the higher bid in the minutes.

Response - This will be corrected in the future.

Conclusion - Response accepted.

- (I) Credit Cards - The City has sixteen WalMart credit cards for use by City employees for City purchases. The City has not adopted a formal policy to regulate the use of credit cards and to establish procedures for the proper accounting of credit card charges.

Recommendation - The City should adopt a formal written policy regulating the use of City credit cards. The policy, at a minimum, should address who controls credit cards, who is authorized to use credit cards and for what purpose, as well as the types of supporting documentation required to substantiate charges. The City should also review the need for sixteen cards and consider issuing to department heads rather than each member of a department.

Response - The Council is aware of this and this will be addressed with a policy.

Conclusion - Response accepted.

City of Le Grand

Schedule of Findings

Six months ended December 31, 2001 and
Year ended June 30, 2001

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

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

Response - This will be done from now on.

Conclusion - Response accepted.

- (K) Library - Prenumbered receipts were not issued for collections. Collections were usually deposited and posted once each month.

Recommendation - Prenumbered receipts should be issued for all collections. Receipts should be posted and deposited at least weekly.

Response - A prenumbered receipt book will be ordered immediately and used for all collections. Receipts will be deposited and posted in a timely manner - once a week, if there are any collections that week.

Conclusion - Response accepted.

- (L) Compensated Absences - The City did not maintain records to document unused vacation and sick leave balances for each employee.

Recommendation - The City should establish procedures to maintain records of unused vacation and sick leave balances for each employee.

Response - I have already begun running these reports at fiscal year end. I will continue this procedure from this point on.

Conclusion - Response accepted.

City of Le Grand

Schedule of Findings

Six months ended December 31, 2001 and
Year ended June 30, 2001

Other Findings Related to Required Statutory Reporting:

- (1) Official Depositories - A resolution naming the official depository has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the period.
- (2) Certified Budget - Disbursements during the year ended June 30, 2001 did not exceed the amounts budgeted.
- (3) Questionable Disbursements - No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (4) Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (5) Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Aaron Mitchell, Husband of City Clerk, Owner of Aaron Mitchell Services	Labor on Community Center east door closing	\$ 585
	Community Center bathroom remodeling, per bid	7,217
	Community Center roof ice damage repair	223
	Shelter house roof	<u>360</u>
		<u>\$ 8,385</u>

The Community Center bathroom remodeling does not appear to represent a conflict of interest since it was entered into through competitive bidding.

In accordance with Chapter 362.5(10) of the Code of Iowa, the remaining transactions do not appear to represent conflicts of interest since total transactions by individual were less than \$2,500 during a fiscal year.

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

City of Le Grand

Schedule of Findings

Six months ended December 31, 2001 and
Year ended June 30, 2001

Although a list of claims paid by the City was published, the publication did not include an explanation of the claim in accordance with an Attorney General's opinion dated April 12, 1978.

Also, minutes of the December 1, 2000 meeting were not published.

Library Board Minutes - Minutes of the meetings of the Library Board were not signed.

Parks and Recreation Department Minutes - Minutes of the meetings of the Park & Recreation Department were not signed.

Fire Department Minutes - Minutes of the meetings of the Fire Department were not signed.

Recommendation - The City should comply with Chapter 21 of the Code of Iowa. The City should insure that the minutes, list of claims, summary of receipts, total disbursements by fund and annual gross salaries are published as required. The purpose of claims should also be published as required.

Minutes of the meetings of the Library Board, Park and Recreation Department, and Fire Department should be signed to authenticate the actions taken.

Responses -

City - This has been corrected as of the March 2002 minutes.

Library - Minutes of Library Board meetings will be signed by Secretary of the Board beginning with April 2002 meeting.

Park and Recreation Department - The Park and Recreation Committee will sign the minutes for our meetings from now on.

Fire Department - We will start signing minutes.

Conclusion - Responses accepted.

(8) Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.

(9) Special Revenue Levies - The City levied property tax for employee benefits, as allowed by Chapter 384.6 of the Code of Iowa, but recorded the property tax collections in the General Fund rather than establishing a separate Special Revenue Fund.

Recommendation - The City should establish a separate Special Revenue Fund for the special revenue levies and record the related transactions in these accounts.

Response - This will be done soon.

Conclusion - Response accepted.

City of Le Grand

Staff

This audit was performed by:

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