

CITY OF CLIVE

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

June 30, 2004

CITY OF CLIVE

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CITY OF CLIVE

CITY OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Les Aasheim	Mayor	Dec 2005
John Edwards	Council Member	Dec 2007
Derek Holmes	Council Member (Resigned 5-20-04)	Dec 2005
Paul Leighton	Council Member	Dec 2005
Dan Clute	Council Member	Dec 2007
Ronni Begleiter	Council Member (7-01-03 to 11-06-03) (Started 6-03-04)	Dec 2005
Scot Cirksema	Council Member (Started 11-06-03)	Dec 2007
Dennis Henderson	Manager	Indefinite
Pamela Shannon	Clerk/Treasurer	Indefinite
James Wine	Attorney	Indefinite
Frank Harty	Assistant Attorney	Indefinite
Jill Stevenson	Assistant Attorney	Indefinite



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Clive, Iowa as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Clive'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 referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Clive at June 30, 2004, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our reports dated September 22, 2004 on our consideration of the City of Clive's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are 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.

Management's Discussion and Analysis and budgetary comparison information on pages 5 through 10 and 31 through 32 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the aforementioned financial statements that collectively comprise the City of Clive's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Martens & Company, CPA, P.C.

West Des Moines, Iowa
September 22, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Clive provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The City's governmental funds' receipts decreased 5%, or approximately \$868,000, from fiscal year 2003 (FY03). Property tax increased approximately \$464,000 due to increased property valuations. Bond proceeds decreased \$1,880,000.
- City program disbursements decreased 14%, or approximately \$2,806,000, from FY03. Debt service, public safety, culture and recreation, community and economic development and general government expense increased approximately \$200,000, \$256,000, \$323,000, 34,000 and \$383,000, respectively. Capital projects decreased \$4,149,000.
- The City's governmental funds' cash basis net assets at June 30, 2004 decreased approximately .1%, or approximately \$10,000, from June 30, 2003.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

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

The Government-wide Financial Statements consists of a statement of activities and changes in cash balances. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the most significant funds.

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

Required supplementary information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other supplementary information provides detail in information about the nonmajor governmental funds, in addition, the Schedule of Capital Projects provides information about the various projects of the City and the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the City.

Basic of Accounting

The City 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. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.

Fund Financial Statements

The fund financial statements begin on page 12 and provide detailed information about individual, significant funds; not the City as a whole. Some funds are required to be established by State law and by bond covenants. The City can establish other funds to help it control and manage money for particular purposes.

The City has three kinds of funds:

1) Governmental funds account for most of the City's basic services. They focus on how money flows into and out of the funds and the balances at year-end that are available for spending. Governmental funds include: 1) the General Fund, 2) the Special Revenue Funds such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund and 4) the Capital Projects Fund. The government fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for Governmental funds include a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

2) Proprietary funds account for the City's Enterprise Funds and for the Internal Service Fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide statement of activities and changes in cash balance. The City maintains three Enterprise Funds to provide separate information for the water, and sewer funds, considered to be major funds of the City. Internal Service

Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

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

3) Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources are not available to support the City's own programs. The City of Clive has only agency funds to report within the Fiduciary Fund category.

Reconciliations between the government-wide statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Government Activities

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from \$10.00 million to \$9.99 million. The analysis that follows focuses on the changes in cash balances.

Changes in Cash Basis Net Assets of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2004	2003
Receipts and transfers:		
Program receipts:		
Charges for service	\$ 1,422	\$ 1,065
Operating grants, contributions and restricted interest	1,161	1,102
Capital grants, contributions and restricted interest	1,436	1,079
General receipts:		
Property tax	8,983	8,519
Other City taxes	929	934
Grants and contributions not restricted to specific purposes	20	173
Unrestricted investment earnings	135	181
Bond proceeds	2,665	4,545
Other general receipts	419	440
Transfers, net	137	520
Total receipts and transfers	<u>17,307</u>	<u>18,558</u>
Disbursements:		
Public safety	3,605	3,349
Public works	1,435	1,281
Health and social services	19	24
Culture and recreation	1,990	1,667
Community and economic development	2,159	2,125
General government	1,506	1,123
Debt service	2,890	2,692
Capital projects	3,713	7,862
Total disbursements	<u>17,317</u>	<u>20,123</u>
Increase (decrease) in cash basis net assets	(10)	(1,565)
Cash basis net assets beginning of year	<u>10,004</u>	<u>11,569</u>
Cash basis net assets end of year	<u>\$ 9,994</u>	<u>\$ 10,004</u>

The City's total receipts for governmental activities decreased by 5 percent (\$868,000). The total cost of all programs and services decreased by approximately \$2,806,000 or 13.9 percent with no new programs added this year.

Based on increases in the total assessed valuation and expanded tax increment finance districts, property tax receipts are budgeted to increase by an additional \$980,673 next year.

The cost of all governmental activities this year was \$17.32 million compared to \$20.12 million last year. However, as shown in the statement of activities and net assets on page 11, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$9.912 million because some of the cost was paid by those directly benefited from the programs (\$1,422,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$2,597,000). Overall, the City's governmental program receipts, including intergovernmental aid and fees for service, increased in 2004 from approximately \$3,246,000 to approximately \$4,019,000, principally due to an increase in capital grants, contributions and restricted interest and revenue from the new aquatics facilities. The City paid for the remaining public benefit portion of governmental activities with approximately \$9,912,000 in tax (some of which could only be used for certain programs) and with other receipts, such as interest and general entitlements.

Changes in Cash Basis Net Assets of Business-Type Activities (Expressed in Thousands)		
	Year ended June 30,	
	2004	2003
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 2,498	\$ 2,163
Sewer	1,854	1,429
General receipts:		
Other general receipts	257	359
Total receipts	<u>4,609</u>	<u>3,951</u>
Disbursements:		
Water	2,094	1,924
Sewer	2,680	1,442
Transfers	137	520
Total disbursements and transfers	<u>4,911</u>	<u>3,886</u>
Increase (decrease) in cash basis net assets	(302)	65
Cash basis of net assets beginning of year	<u>3,129</u>	<u>3,064</u>
Cash basis net assets end of year	<u>\$ 2,827</u>	<u>\$ 3,129</u>

Total business-type activities receipts for the fiscal year were \$4,609 million compared to \$3.951 million last year. This significant increase was due primarily to the increase in service and sales receipts. The cash balance decreased by approximately \$302,000 from the prior year. Total disbursements and transfers for the fiscal year increased by approximately 26 percent to a total of \$4,911 million because the sewer revenue bonds were called and paid off.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Clive completed the year, its governmental funds reported a combined fund balance of \$9,861,720, an increase of more than \$83,174 above last year's total of \$9,778,546. The following are the major reasons for the changes in cash balances from the prior year for the City's major funds.

Governmental Funds

- The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the cash balance of the General Fund was \$3,321,560, a decrease of \$134,665 from the prior year. Most of this decrease was due to increased staffing in the engineering and information technology departments.
- The Urban Renewal Tax Increment Fund was established to account for a major urban renewal project within the City's TIF district. At the end of the fiscal year, the cash balance was \$627,416, a decrease of \$446,621 from the previous year. The decrease was the result of the first payment of principal on the July 1, 2002 TIF Bonds being made after the district debt was certified for collection. These proceeds will be used for various development projects within the TIF district. Any debt will be paid off with incremental property taxes generated from the increased taxable valuation in the district.
- The Debt Service Fund cash balance increased by \$5,169 to \$130,782. This increase was due to an increase in property tax. Bond principal and interest payments increased by \$85,429.
- The Capital Projects Fund was established 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. At the end of the fiscal year, the cash balance was \$4,498,867, an increase of \$369,031 from the prior year. The issuance of new bonds for completion of the north water tower accounts for most of the increase.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

The cash balance of the Sewer Fund decreased by approximately \$375,467 to \$1,680,071 due primarily to prepaying sewer revenue bonds.

The cash balance of the Water Fund increased by approximately \$81,484 to \$971,647 due primarily to an increase in the sale of water and sewer services.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearings for all funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Over the course of the year, the City amended its operating budget once. The amendment was approved on June 3, 2004 to provide for additional expenditures in certain City departments. The City had sufficient cash balances to absorb these additional costs.

DEBT ADMINISTRATION

At year-end, the City had approximately \$22,474,000 in bonds and other long-term debt compared to approximately \$23,365,000 last year as shown below.

Outstanding Debt at Year-End (Expressed in Thousands)		
	June 30,	
	2004	2003
General obligation bonds	\$ 17,405	\$ 16,140
Urban renewal tax increment financing revenue bonds	3,055	3,595
Revenue bonds	939	2,369
Loans	1,057	1,261
Capital leases	18	-
Total	<u>\$ 22,474</u>	<u>\$ 23,365</u>

Debt decreased as a result of prepayment of sewer revenue bonds.

The City's general obligation bond rating continues to carry an Aa2 rating, a rating that has been assigned by national rating agencies to the City's debt. The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$17.41 million is well below the City's \$63.2 million legal debt limit.

More detailed information about the City's long-term liabilities is presented in Notes 3, 7 and 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials and citizens considered many factors when setting the 2004 fiscal year budget, tax rates, and fees that will be charged for various City activities. One of those factors is the economy. The City's population growth since the 1990 census stands at 41.68%. Unemployment in the greater Des Moines area stands at 3.6 percent. This compares with the state unemployment rate of 4.6 percent.

The U.S. Consumer Price Index (CPI) is a measure of the changes in retail prices of a fixed market grouping of consumer goods and services. The CPI-U for July 2003 was 183.9. For the 12 month period that ended in July, the CPI-U increased 4.0 percent.

These indicators were taken into account when adopting the budget for 2005. Amounts available for appropriation in the budget are \$26.8 million, a decrease of less than 1 percent over the final 2004 budget. Budgeted disbursements are expected to rise by approximately \$2.00 million. Increased wage and cost-of-living adjustments and increases in capital improvement projects represent the largest increases.

If these estimates are realized, the City's budgeted general fund cash balance is expected to decrease by approximately \$.5 million by the close of fiscal year 2005.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Pamela Shannon, City Clerk, Clive, Iowa 50325.

Basic Financial Statements

CITY OF CLIVE

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2004

	Program Receipts				Net (Disbursements)Receipts and Changes in Cash Basis Net Assets		
	Disbursements	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	Total
Functions/Programs:							
Governmental activities:							
Public safety	\$ 3,605,032	\$ 368,804	\$ -	\$ -	\$ (3,236,228)	\$ -	\$(3,236,228)
Public works	1,435,144	9,975	1,072,635	-	(352,534)	-	(352,534)
Health and social services	18,807	-	-	-	(18,807)	-	(18,807)
Culture and recreation	1,989,581	659,916	11,364	8,237	(1,310,064)	-	(1,310,064)
Community and economic development	2,159,455	376,230	-	-	(1,783,225)	-	(1,783,225)
General government	1,505,804	7,181	77,168	-	(1,421,455)	-	(1,421,455)
Debt service	2,890,141	-	-	-	(2,890,141)	-	(2,890,141)
Capital projects	3,712,752	-	-	1,427,770	(2,284,982)	-	(2,284,982)
Total governmental activities	17,316,716	1,422,106	1,161,167	1,436,007	(13,297,436)	-	(13,297,436)
Business-type activities:							
Water	2,093,724	2,498,050	-	-	-	404,326	404,326
Sewer	2,680,297	1,854,402	-	-	-	(825,895)	(825,895)
Total business-type activities	4,774,021	4,352,452	-	-	-	(421,569)	(421,569)
Total	\$22,090,737	\$5,774,558	\$1,161,167	\$1,436,007	(13,297,436)	(421,569)	(13,719,005)
General receipts:							
Property tax levied for:							
General purposes					5,726,854	-	5,726,854
Tax increment financing					1,745,504	-	1,745,504
Debt service					1,510,821	-	1,510,821
Hotel/motel tax					929,132	-	929,132
Grants and contributions not restricted to specific purpose					19,668	-	19,668
Unrestricted investment earnings					134,982	-	134,982
Bond proceeds					2,665,000	-	2,665,000
Miscellaneous					418,227	256,517	674,744
Sale of capital assets					389	-	389
Transfers					137,109	(137,109)	-
Total general receipts and transfers					13,287,686	119,408	13,407,094
Change in cash basis net assets					(9,750)	(302,161)	(311,911)
Cash basis net assets beginning of year, as restated					10,003,679	3,129,057	13,132,736
Cash basis net assets end of year					\$ 9,993,929	\$2,826,896	\$12,820,825
Cash Basis Net Assets							
Restricted:							
Streets					\$ 284,347	\$ -	\$ 284,347
Urban renewal purposes					1,533,944	-	1,533,944
Debt service					130,782	2	130,784
Other purposes					4,723,297	175,179	4,898,476
Unrestricted					3,321,559	2,651,715	5,973,274
Total cash basis net assets					\$ 9,993,929	\$2,826,896	\$12,820,825

See notes to financial statements.

CITY OF CLIVE

Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Governmental Funds

As of and for the year ended June 30, 2004

	Special Revenue		Debt Service	Capital Projects	Other Nonmajor Governmental Funds	Total
	General	Urban Renewal Tax Increment				
Receipts:						
Property tax	\$5,726,854	\$ -	\$1,510,821	\$ -	\$ -	\$ 7,237,675
Tax increment financing collections	-	1,745,504	-	-	-	1,745,504
Other City tax	929,132	-	-	-	-	929,132
Licenses and permits	459,969	-	-	-	-	459,969
Uses of money and property	131,141	-	3,842	138,069	3,393	276,445
Intergovernmental	89,450	-	-	525,174	1,071,660	1,686,284
Charges for service	1,019,304	-	-	-	-	1,019,304
Special assessments	-	-	-	169,976	-	169,976
Miscellaneous	371,985	-	-	594,551	13,645	980,181
Total receipts	8,727,835	1,745,504	1,514,663	1,427,770	1,088,698	14,504,470
Disbursements:						
Operating:						
Public safety	3,669,063	-	-	-	-	3,669,063
Public works	351,032	-	-	-	1,084,113	1,435,145
Health and social services	18,807	-	-	-	-	18,807
Culture and recreation	1,984,426	-	-	-	5,155	1,989,581
Community and economic development	1,420,925	738,530	-	-	-	2,159,455
General government	1,505,804	-	-	-	-	1,505,804
Debt service	-	916,344	1,909,766	-	-	2,826,110
Capital projects	-	-	-	3,712,751	-	3,712,751
Total disbursements	8,950,057	1,654,874	1,909,766	3,712,751	1,089,268	17,316,716
Excess (deficiency) of receipts over (under) disbursements	(222,222)	90,630	(395,103)	(2,284,981)	(570)	(2,812,246)
Other financing sources (uses):						
Bond proceeds	-	-	-	2,665,000	-	2,665,000
Sale of assets	389	-	-	-	-	389
Operating transfers in	735,178	6,500	400,272	2,218,661	907,028	4,267,639
Operating transfers (out)	(648,000)	(543,751)	-	(2,229,649)	(616,208)	(4,037,608)
Total other financing sources (uses)	87,567	(537,251)	400,272	2,654,012	290,820	2,895,420
Net change in cash balances	(134,655)	(446,621)	5,169	369,031	290,250	83,174
Cash balances beginning of year	3,456,215	1,074,037	125,613	4,129,836	992,845	9,778,546
Cash balances end of year	\$3,321,560	\$ 627,416	\$ 130,782	\$4,498,867	\$1,283,095	\$ 9,861,720
Cash Basis Fund Balances						
Reserved:						
Debt service	\$ -	\$ -	\$ 130,782	\$ -	\$ -	\$ 130,782
Unreserved:						
General fund	\$3,321,560	-	-	-	-	3,321,560
Special revenue funds	-	627,416	-	-	1,283,095	1,910,511
Capital projects fund	-	-	-	4,498,867	-	4,498,867
Total cash basis fund balances	\$3,321,560	\$ 627,416	\$ 130,782	\$4,498,867	\$1,283,095	\$ 9,861,720

See notes to financial statements.

CITY OF CLIVE

Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash Balances
to the Statement of Activities and Net Assets -
Governmental Funds

As of and for the year ended June 30, 2004

Total governmental funds cash balances (page 12) \$ 9,861,720

*Amounts reported for governmental activities in the Statement of Activities
and Net Assets are different because:*

The Internal Service Fund is used by management to charge the costs of partial self funding of the equipment replacement. The assets of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 132,209

Cash basis net assets of governmental activities (page 11) \$ 9,993,929

Net change in cash balances (page 12) \$ 83,174

*Amounts reported for governmental activities in the Statement of Activities
and Net Assets are different because:*

The Internal Service Fund is used by management to charge the costs of equipment replacement to individual funds. The change on net assets of the Internal Service Fund is reported with governmental activities. (92,924)

Change in cash balance of governmental activities (page 11) \$ (9,750)

See notes to financial statements.

CITY OF CLIVE

Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2004

	Enterprise Funds				Internal
	Water	Sewer	Other	Total	Service Fund Equipment Replacement
Operating receipts:					
Charges for service	\$2,498,050	\$1,854,402	\$ -	\$4,352,452	\$ -
Miscellaneous	230,001	-	26,515	256,516	-
Total operating receipts	<u>2,728,051</u>	<u>1,854,402</u>	<u>26,515</u>	<u>4,608,968</u>	<u>-</u>
Operating disbursements:					
Business-type activities	1,855,655	1,186,977	34,692	3,077,324	-
Total operating disbursements	<u>1,855,655</u>	<u>1,186,977</u>	<u>34,692</u>	<u>3,077,324</u>	<u>-</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	872,396	667,425	(8,177)	1,531,644	-
Non-operating receipts (disbursements):					
Debt service	(238,069)	(1,458,626)	-	(1,696,695)	-
Total non-operating receipts (disbursements)	<u>(238,069)</u>	<u>(1,458,626)</u>	<u>-</u>	<u>(1,696,695)</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	634,327	(791,201)	(8,177)	(165,051)	-
Other financing sources (uses)					
Operating transfers in	-	1,286,658	-	1,286,658	235,000
Operating transfers out	(552,843)	(870,924)	-	(1,423,767)	(327,924)
Total other financing sources (uses)	<u>(552,843)</u>	<u>415,734</u>	<u>-</u>	<u>(137,109)</u>	<u>(92,924)</u>
Net change in cash balances	81,484	(375,467)	(8,177)	(302,160)	(92,924)
Cash balances beginning of year	<u>890,163</u>	<u>2,055,538</u>	<u>183,356</u>	<u>3,129,057</u>	<u>225,133</u>
Cash balances end of year	<u>\$ 971,647</u>	<u>\$1,680,071</u>	<u>\$175,179</u>	<u>\$2,826,897</u>	<u>\$ 132,209</u>
Cash Basis Fund Balances					
Reserved for debt service	\$ -	\$ 2	\$ -	\$ 2	\$ -
Unreserved	<u>971,647</u>	<u>1,680,069</u>	<u>175,179</u>	<u>2,826,895</u>	<u>132,209</u>
Total cash basis fund balances	<u>\$ 971,647</u>	<u>\$1,680,071</u>	<u>\$175,179</u>	<u>\$2,826,897</u>	<u>\$ 132,209</u>

See notes to financial statements.

CITY OF CLIVE

Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Fiduciary Funds

Year ended June 30, 2004

	<u>Cash Bond</u>
Additions:	\$ -
Deductions:	<u>-</u>
Net change in cash balance	-
Cash balance beginning of year	<u>6,100</u>
Cash balance end of year, held for contractor bonds paid	<u><u>\$ 6,100</u></u>

See notes to financial statements.

CITY OF CLIVE

Notes to Financial Statements

June 30, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Clive is a political subdivision of the State of Iowa located in Polk and Dallas Counties. It was first incorporated in 1956 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 services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Clive 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 Clive has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization

The City also participates in a jointly governed organization that provides goods or services to the citizenry of the City but does 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 Central Iowa Automated Mapping project.

Joint Ventures

The city participates in several joint ventures that provide goods or services to the citizenry of the City and meet the criteria of a joint venture because there is an ongoing financial interest or responsibility by the participating governments. The City is a member of the following joint ventures: The Des Moines Metro Waste Authority (Note 15), the Des Moines Metropolitan Transit Authority (Note 9), the City of West Des Moines and the City of Clive Joint Fire Station and Emergency Medical Services Facility (Note 8), the Wastewater Reclamation Authority (Note 7), the Metropolitan Planning Organization (Note 18), the Convention Visitors Bureau (Note 17), and the Greater Des Moines Sports Authority (Note 14).

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of the interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Basis of Presentation - Continued

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

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

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

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts 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 from other funds.

Special Revenue:

The Urban Renewal Tax Increment Fund is used to account for urban renewal projects financed by tax increment financing.

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

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.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Basis of Presentation - Continued

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The City also reports the following additional proprietary fund:

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies on a cost reimbursement basis.

C. Measurement Focus and Basis of Accounting

The City 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.

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

D. Budgets and Budgetary Accounting

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

(2) CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2004, 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 ensure there will be no loss of public funds.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2004

(2) CASH AND POOLED INVESTMENTS - CONTINUED

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's investments are categorized to give an indication of the level of risk assumed by the City at year end. The City's investments are all category 1 which means that the investments are insured or registered or the securities are held by the City or its agent in the City's name.

Cash in the proprietary funds include funds restricted in accordance with revenue bond agreements. Amounts restricted include the following:

Waterworks improvements	\$ 62,402
Sewer revenue sinking	2
Water utility deposits held	<u>175,179</u>
	<u>\$ 237,583</u>

(3) BONDS PAYABLE

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

Year Ending June 30,	General Obligation Bonds		Revenue Bonds		Tax Increment Financing (TIF) Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 1,350,000	\$ 772,264	\$ 221,308	\$ 23,582	\$ 565,000	\$ 125,375	\$ 2,136,308	\$ 921,221
2006	1,390,000	682,190	232,824	17,562	585,000	102,775	2,207,824	802,527
2007	1,230,000	628,224	253,971	10,857	610,000	79,083	2,093,971	718,164
2008	1,290,000	580,853	230,762	3,653	635,000	54,072	2,155,762	638,578
2009	1,320,000	529,320	-	-	660,000	27,720	1,980,000	557,040
2010	1,335,000	475,360	-	-	-	-	1,335,000	475,360
2011	1,255,000	418,911	-	-	-	-	1,255,000	418,911
2012	1,105,000	365,610	-	-	-	-	1,105,000	365,610
2013	1,055,000	319,243	-	-	-	-	1,055,000	319,243
2014	1,075,000	274,455	-	-	-	-	1,075,000	274,455
2015	690,000	227,675	-	-	-	-	690,000	227,675
2016	720,000	198,550	-	-	-	-	720,000	198,550
2017	755,000	167,623	-	-	-	-	755,000	167,623
2018	785,000	134,530	-	-	-	-	785,000	134,530
2019	580,000	99,450	-	-	-	-	580,000	99,450
2020	605,000	71,645	-	-	-	-	605,000	71,645
2021	635,000	42,130	-	-	-	-	635,000	42,130
2022	230,000	11,040	-	-	-	-	230,000	11,040
Total	<u>\$17,405,000</u>	<u>\$5,999,073</u>	<u>\$ 938,865</u>	<u>\$ 55,654</u>	<u>\$3,055,000</u>	<u>\$ 389,025</u>	<u>\$21,398,865</u>	<u>\$6,443,752</u>

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2004

(3) BONDS PAYABLE - CONTINUED

Issue, costs and advances of current year bond issues are as follows:

Gross bond issues	\$ 2,665,000
Less: underwriter's discount	(24,785)
Accrued interest	<u>3,842</u>
Net bond proceeds	\$ <u>2,644,057</u>

The City paid \$1,013,382 in interest on debt obligations for the year ended June 30, 2004.

The City entered into an agreement with the Des Moines Water Works for the construction of the Westside Storage Facility Project. Per the agreement, the City's proportionate share of the Des Moines Water Works Bonds, Series 1992A issued by the Des Moines Water Works was originally estimated to be \$2,238,000. During 2001, the actual value of the City's proportionate share was determined to be \$2,470,636. At this time the interest rates on the bond was also adjusted and a new Series 2001 bond issue was used to retire the remaining balance on the 1992 Series, except for \$205,754, which was considered additional amounts due for prior year. This additional amount is to be paid over six years with a final payment on December 1, 2007.

When the 2001 Series was issued, the City's proportionate share of the bond issue was \$1,158,089. This represents a non cash transaction for the City as a reduction on the 1992 Series and a new obligation on the 2001 Series included in the statement of indebtedness. The interest rates on the bonds vary from 3.00% to 3.60%.

The urban renewal tax increment revenue bonds were issued for the purpose of defraying a portion of the costs of carrying out urban renewal projects of the City. The bonds are payable solely from the income and proceeds of the Urban Renewal Tax Increment Fund and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. The proceeds of the urban renewal tax increment revenue bonds shall be expended only for purposes which are consistent with the plans of the City's urban renewal areas. The bonds are not a general obligation of the City, however the debt is subject to the constitutional debt limitation of the City.

Resolutions authorizing the issuance of the tax increment revenue bonds include the following provisions:

- (a) The City has adopted an ordinance for the division of taxes levied on property in the Clive Urban Renewal Area which establishes the urban renewal tax increment account.
- (b) The bonds are payable solely from income and proceeds of the urban renewal tax increment account.
- (c) Principal and interest are required to be paid first on the Series 1992 Bonds.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2004

(4) PENSION AND RETIREMENT SYSTEMS

Municipal Fire and Police Retirement System of Iowa

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 2836 104th St., Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate may not be less than 17% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2004, 2003 and 2002 were \$202,699, \$154,307, and \$151,412 respectively, which met the required minimum contribution for each year.

IPERS

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.

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 protection class employees, in which case the percentages are 6.16% and 9.23%, respectively. For the year ended June 30, 2004, the contribution rates for protection class employees and the City were 5.93% and 8.90%, respectively and for the year ended June 30, 2003, the contribution rates for protection class employees and the City were 6.04% and 9.07%, respectively. Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$199,909, 184,909 and \$164,397, respectively, equal to the required contributions for each year.

(5) COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination or retirement. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation, comp time and fluctuating holiday termination payments payable to employees at June 30, 2004, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$110,946
Other	51,465

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2004

(5) COMPENSATED ABSENCES - CONTINUED

Sick leave is payable when used or upon retirement if the employee is over fifty-five years of age. If paid upon retirement, payment is made for up to 50 percent of accrued sick leave, not to exceed 45 days. Compensated absences are not paid at death. This liability has been computed based on rates of pay in effect at June 30, 2004.

(6) INDUSTRIAL DEVELOPMENT REVENUE BONDS

The City has issued a total of \$7,500,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$7,500,000 is outstanding at June 30, 2004. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the City.

(7) WASTEWATER RECLAMATION AUTHORITY (WRA)

The WRA group was established for the primary purpose of planning, constructing, operating and managing sewer related facilities in order to solve the adjoining municipalities' waste water problems.

The WRA, as an autonomous entity, was developed as the result of a joint venture agreement between the City of Des Moines and surrounding municipalities. The City of Des Moines was designated as the operating agency for the WRA and, as such, is responsible for accounting for all disbursements relating to these projects.

The WRA issues long-term debt. The City of Clive annually pays a portion of the bonds and interest due based on a calculated percentage. The WRA plans to issue more bonds in the future. The City of Clive's percentage share of the outstanding bonds is adjusted annually by the WRA as new members begin to participate and projects are completed.

A summary of the City's share of the bond principal and interest maturities is as follows:

Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>			
2005	\$ 53,911	\$ 27,629	\$ 81,540
2006	56,176	25,481	81,657
2007	58,461	23,194	81,655
2008	60,780	20,762	81,542
2009	63,419	18,188	81,607
2010	66,045	15,447	81,492
2011	60,223	12,645	72,868
2012	47,395	10,036	57,431
2013	45,613	8,067	53,680
2014	47,432	6,167	53,599
2015	49,454	4,190	53,644
2016	28,575	2,128	30,703
2017	9,818	850	10,668
2018	10,233	434	10,667
Total	<u>\$ 657,535</u>	<u>\$ 175,218</u>	<u>\$ 832,753</u>

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2004

(7) WASTEWATER RECLAMATION AUTHORITY (WRA) - CONTINUED

The total interest paid may vary each year and actual principal payments vary due to discounts and interest credits applied.

During the year ended June 30, 2004, the City paid \$157,204 and \$14,765 in principal and interest, respectively. The City is also obligated to remit a share of operating and administration costs. During the year ended June 30, 2004 those costs totaled \$786,946. The City received refunds totaling \$316,492 from the WRA.

In accordance with the WRA Agreement, legal title to the WRA system is generally held by the City of Des Moines for the benefit and use of constituent communities.

On April 29, 2004 the City approved a new amended and restated agreement to be effective July 1, 2004. This agreement transfers certain facilities from the City of Des Moines to the WRA and establishes a pro rata ownership interest in the facilities by the City. New bonds are to be issued for the purpose of acquiring the foregoing rights and interests to the transferred assets.

Complete financial statements for WRA can be obtained from the operating agency, the City of Des Moines.

WRA Facility Cost Reimbursement Agreement

The Cities of Clive and West Des Moines are parties to the WRA Agreement dated February 19, 1979, which imposes costs on both entities as users of the Des Moines WRA Region Wastewater Treatment Plant and the sewer lines and facilities comprising the WRA system. The City of Clive has made certain portions of its sanitary sewer facilities connected to the WRA system available to the City of West Des Moines.

The City of West Des Moines is obligated to reimburse the City of Clive based upon their sewer usage. During the fiscal year ended June 30, 2004, the City of Clive received reimbursement of \$67,063 for that period.

WRA Phase II Study

The City along with various Central Iowa cities are parties to the WRA Agreement dated December 17, 2001 to jointly fund the planning of improvements to wastewater conveyance and treatment facilities which serve them individually and collectively. The estimated cost of the study is \$525,900 with the City's share to be \$11,821. The City has paid \$11,821 for its portion of the study as of June 30, 2004.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2004

(8) JOINT FIRE STATION AND EMERGENCY MEDICAL SERVICES FACILITY

The joint facility with the City of West Des Moines was established for the purpose of constructing, operating and managing a fire station and emergency medical services facility. The joint facility was developed as the result of a 28E agreement between the City of Clive and the City of West Des Moines. The City of West Des Moines was designated the "Lead Agency" and, as such, is responsible for accounting for all disbursements relating to the project.

The facility is not accumulating sufficient financial resources, therefore the City of Clive has an ongoing financial responsibility.

To date, \$2,000,000 worth of bonds have been issued by the City of West Des Moines. The City of Clive will annually pay forty-seven percent of the bonds and interest due.

The future maturities of the bonds are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 47,000	\$ 15,190	\$ 62,190
2006	47,000	13,349	60,349
2007	47,000	11,508	58,508
2008	47,000	9,666	56,666
2009	47,000	7,825	54,825
2010	47,000	5,984	52,984
2011	47,000	4,143	51,143
2012	47,000	2,302	49,302
2013	23,500	460	23,960
Total	<u>\$ 399,500</u>	<u>\$ 70,427</u>	<u>\$469,927</u>

During the year ended June 30, 2004, the City paid \$47,000 and \$17,031 in principal and interest, respectively. The City is also obligated to remit a share of operating and administration costs. During the year ended June 30, 2004, these costs totaled \$349,407.

In accordance with the Joint Facility Agreement, legal title to the joint facility is held by the City of West Des Moines for the benefit and use of the communities.

Complete financial statements for the City of West Des Moines can be obtained from the City Clerk's office at the City of West Des Moines.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2004

(9) DES MOINES METROPOLITAN TRANSIT AUTHORITY

The City, in conjunction with other local cities, has created the Des Moines Metropolitan Transit Authority. The Des Moines Metropolitan Transit Authority board consists of an elected representative of the governing body of each participating governmental jurisdiction. The City paid the Des Moines Metropolitan Transit Authority \$27,009 during the year ended June 30, 2004 for its portion of services.

(10) CONSTRUCTION CONTRACTS

The City has entered into various construction contracts totaling approximately \$13,277,974. The unpaid contract balances as of June 30, 2004 totaled approximately \$6,697,477 which will be paid as work on the projects progresses.

(11) ECONOMIC DEVELOPMENT

The City has entered into various development agreements. These agreements call for the City to make economic development tax rebate payments each year out of incremental taxes received by the City. These arrangements run for 5 to 10 years. Payments totaling \$738,531 were made during the year ended June 30, 2004 under these agreements.

(12) RISK MANAGEMENT

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 384.12 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 361 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2004

(12) RISK MANAGEMENT - CONTINUED

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2004 were \$137,552.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Automobile physical damage risks are retained by the Pool up to \$50,000 each accident, each location, with excess coverage reinsured on an individual-member basis. All property risks are also reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2004, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions, however, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City also carries commercial insurance purchased from other insurers for coverage associated with workmen's compensation. The City assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(13) COMMUNITY ECONOMIC BETTERMENT ACCOUNT (CEBA) LOAN

During the year ended June 30, 2001, the City received \$375,000 from the Iowa Department of Economic Development under a CEBA forgivable loan agreement and advanced the proceeds to Quality Consulting, Inc. A forgivable loan agreement has been executed between the Department of Economic Development, the City of Clive and Quality Consulting, Inc. The City's liability for repayment of this note to the State of Iowa, Department of Economic Development, is limited to those amounts the City collects through its good faith enforcement of the security interest which secures its loan to Quality Consulting, Inc.

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2004

(14) SEC TAYLOR STADIUM AGREEMENT

A 28E agreement was signed between the Cities of Urbandale, Des Moines, West Des Moines, Windsor Heights, Clive, Johnston, Ankeny, and Altoona, and the County of Polk to assist the City of Des Moines in financing the reconstruction and renovation of Sec Taylor Stadium. The City of Des Moines issued \$8,710,000 of bonds to finance this project. The City of Des Moines pays the principal and interest on \$7,960,000 of the bonds and the principal and interest on the remaining \$750,000 of bonds is paid by the participating entities. The share paid by these other participating entities is based upon their proportion of hotel/motel tax revenues to the total of all hotel/motel tax revenues of the participating entities. The City of Clive's share of the principal and interest on the bonds was \$25,575 for the fiscal year ended June 30, 2004.

(15) METRO WASTE AUTHORITY

The City, in conjunction with seventeen other municipalities, has created the Des Moines Metropolitan Area Solid Waste Agency. The Agency was established for the primary purpose of providing for the economic disposal, or collection and disposal, of solid waste produced or generated by each participant. In the event of withdrawal or dissolution, the net assets of the Agency will be prorated among the municipalities. The Agency is governed by a board composed of an elected representative of the governing body of each participating governmental jurisdiction. During the year ended June 30, 2004, the City paid \$0 to the Metro Waste Authority.

(16) LEASES

The City has entered into three cancelable lease agreements to lease water tower space to communication companies. The lease with US Cellular Operating Company commenced on August 31, 1987 for a term of twenty years. The lease was amended on April 1, 2000 and calls for payment of \$400 per month. Under the terms of the lease, the lessee has the option to renew for two additional five year terms at the current monthly rate as adjusted by the Consumer Price Index.

On March 18, 1996, the City executed a five year lease, with three additional five year renewal options, with MajorCo, L.P. Annual rent under the term of the lease is \$5,280.

The City has also executed a lease with Voicestream PCS I LLC. The initial lease term is for a period of five years, terminating on October 28, 2001 and renewed for five years. Under the terms of the lease agreement the lease will automatically be renewed for five additional five year terms unless the tenant notifies the City in writing. Annual rent is \$10,350 upon the first automatic renewal occurring in October, 2001.

Future minimum lease collections are as follows:

2005	\$ 20,430
2006	18,670
2007	12,563
2008	4,800

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2004

(17) CONVENTION VISITORS BUREAU (CVB)

An agreement was entered into by the Cities of Clive, Des Moines, Urbandale, West Des Moines, and Windsor Heights, and the County of Polk to establish an area-wide effort for the promotion of tourism and convention activities in the Greater Des Moines metropolitan area. Each government agrees to remit two-sevenths of their hotel/motel tax revenues for use by the CVB. During the fiscal year ended June 30, 2004, the City of Clive remitted \$321,464 to the CVB.

(18) DES MOINES METROPOLITAN PLANNING ORGANIZATION (MPO)

The City, in conjunction with three counties and twelve other cities has created the Des Moines Metropolitan Planning Organization (MPO). The MPO is organized as a separate legal entity pursuant to the provisions of Chapter 28E of the Code of Iowa, with the powers and purposes to carry out transportation planning activities for the metropolitan area. The City of Clive paid the MPO \$0 for its portion of the services during the year ended June 30, 2004.

(19) IOWA EVENTS CENTER

An agreement was entered into by the City and Polk County, Iowa to commit City funding for the financing of the construction of the Iowa Events Center Project in Des Moines. The City is to provide a grant of \$625,000 to be used by the County for the project. The funds are to be advanced over 10 years with payments beginning the fiscal year ending June 30, 2004. Payments totaling \$62,500 were paid during the year ended June 30, 2004.

(20) WEST HELP

An agreement was entered into by the cities of Clive, Johnston, Urbandale, West Des Moines and Windsor Heights to share certain costs for the operation of a West Homeowner Emergency Loan Program for housing rehabilitation within their respective communities. The City of West Des Moines is the coordinating agency for the program. During the fiscal year ended June 30, 2004, the City paid \$13,757 for its share of costs.

(21) SUBSEQUENT EVENT

In October 2004, the City approved issuance of \$2,330,000 of General Obligation bonds to fund a variety of City projects.

(22) INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2004 is as follows:

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2004

(6) INTERFUND TRANSFERS - CONTINUED

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Urban Renewal Tax Increment	\$ 722
	Internal Service	327,924
	Capital Projects	16,000
	Enterprise:	
	Water	194,266
	Sewer	196,266
		<u>735,178</u>
Special Revenue:	Special Revenue:	
Urban Renewal Tax Increment	TIF Debt Service	500
	Urban Renewal Tax Increment	6,000
		<u>6,500</u>
Debt Service	Capital Projects	147,836
	Enterprise:	
	Water	252,436
		<u>400,272</u>
Capital Projects	General	413,000
	Special Revenue:	
	Urban Renewal Tax Increment	175,000
	Park Donations	70,708
	Capital Projects	1,291,812
	Enterprise:	
	Sewer	162,000
	Water	106,141
		<u>2,218,661</u>
Special Revenue:	Special Revenue:	
TIF Reserve	TIF Sinking Fund	545,000
		<u>545,000</u>
Special Revenue:	Special Revenue:	
TIF Debt Service	Urban Renewal Tax Increment	362,028
		<u>362,028</u>
Enterprise:	Enterprise:	
Sewer	Sewer Revenue Reserve	271,000
	Sewer	241,658
	Capital Projects	774,000
		<u>1,286,658</u>

CITY OF CLIVE

Notes to Financial Statements - Continued

June 30, 2004

(6) INTERFUND TRANSFERS - CONTINUED

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Internal Service	General	<u>\$ 235,000</u>
Total		<u>\$ 5,789,297</u>

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

Required Supplementary Information

CITY OF CLIVE

Required Supplementary Information
 Budgetary Comparison Schedule
 of Receipts, Disbursements, and Changes in Balances -
 Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds

Year ended June 30, 2004

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted	Net	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
					Original	Final	
Receipts:							
Property tax	\$ 7,237,675	\$ -	\$ -	\$ 7,237,675	\$ 7,093,787	\$ 7,093,787	\$ 143,888
Tax increment financing collections	1,745,504	-	-	1,745,504	1,743,206	1,743,206	2,298
Other City tax	929,132	-	-	929,132	1,077,562	1,077,562	(148,430)
Licenses and permits	459,969	-	-	459,969	449,460	689,460	(229,491)
Uses of money and property	276,445	-	-	276,445	489,200	504,200	(227,755)
Intergovernmental	1,686,284	-	-	1,686,284	1,244,733	1,274,733	411,551
Charges for service	1,019,304	4,352,452	-	5,371,756	5,678,350	5,805,650	(433,894)
Special assessments	169,976	-	-	169,976	147,836	147,836	22,140
Miscellaneous	980,181	256,516	-	1,236,697	24,000	24,000	1,212,697
Total receipts	<u>14,504,470</u>	<u>4,608,968</u>	<u>-</u>	<u>19,113,438</u>	<u>17,948,134</u>	<u>18,360,434</u>	<u>753,004</u>
Disbursements:							
Public safety	3,669,063	-	-	3,669,063	3,711,700	3,893,800	224,737
Public works	1,435,145	-	-	1,435,145	1,503,859	1,523,309	88,164
Health and social services	18,807	-	-	18,807	42,327	42,327	23,520
Culture and recreation	1,989,581	-	-	1,989,581	2,008,139	2,172,039	182,458
Community and economic development	2,159,455	-	-	2,159,455	2,339,106	2,507,106	347,651
General government	1,505,804	-	-	1,505,804	1,561,722	1,648,522	142,718
Debt service	2,826,110	-	-	2,826,110	2,826,111	2,826,111	1
Capital projects	3,712,751	-	-	3,712,751	3,707,500	8,682,600	4,969,849
Business-type activities	-	4,774,019	-	4,774,019	4,004,683	5,067,183	293,164
Non-program	-	-	-	-	-	-	-
Total disbursements	<u>17,316,716</u>	<u>4,774,019</u>	<u>-</u>	<u>22,090,735</u>	<u>21,705,147</u>	<u>28,362,997</u>	<u>6,272,262</u>
Excess (deficiency) of receipts over (under) disbursements	(2,812,246)	(165,051)	-	(2,977,297)	(3,757,013)	(10,002,563)	7,025,266
Other financing sources (uses), net	<u>2,895,420</u>	<u>(230,033)</u>	<u>92,924</u>	<u>2,758,311</u>	<u>2,951,500</u>	<u>5,616,500</u>	<u>(2,858,189)</u>
Excess (deficiency) of receipts over (under) disbursements and other financing uses:	83,174	(395,084)	92,924	(218,986)	(805,513)	(4,386,063)	4,167,077
Balances beginning of year	<u>9,778,546</u>	<u>3,354,190</u>	<u>-</u>	<u>13,132,736</u>	<u>9,734,825</u>	<u>9,734,825</u>	<u>3,397,911</u>
Balances end of year	<u>\$ 9,861,720</u>	<u>\$ 2,959,106</u>	<u>\$ 92,924</u>	<u>\$12,913,750</u>	<u>\$ 8,929,312</u>	<u>\$ 5,348,762</u>	<u>\$ 7,564,988</u>

See accompanying independent auditor's notes.

CITY OF CLIVE

Required Supplemental Information

Notes To Required Supplementary Information - Budgetary Reporting

June 30, 2004

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds, except blended component units, internal service, non-expendable trust, and agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type and non-program. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital project funds and permanent funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, one budget amendment increased budgeted disbursements by \$6,657,850. This budget amendment is reflected in the final budgeted amounts.

Other Supplementary Information

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds

As of and for the year ended June 30, 2004

	Special Revenue							Total
	Road Use Tax	Forfeitures	TIF Sinking Fund	TIF Reserve	TIF Debt Service	Park Donations	Library	
Receipts:								
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other City tax	-	-	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	3,393	-	3,393
Intergovernmental	1,071,660	-	-	-	-	-	-	1,071,660
Special assessments	-	-	-	-	-	-	-	-
Miscellaneous	975	7,826	-	-	-	-	4,844	13,645
Total receipts	<u>1,072,635</u>	<u>7,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,393</u>	<u>4,844</u>	<u>1,088,698</u>
Disbursements:								
Operating:								
Public safety	-	-	-	-	-	-	-	-
Public works	1,084,113	-	-	-	-	-	-	1,084,113
Health and social services	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	5,155	5,155
General government	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total disbursements	<u>1,084,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,155</u>	<u>1,089,268</u>
Excess (deficiency) of receipts over (under) disbursements	(11,478)	7,826	-	-	-	3,393	(311)	(570)
Other financing sources (uses):								
Operating transfer in	-	-	-	545,000	362,028	-	-	907,028
Operating transfer out	-	-	(545,000)	-	(500)	(70,708)	-	(616,208)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(545,000)</u>	<u>545,000</u>	<u>361,528</u>	<u>(70,708)</u>	<u>-</u>	<u>290,820</u>
Net change in cash balances	(11,478)	7,826	(545,000)	545,000	361,528	(67,315)	(311)	290,250
Cash balances beginning of year	295,824	4,809	545,000	-	-	137,318	9,894	992,845
Cash balances end of year	<u>\$ 284,346</u>	<u>\$12,635</u>	<u>\$ -</u>	<u>\$545,000</u>	<u>\$361,528</u>	<u>\$ 70,003</u>	<u>\$ 9,583</u>	<u>\$ 1,283,095</u>
Cash Basis Fund Balances								
Unreserved:								
Special revenue funds	<u>\$ 284,346</u>	<u>\$12,635</u>	<u>\$ -</u>	<u>\$545,000</u>	<u>\$361,528</u>	<u>\$ 70,003</u>	<u>\$ 9,583</u>	<u>\$ 1,283,095</u>
Total cash basis fund balances	<u>\$ 284,346</u>	<u>\$12,635</u>	<u>\$ -</u>	<u>\$545,000</u>	<u>\$361,528</u>	<u>\$ 70,003</u>	<u>\$ 9,583</u>	<u>\$ 1,283,095</u>

See accompanying independent auditor's notes.

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances
Capital Project Funds

As of and for the year ended June 30, 2004

	Hickman Rd Signal Int	Traffic Pre-Emption	Fire/PW Land	Dymond Public Safety	Hickman Street Lights	Library	Raccoon River Trail	Wellington Ridge	Campbell Park Field Lights	Lions Park	Saturn/ Hickman Walk	C C Glen Park	Campbell Park Lot Pave
Receipts:													
Use of money and property:													
Interest on investments	\$ -	\$ 131	\$ 4,288	\$ 1,467	\$ 323	\$ -	\$ -	\$ -	\$ 1,325	\$ -	\$ -	\$ 7,276	\$ -
Intergovernmental	172,091	-	-	-	-	-	-	-	-	-	-	5,243	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous:													
Refunds and reimbursements	-	-	1,993	-	-	-	-	-	-	-	-	-	-
Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	172,091	131	6,281	1,467	323	-	-	-	1,325	-	-	12,519	-
Disbursements:	135,634	1,000	73,986	-	-	-	35,317	-	1,696	327	-	289,227	34
Excess (deficiency) of receipts over (under) disbursements	36,457	(869)	(67,705)	1,467	323	-	(35,317)	-	(371)	(327)	-	(276,708)	(34)
Other financing sources:													
Bond Proceeds	-	-	100,000	75,000	-	-	-	-	65,000	-	-	500,000	-
Operating transfers in	56,608	-	-	-	-	-	-	-	4,273	327	-	-	-
Operating transfers (out)	(6,079)	(13,209)	-	-	(32,666)	8,348	-	(4,600)	-	-	(49,910)	-	(1,637)
	50,529	(13,209)	100,000	75,000	(32,666)	8,348	-	(4,600)	69,273	327	(49,910)	500,000	(1,637)
Net change in cash balances	86,986	(14,078)	32,295	76,467	(32,343)	8,348	(35,317)	(4,600)	68,902	-	(49,910)	223,292	(1,671)
Cash balances beginning of year	(83,606)	14,078	97,826	-	32,343	45,505	50,000	4,600	-	-	49,910	-	1,671
Cash balances end of year: unreserved	\$ 3,380	\$ -	\$ 130,121	\$ 76,467	\$ -	\$ 53,853	\$ 14,683	\$ -	\$ 68,902	\$ -	\$ -	\$ 223,292	\$ -

See accompanying independent auditor's report.

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances
Capital Project Funds - Continued

As of and for the year ended June 30, 2004

	78 th Street Park	Aquatics Facility	Maddox Parkway Phase 3	Welcome Sign	Wildwood Campbell Park	Sewer Rehab	Radio Read Meter System	Indian Hills Sewer	Sewer Control Plant	Walnut Creek Sewer Ext	118 th St Watermain	University Widening 138 th	Press Syst Bdry Co
Receipts:													
Use of money and property:													
Interest on investments	\$ -	\$ 14,367	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,855	\$ -	\$ -	\$ 4,450	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous:													
Refunds and reimbursements	2,692	81,584	1,288	4,200	-	1,055	-	-	-	-	798	-	-
Fees	-	-	-	-	-	-	-	-	494,910	-	-	-	-
	2,692	81,584	1,288	4,200	-	1,055	-	-	494,910	-	798	-	-
Total receipts	2,692	95,951	1,288	4,200	-	1,055	-	-	547,765	-	798	4,450	-
Disbursements:	40,092	393,652	151,737	-	37,095	4,544	195,698	9,575	140,629	331,575	3,306	-	4,161
Excess (deficiency) of receipts over (under) disbursements	(37,400)	(297,701)	(150,449)	4,200	(37,095)	(3,489)	(195,698)	(9,575)	407,136	(331,575)	(2,508)	4,450	(4,161)
Other financing sources:													
Bond Proceeds	-	-	40,000	-	-	-	-	-	-	-	-	-	-
Operating transfers in	11,234	-	127,038	-	67,958	100,000	112,000	57,858	124,638	455,026	-	-	3,127
Operating transfers (out)	-	(13,910)	-	-	(8,485)	-	-	(49,080)	(1,100,459)	(137,345)	(48,712)	(328,614)	-
	11,234	(13,910)	167,038	-	59,473	100,000	112,000	8,778	(975,821)	317,681	(48,712)	(328,614)	3,127
Net change in cash balances	(26,166)	(311,611)	16,589	4,200	22,378	96,511	(83,698)	(797)	(568,685)	(13,894)	(51,220)	(324,164)	(1,034)
Cash balances beginning of year	26,166	625,864	-	-	515	13,658	100,000	797	1,499,059	13,894	51,220	415,960	1,034
Cash balances end of year: unreserved	\$ -	\$ 314,253	\$ 16,589	\$ 4,200	\$ 22,893	\$ 110,169	\$ 16,302	\$ -	\$ 930,374	\$ -	\$ -	\$ 91,796	\$ -

See accompanying independent auditor's report.

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances
Capital Project Funds - Continued

As of and for the year ended June 30, 2004

	NW 156 th Street	HWY 6 Sec 5/128/ Mitigation	Clive/ USSD Joint Sewer	North Water Tower	Boston Parkway Round	Water Project & R-30	Sidewalk Safety	100 th & Hickman Inter	Ladco\ DOT Project	Woodlands Parkway Pave	Clark St Paving Replace	University Ave Wide @ I-35	NW 86 th Revitaliz
Receipts:													
Use of money and property:													
Interest on investments	\$ 1,468	\$ 11,979	\$ 670	\$ 29,099	\$ 3,197	\$ -	\$ 2,771	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	347,840	-
Special assessments	60,000	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous:													
Refunds and reimbursements	-	-	-	-	-	-	4,429	-	1,050	-	220	-	-
Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	61,468	11,979	670	29,099	3,197	-	7,200	-	1,050	-	220	347,840	-
Disbursements:	-	285	-	402,756	-	-	236,879	3,991	6,199	9,850	4,138	990,712	78,690
Excess (deficiency) of receipts over (under) disbursements	61,468	11,694	670	(373,657)	3,197	-	(229,679)	(3,991)	(5,149)	(9,850)	(3,918)	(642,872)	(78,690)
Other financing sources:													
Bond Proceeds	-	-	-	1,755,000	-	-	-	-	-	-	-	-	-
Operating transfers in	-	-	-	-	-	-	100,000	49,910	-	10,000	45,875	682,364	83,000
Operating transfers (out)	(45,000)	-	-	-	(68,497)	(1,800)	-	-	-	-	(12,500)	(41,485)	-
	(45,000)	-	-	1,755,000	(68,497)	(1,800)	100,000	49,910	-	10,000	33,375	640,879	83,000
Net change in cash balances	16,468	11,694	670	1,381,343	(65,300)	(1,800)	(129,679)	45,919	(5,149)	150	29,457	(1,993)	4,310
Cash balances beginning of year	170,700	367,439	67,072	-	98,046	1,800	208,336	-	18,680	-	-	2,484	19,254
Cash balances end of year: unreserved	\$ 187,168	\$ 379,133	\$ 67,742	\$ 1,381,343	\$ 32,746	\$ -	\$ 78,657	\$ 45,919	\$ 13,531	\$ 150	\$ 29,457	\$ 491	\$ 23,564

See accompanying independent auditor's report.

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances
Capital Project Funds - Continued

As of and for the year ended June 30, 2004

	Maddox Parkway	Highway 6 Sect 6	Information System	Snyder Memorial	Signal Light	114 th & Forest	Wat/Sew 120 th	Emerald Isle/ McNabb	Swanson	128 th	University Ave 94 th	University Ave 138th-142nd	Total
Receipts:													
Use of money and property:													
Interest on investments	\$ 1	\$ 2,402	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 138,069
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	525,174
Special assessments	-	-	-	-	532	23,734	-	5,395	-	3,049	25,533	51,733	169,976
Miscellaneous:													
Refunds and reimbursements	-	-	332	-	-	-	-	-	-	-	-	-	99,641
Fees	-	-	-	-	-	-	-	-	-	-	-	-	494,910
	-	-	332	-	-	-	-	-	-	-	-	-	594,551
Total receipts	1	2,402	332	-	532	23,734	-	5,395	-	3,049	25,533	51,733	1,427,770
Disbursements:	-	129,393	-	573	-	-	-	-	-	-	-	-	3,712,751
Excess (deficiency) of receipts over (under) disbursements	1	(126,991)	332	(573)	532	23,734	-	5,395	-	3,049	25,533	51,733	(2,284,981)
Other financing sources:													
Bond Proceeds	-	130,000	-	-	-	-	-	-	-	-	-	-	2,665,000
Operating transfers in	79,599	-	10,000	37,826	-	-	-	-	-	-	-	-	2,218,661
Operating transfers (out)	(80,000)	-	-	(46,173)	(1,157)	(51,190)	(31,559)	(33,061)	(19,621)	(6,576)	(4,672)	-	(2,229,649)
	(401)	130,000	10,000	(8,347)	(1,157)	(51,190)	(31,559)	(33,061)	(19,621)	(6,576)	(4,672)	-	2,654,012
Net change in cash balances	(400)	3,009	10,332	(8,920)	(625)	(27,456)	(31,559)	(27,666)	(19,621)	(3,527)	20,861	51,733	369,031
Cash balances beginning of year	400	19,113	27,000	8,920	1,157	51,190	41,027	35,855	19,621	6,576	4,672	-	4,129,836
Cash balances end of year: unreserved	\$ -	\$ 22,122	\$ 37,332	\$ -	\$ 532	\$ 23,734	\$ 9,468	\$ 8,189	\$ -	\$ 3,049	\$ 25,533	\$ 51,733	\$4,498,867

See accompanying independent auditor's report.

CITY OF CLIVE

Schedule of Indebtedness

Year ended June 30, 2004

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
General Obligation Bonds:									
Essential corporate purpose	Jun 1, 1994	5.00%	\$ 1,940,000	\$ 325,000	\$ -	\$ 325,000	\$ -	\$ 16,250	\$ -
Essential corporate purpose Refunding	Oct 1, 1995	4.60 - 4.75	1,500,000	550,000	-	175,000	375,000	26,037	-
Essential corporate purpose	Dec 1, 1997	4.30 - 4.70	1,640,000	1,100,000	-	135,000	965,000	49,608	-
Essential corporate purpose	Jun 1, 1999	4.00 - 4.70	4,440,000	3,625,000	-	260,000	3,365,000	160,727	-
Essential corporate purpose	Sep 1, 2000	4.40 - 4.75	4,450,000	1,215,000	-	130,000	1,085,000	56,049	-
Essential corporate purpose	Sep 1, 2001	4.25 - 5.00	4,950,000	4,750,000	-	215,000	4,535,000	220,191	-
Essential corporate purpose	Dec 1, 2002	2.00 - 5.00	1,575,000	1,575,000	-	50,000	1,525,000	90,904	-
Urban renewal	Jul 1, 2002	2.00 - 4.80	3,000,000	3,000,000	-	110,000	2,890,000	119,639	-
Essential corporate purpose	Dec 1, 2003	1.45 - 3.95	2,665,000	-	2,665,000	-	2,665,000	-	-
Total				\$16,140,000	\$ 2,665,000	\$ 1,400,000	\$17,405,000	\$ 739,405	\$ -
Revenue bonds:									
Sewer	Jun 1, 1994	5.20 - 5.50%	\$ 2,500,000	\$ 1,220,000	\$ -	\$ 1,220,000	\$ -	\$ 66,658	\$ -
Des Moines Water Works (See Note 3)									
1992 Series	Dec 1, 1991	N/A	\$ 191,399	163,548	-	27,934	135,614	27,776	-
2001 Series	Oct 1, 2001	3.00 - 3.60%	1,158,089	985,610	-	182,359	803,251	-	-
Total				\$ 2,369,158	\$ -	\$ 1,430,293	\$ 938,865	\$ 94,434	\$ -
Urban renewal tax increment financing (TIF) revenue bonds	Dec 1, 1998	3.90 - 4.20%	\$ 5,450,000	\$ 3,595,000	\$ -	\$ 540,000	\$ 3,055,000	\$ 146,705	\$ -
Loans:									
Wastewater reclamation authority (See Note 7)	Varies	Varies	Varies	\$ 814,739	\$ -	\$ 157,204	\$ 657,535	\$ 14,765	\$ -
City of West Des Moines	Sep 28, 1992	3.975%	\$ 940,000	446,500	-	47,000	399,500	17,031	-
Total				\$ 1,261,239	\$ -	\$ 204,204	\$ 1,057,035	\$ 31,796	\$ -
Capital Lease: Equipment	Feb 27, 2004	7.475%	\$ 22,930	\$ -	\$ 22,930	\$ 4,662	\$ 18,268	\$ 1,042	\$ -

See accompanying independent auditor's report.

CITY OF CLIVE

Bond Maturities

June 30, 2004

Year Ending June 30,	General Obligation Bonds													
	Essential Corporate Purpose Issued December 1, 2003		Essential Corporate Purpose Issued October 1, 1995		Essential Corporate Purpose Issued December 1, 2002		Essential Corporate Purpose Issued June 1, 1999		Essential Corporate Purpose Issued June 1, 2000		Essential Corporate Purpose Issued September 1, 2001		Essential Corporate Purpose Issued December 1, 1997	
	Interest		Interest		Interest		Interest		Interest		Interest		Interest	
	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount
2005	1.45 %	\$ 190,000	4.75%	\$ 175,000	2.50%	\$ 100,000	4.10%	\$ 275,000	4.50 %	\$ 135,000	4.25 %	\$ 220,000	4.40%	\$ 145,000
2006	1.80	165,000	4.75	200,000	2.75	100,000	4.20	285,000	4.55	140,000	4.375	235,000	4.45	150,000
2007	2.125	165,000	-	-	3.00	100,000	4.30	300,000	4.60	145,000	4.375	245,000	4.50	155,000
2008	2.40	170,000	-	-	3.25	100,000	4.40	315,000	4.625	155,000	4.375	260,000	4.50	165,000
2009	2.65	175,000	-	-	3.30	100,000	4.45	325,000	4.65	160,000	4.50	265,000	4.60	170,000
2010	2.85	130,000	-	-	3.50	100,000	4.50	340,000	4.70	170,000	4.50	280,000	4.70	180,000
2011	3.15	185,000	-	-	3.70	100,000	4.60	355,000	4.75	180,000	4.625	295,000	-	-
2012	3.35	190,000	-	-	3.90	100,000	4.60	370,000	-	-	4.50	300,000	-	-
2013	3.45	195,000	-	-	4.00	100,000	4.60	390,000	-	-	4.60	220,000	-	-
2014	3.50	205,000	-	-	4.20	65,000	4.70	410,000	-	-	4.70	235,000	-	-
2015	3.60	210,000	-	-	4.40	70,000	-	-	-	-	4.75	245,000	-	-
2016	3.70	220,000	-	-	4.60	75,000	-	-	-	-	4.75	255,000	-	-
2017	3.80	230,000	-	-	4.75	75,000	-	-	-	-	4.80	270,000	-	-
2018	3.90	235,000	-	-	4.85	80,000	-	-	-	-	4.85	280,000	-	-
2019	-	-	-	-	5.00	85,000	-	-	-	-	4.90	295,000	-	-
2020	-	-	-	-	5.00	85,000	-	-	-	-	5.00	310,000	-	-
2021	-	-	-	-	5.00	90,000	-	-	-	-	5.00	325,000	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		<u>\$2,665,000</u>		<u>\$ 375,000</u>		<u>\$1,525,000</u>		<u>\$3,365,000</u>		<u>\$1,085,000</u>		<u>\$4,535,000</u>		<u>\$ 965,000</u>

See accompanying independent auditor's report.

CITY OF CLIVE

Bond Maturities - Continued

June 30, 2004

June 30,	General Obligation Bonds		Total	Revenue Bonds				Urban Renewal Tax Increment Financing (RIF) Revenue Bonds		
	Interest Rates	Amount		Des Moines Water Works Series 1992 Issued December 1, 1991	Des Moines Water Works Series 2001 Issued October 1, 2001	Interest Rates	Amount	Total	Rates	Amount
2005	2.50%	\$ 110,000	\$ 1,350,000	N/A	\$ 30,034	3.00%	\$ 191,274	\$ 221,308	4.00%	\$ 565,000
2006	3.00	115,000	1,390,000	-	32,748	3.15	200,076	232,824	4.05	585,000
2007	3.00	120,000	1,230,000	-	44,993	3.40	208,978	253,971	4.10	610,000
2008	3.50	125,000	1,290,000	-	27,839	3.60	202,923	230,762	4.15	635,000
2009	3.50	125,000	1,320,000	-	-	-	-	-	4.20	660,000
2010	3.62	135,000	1,335,000							
2011	3.75	140,000	1,255,000		<u>\$ 135,614</u>		<u>\$ 803,251</u>	<u>\$ 938,865</u>		<u>\$3,055,000</u>
2012	3.85	145,000	1,105,000							
2013	4.00	150,000	1,055,000							
2014	4.10	160,000	1,075,000							
2015	4.15	165,000	690,000							
2016	4.25	170,000	720,000							
2017	4.35	180,000	755,000							
2018	4.45	190,000	785,000							
2019	4.55	200,000	580,000							
2020	4.65	210,000	605,000							
2021	4.70	220,000	635,000							
2022	4.80	<u>230,000</u>	<u>230,000</u>							
Total		<u>\$2,890,000</u>	<u>\$17,405,000</u>							

See accompanying independent auditor's report.

CITY OF CLIVE

Schedule of Receipts by Source and Disbursements by Function -
All Governmental Fund Types

For the Last Four Years

	2004	2003	2002	2001
Receipts:				
Property and other City tax	\$ 8,166,807	\$ 7,935,596	\$ 7,106,232	\$ 6,219,646
Tax increment financing collections	1,745,504	1,520,177	1,075,090	1,728,561
Licenses and permits	459,969	471,596	457,554	339,377
Use of money and property	276,445	283,524	396,497	756,526
Intergovernmental	1,161,110	1,226,520	1,217,579	1,367,722
Charges for services	1,019,304	702,112	429,889	344,125
Special assessments	169,976	471,230	94,801	128,816
Miscellaneous	1,505,355	878,123	796,655	574,181
Total	<u>\$14,504,470</u>	<u>\$13,488,878</u>	<u>\$11,574,297</u>	<u>\$11,458,954</u>
Disbursements:				
Operating:				
Public safety	\$ 3,605,032	\$ 3,414,723		
Public works	1,435,145	1,281,472		
Health and social services	18,807	23,842		
Culture and recreation	1,989,581	1,666,934		
Community and economic development	2,159,455	2,125,341		
General government	1,505,804	1,123,128		
Debt service	2,890,141	2,626,186		
Capital projects	3,712,751	7,861,657		
Total	<u>\$17,316,716</u>	<u>\$20,123,283</u>		

Disbursements prior to 2003 were classified in activities under pre-GASB 34 rules using Community Protection, Human Development, Home and Community Environment and Policy and Administration functions.

See accompanying independent auditor's report.

CITY OF CLIVE

Schedule of Expenditures of Federal Awards

Year ended June 30, 2004

Grantor/Program	CFDA Number	Agency Pass-through Number	Program Expendi- tures
Indirect:			
U.S. Department of Transportation:			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	1-03-STPU-009	\$ 934,042
Highway Planning and Construction	20.205	1-00-STPA-77	<u>166,202</u>
			<u>1,100,244</u>
Direct:			
U.S. Department of Justice			
COPS UHSA	16.710	2003UMWX0306	8,888
Federal Emergency Management Agency			
Assistance to Fire Fighters Grant	83.554	EMW-2003-FG-16904	27,315
Department of Justice			
Bulletproof Vest Partnership Program	16.607		<u>1,500</u>
			<u>37,703</u>
Total			<u>\$1,137,947</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Clive and is presented in conformity with an other comprehensive basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.



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

To the Honorable Mayor and
Members of the City Council:

We have audited the financial statements of the City of Clive, Iowa as of and for the year ended June 30, 2004, and have issued our report thereon dated September 22, 2004. 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 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 Clive's 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 Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Clive'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 Clive'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 Part II of 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. Prior year reportable conditions have been resolved.

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 Clive and other parties to whom the City of Clive 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 Clive 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.

Martens + Company, CPA, P.C.

West Des Moines, Iowa
September 22, 2004



MARTENS & COMPANY, CPA, P.C.

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Independent Auditor's Report on Compliance With Requirements
Applicable to Each Major Program and Internal Control Over Compliance

To the Honorable Mayor and
Members of the City Council:

Compliance

We have audited the compliance of the City of Clive, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2004. The City of Clive's major federal program is identified in Part I of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of Clive's management. Our responsibility is to express an opinion on the City of Clive's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Clive's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Clive's compliance with those requirements.

In our opinion, the City of Clive complied, in a all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the City of Clive is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Clive's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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 Clive and other parties to whom the City of Clive may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Martens & Company, CPA, P.C.

West Des Moines, Iowa
September 22, 2004

CITY OF CLIVE

Schedule of Findings

Year ended June 30, 2004

Part I: Summary of the Independent Auditor's Results:

- (a) An unqualified opinion was issued on the financial statements which 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.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (e) The major program was CFDA Number 20.205 - Highway Planning and Construction.
- (f) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (g) The City of Clive did not qualify as a low-risk auditee.

CITY OF CLIVE

Schedule of Findings

Year ended June 30, 2004

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

II-A-04 Transfers - Two transfers between City funds approved by the council resolutions did not get posted to the City's financial records.

Recommendation - The City should adopt procedures to record all transfers approved by the council.

Response - We will adopt procedures to resolve this issue.

Conclusion - Response accepted.

II-B-04 Reclassifications - Numerous reclassifications of fund disbursements originally posted in a prior year were reclassified in the current year causing disbursements of applicable funds to be over or understated in the current year.

Recommendation - Reclassifications of amounts originally posted in a prior year should be recorded as transfers between funds and properly approved.

Response - The City will record reclassifications of prior year amounts as transfers, if applicable.

Conclusion - Response accepted.

CITY OF CLIVE

Schedule of Findings

Year ended June 30, 2004

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCE OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITION:

No matters of non-compliance.

CITY OF CLIVE

Schedule of Findings

Year ended June 30, 2004

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-04 Official Depositories - A resolution naming official depositories has been adopted by the City Council. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2004.

IV-B-04 Certified Budget - Disbursements during the year ended June 30, 2004 did not exceed budgeted amounts.

IV-C-04 Questionable Disbursements - We noted no disbursements for parties, banquets, or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General’s opinion dated April 25, 1979.

IV-D-04 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-E-04 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Dennis Evans, Police Chief	Police Equipment Change Over and Setup	\$ 1,170

In accordance with Chapter 362.5(10) of the Code of Iowa, these transactions do not appear to represent a conflict of interest since total transactions with each individual was less than \$1,500 during the fiscal year.

IV-F-04 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.

IV-G-04 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

IV-H-04 Revenue Bonds - The City is in compliance with the provisions of the revenue bond resolution.

IV-I-04 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City’s investment policy.