



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE September 24, 2003

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Auditor of State David A. Vaudt today released an audit report on City of Olin, Iowa for the six months ended December 31, 2002 and the year ended June 30, 2002.

The City's receipts totaled \$413,151 for the six months ended December 31, 2002, and included \$59,455 in property tax, \$20,495 in local option sales tax, \$16,775 in tax increment financing collections, \$72,956 from the state, \$102,050 from the federal government and \$1,447 in interest on investments. For the year ended June 30, 2002, the City's receipts totaled \$502,294, and included \$105,126 in property tax, \$36,890 in local option sales tax, \$29,083 in tax increment financing collections, \$79,860 from the state, \$11,846 from the federal government and \$5,294 in interest on investments. The City also received project warrant proceeds of \$154,602 and general obligation note proceeds of \$175,500 that are reported as other financing sources.

Disbursements for the six months ended December 31, 2002 totaled \$357,036, and included \$43,361 for community protection, \$134,125 for human development, \$154,812 for home and community environment, and \$24,738 for policy and administration. For the year ended June 30, 2002, disbursements totaled \$681,335, and included \$153,403 for community protection, \$73,525 for human development, \$392,513 for home and community environment and \$61,894 for policy and administration.

This report contains recommendations to the City Council and other City officials. For example, the City should segregate accounting duties to the extent possible to ensure maximum control over receipts, disbursements, investments, long-term debt and payroll. To strengthen control over utility collections and to provide better financial information, the City should reconcile utility billings, collections and delinquent accounts and maintain and retain monthly receipt ledgers. City officials have responded to each item in the report and stated that corrective action is being taken.

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

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

**SIX MONTHS ENDED DECEMBER 31, 2002 AND
YEAR ENDED JUNE 30, 2002**

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City of Olin

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2002)		
David L. Cavey	Mayor	Jan 2002
George Zirkelbach	Mayor Pro tem	Jan 2004
Phyllis Dircks (appointed)	Council Member	Nov 2001
Jody Barkley (appointed)	Council Member	Nov 2001
Mark Dlask	Council Member	Jan 2004
David Sweet	Council Member	Jan 2004
Sharon Fall	Clerk/Treasurer	Jan 2002
Adrian Knuth	Attorney	Jan 2002
(After January 2002)		
Randy Carlson	Mayor	Jan 2004
Jody Barkley	Mayor Pro tem	Jan 2006
George Zirkelbach	Council Member	Jan 2004
David Sweet	Council Member	Jan 2004
Mark Dlask	Council Member	Resigned
Thomas Hefflefinger (appointed)	Council Member	Nov 2003
Pat Keating	Council Member	Jan 2006
Sharon Fall	Clerk/Treasurer	Resigned
David Nichols (appointed)	Clerk/Treasurer	Resigned
Jean McPherson (appointed)	Clerk/Treasurer	Jan 2004
Adrian Knuth	Attorney	Jan 2004

City of Olin



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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, listed as exhibits in the table of contents of this report, of the City of Olin, Iowa, as of and for the six months ended December 31, 2002 and the year ended June 30, 2002. These financial statements are the responsibility of the City of Olin's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the aforementioned financial statements present fairly, in all material respects, the results of the cash transactions of the funds of the City of Olin as of and for the six months ended December 31, 2002 and the year ended June 30, 2002, and its indebtedness at December 31, 2002 and June 30, 2002, on the basis of accounting described in note 1.

In accordance with Government Auditing Standards, we have also issued our report dated May 29, 2003 on our consideration of the City of Olin's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the aforementioned financial statements taken as a whole. The supplemental information included in Schedules 1 through 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the aforementioned financial statements taken as a whole.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 29, 2003

City of Olin
 Combined Statement of Cash Transactions
 All Funds
 Six Months ended December 31 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Receipts:				
Property tax	\$ 43,975	5,526	9,954	-
Tax increment financing collections	-	16,775	-	-
Other city tax	10,959	4,452	581	8,198
Licenses and permits	560	-	-	-
Use of money and property	2,023	-	-	-
Intergovernmental	18,658	135,451	-	33,300
Charges for service	20,820	-	-	-
Miscellaneous	24,057	17,483	-	946
Total receipts	<u>121,052</u>	<u>179,687</u>	<u>10,535</u>	<u>42,444</u>
Disbursements:				
Community Protection Program	43,209	116	-	-
Human Development Program	22,094	112,031	-	-
Home and Community Environment Program	18,675	33,186	11,088	35,261
Policy and Administration Program	22,005	2,733	-	-
Total disbursements	<u>105,983</u>	<u>148,066</u>	<u>11,088</u>	<u>35,261</u>
Excess (deficiency) of receipts over (under) disbursements	<u>15,069</u>	<u>31,621</u>	<u>(553)</u>	<u>7,183</u>
Other financing sources (uses):				
Transfers in	28,600	-	17,908	-
Transfers out	(25,500)	(9,863)	-	(2,412)
Total other financing sources (uses)	<u>3,100</u>	<u>(9,863)</u>	<u>17,908</u>	<u>(2,412)</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	18,169	21,758	17,355	4,771
Balance beginning of period	<u>20,867</u>	<u>45,694</u>	<u>572</u>	<u>10,055</u>
Balance end of period	<u>\$ 39,036</u>	<u>67,452</u>	<u>17,927</u>	<u>14,826</u>

See notes to financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
Enterprise	Trust	
-	-	59,455
-	-	16,775
-	-	24,190
-	-	560
-	9	2,032
-	-	187,409
58,660	-	79,480
330	434	43,250
58,990	443	413,151
-	36	43,361
-	-	134,125
56,602	-	154,812
-	-	24,738
56,602	36	357,036
2,388	407	56,115
2,412	-	48,920
(11,145)	-	(48,920)
(8,733)	-	-
(6,345)	407	56,115
111,136	1,527	189,851
104,791	1,934	245,966

City of Olin
 Combined Statement of Cash Transactions
 All Funds
 Year ended June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Receipts:				
Property tax	\$ 85,119	10,500	9,507	-
Tax increment financing collections	-	29,083	-	-
Other city tax	20,097	8,041	542	14,756
Licenses and permits	3,115	-	-	-
Use of money and property	4,591	-	-	-
Intergovernmental	33,084	69,196	-	6,930
Charges for service	37,083	-	-	-
Miscellaneous	32,895	2,376	-	-
Total receipts	<u>215,984</u>	<u>119,196</u>	<u>10,049</u>	<u>21,686</u>
Disbursements:				
Community Protection Program	112,093	245	-	-
Human Development Program	38,526	34,999	-	-
Home and Community Environment Program	34,043	65,131	42,616	162,805
Policy and Administration Program	56,762	5,132	-	-
Total disbursements	<u>241,424</u>	<u>105,507</u>	<u>42,616</u>	<u>162,805</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(25,440)</u>	<u>13,689</u>	<u>(32,567)</u>	<u>(141,119)</u>
Other financing sources (uses):				
General obligation note proceeds	-	-	-	175,500
Project warrant proceeds	-	-	-	154,602
Project warrants redeemed	-	-	-	(167,663)
Transfers in	74,550	-	31,800	-
Transfers out	(30,050)	(16,025)	-	(25,000)
Total other financing sources (uses)	<u>44,500</u>	<u>(16,025)</u>	<u>31,800</u>	<u>137,439</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	19,060	(2,336)	(767)	(3,680)
Balance beginning of year	<u>1,807</u>	<u>48,030</u>	<u>1,339</u>	<u>13,735</u>
Balance end of year	<u>\$ 20,867</u>	<u>45,694</u>	<u>572</u>	<u>10,055</u>

See notes to financial statements.

Proprietary Fund Type Enterprise	Fiduciary Fund Type Trust	Total (Memorandum Only)
-	-	105,126
-	-	29,083
-	-	43,436
-	-	3,115
-	1,263	5,854
-	-	109,210
119,796	-	156,879
797	13,523	49,591
120,593	14,786	502,294
-	41,065	153,403
-	-	73,525
87,918	-	392,513
-	-	61,894
87,918	41,065	681,335
32,675	(26,279)	(179,041)
-	-	175,500
-	-	154,602
-	-	(167,663)
-	-	106,350
(35,275)	-	(106,350)
(35,275)	-	162,439
(2,600)	(26,279)	(16,602)
113,736	27,806	206,453
111,136	1,527	189,851

Exhibit C

City of Olin

Comparison of Receipts, Disbursements and Changes in Balances
Actual to Budget

Year ended June 30, 2002

	Actual	Amended Budget	Variance Favorable (Unfavorable)	Actual as % of Amended Budget
Receipts:				
Property tax	\$ 105,126	104,122	1,004	101%
Tax increment financing revenues	29,083	26,939	2,144	108%
Other city tax	43,436	41,547	1,889	105%
Licenses and permits	3,115	3,088	27	101%
Use of money and property	5,854	4,340	1,514	135%
Intergovernmental	109,210	442,852	(333,642)	25%
Charges for service	156,879	162,579	(5,700)	96%
Miscellaneous	49,591	71,287	(21,696)	83%
Total receipts	502,294	856,754	(354,460)	59%
Disbursements:				
Community Protection Program	153,403	158,968	5,565	96%
Human Development Program	73,525	393,128	319,603	19%
Home and Community Environment Program	392,513	259,408	(133,105)	151%
Policy and Administration Program	61,894	69,942	8,048	88%
Total disbursements	681,335	881,446	200,111	77%
Deficiency of receipts under disbursements	(179,041)	(24,692)		
Other financing sources, net	162,439	-		
Deficiency of receipts and other financing sources under disbursements	(16,602)	(24,692)		
Balance beginning of year	206,453	178,645		
Balance end of year	\$ 189,851	153,953		

See notes to financial statements.

City of Olin

City of Olin

Statement of Indebtedness

Six Months ended December 31, 2002

Obligation	Date of Issue	Interest Rates
General obligation notes:		
Corporate purpose	Dec 1, 1997	5.90%
Refunding	Jun 1, 1998	5.60
Sewer improvement	Mar 1, 2002	5.75
Total		
Lease-purchase agreement:		
Tractor	Aug 24, 2000	9.99%

See notes to financial statements.

Amount Originally Issued	Balance Beginning of Period	Issued During Period	Redeemed During Period	Balance End of Period	Interest Paid
\$ 100,000	70,174	-	-	70,174	-
160,000	115,000	-	-	115,000	3,236
175,500	175,500	-	-	175,500	7,852
	<u>\$ 360,674</u>	<u>-</u>	<u>-</u>	<u>360,674</u>	<u>11,088</u>
\$ 9,642	<u>5,050</u>	<u>-</u>	<u>5,050</u>	<u>-</u>	<u>505</u>

City of Olin
Statement of Indebtedness
Year ended June 30, 2002

Obligation	Date of Issue	Interest Rates
General obligation notes:		
Corporate purpose	Dec 1, 1997	5.90%
Refunding	Jun 1, 1998	5.60
Sewer improvement	Mar 1, 2002	5.75
Total		
Revenue note:		
Sewer revenue refunding	Jun 1, 1998	5.60%
Project warrants:		
Lift station replacement and sewer improvements	Apr 9, 2001	5.75%
Lease-purchase agreement:		
Tractor	Aug 24, 2000	9.99%

See notes to financial statements.

Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
\$ 100,000	79,056	-	8,882	70,174	4,643
160,000	130,000	-	15,000	115,000	7,269
175,500	-	175,500	-	175,500	-
	<u>\$ 209,056</u>	<u>175,500</u>	<u>23,882</u>	<u>360,674</u>	<u>11,912</u>
\$ 21,000	<u>5,687</u>	-	5,687	-	309
\$ 167,663	<u>13,061</u>	154,602	167,663	-	3,898
\$ 9,642	<u>9,642</u>	-	4,592	5,050	963

City of Olin

City of Olin

Notes to Financial Statements

December 31, 2002 and June 30, 2002

(1) Summary of Significant Accounting Policies

The City of Olin is a political subdivision of the State of Iowa located in Jones County. It was first incorporated in 1835 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture, recreation, public improvements and general administrative services.

A. Reporting Entity

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

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Jones County Assessor's Conference Board, Jones County Emergency Management Commission and Jones County Joint E911 Service Board.

B. Fund Accounting

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

Governmental Funds

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

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

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

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

Proprietary Funds

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

Fiduciary Fund

Trust Fund – The Trust Fund is used to account for monies and properties received and held by the City in a trustee capacity. This includes an expendable trust fund.

C. Basis of Accounting

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

D. Budgets and Budgetary Accounting

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

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

Since the reporting period of July 1, 2002 through December 31, 2002 differs from the budgeting period of July 1, 2002 through June 30, 2003, a comparison of receipts, disbursements and changes in balances with budgeted information is not presented in this report for that period. However, as of December 31, 2002,

disbursements for the period July 1, 2002 through December 31, 2002 did not exceed the amounts budgeted for the period July 1, 2002 through June 30, 2003.

E. Total (Memorandum Only)

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

(2) Deposits and Pooled Investments

The City's deposits at June 30, 2002 and December 31, 2002 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

(3) Long-Term Debt

General Obligation Notes

On November 10, 1997, the City approved the issuance of a general obligation note dated December 1, 1997 to finance the cost of a sanitary sewer and watermain extension project. The \$100,000 note will be repaid in nine equal annual installments in the amount of \$13,525 beginning June 1, 1999 and will end with the final payment on June 1, 2008. The note bears interest at 5.90% per annum and the unpaid balance at December 31, 2002 and June 30, 2002 totaled \$70,174.

On May 11, 1998, the City approved the issuance of a general obligation refunding note dated June 1, 1998 to refund the City's outstanding general obligation water note dated June 22, 1994. The \$160,000 note will be repaid in installments beginning June 1, 1999 and ending June 1, 2009. The note bears interest at 5.60% per annum and the remaining installments and unpaid balance at December 31, 2002 are as follows:

Year Ending June 30,	Interest Rate	Refunding June 1, 1998	
		Principal	Interest
2003	5.60%	\$ 15,000	6,440
2004	5.60	15,000	5,600
2005	5.60	15,000	4,760
2006	5.60	15,000	3,920
2007	5.60	15,000	3,080
2008	5.60	20,000	2,240
2009	5.60	20,000	1,120
Total		\$ 115,000	27,160

On February 11, 2002, the City approved the issuance of a general obligation sewer improvement note dated March 1, 2002 to finance sewer lift station and sewer improvements. The \$175,500 note will be repaid in installments beginning December 1, 2002 and ending June 1, 2021. The note bears interest at 5.75% per annum and the remaining installments and unpaid balance at December 31, 2002 are as follows:

Year Ending June 30,	Interest Rate	Sewer Improvement	
		March 1, 2002	
		Principal	Interest
2003	5.75%	\$ 9,237	12,614
2004	5.75	9,237	9,560
2005	5.75	9,237	9,029
2006	5.75	9,237	8,498
2007	5.75	9,237	7,967
2008	5.75	9,237	7,436
2009	5.75	9,237	6,905
2010	5.75	9,237	6,373
2011	5.75	9,237	5,842
2012	5.75	9,237	5,311
2013	5.75	9,237	4,780
2014	5.75	9,237	4,249
2015	5.75	9,237	3,718
2016	5.75	9,237	3,187
2017	5.75	9,237	2,656
2018	5.75	9,237	2,124
2019	5.75	9,236	1,593
2020	5.75	9,236	1,062
2021	5.75	9,236	531
Total		<u>\$ 175,500</u>	<u>103,435</u>

On April 9, 2001, the City approved issuing up to \$200,000 in project warrants for lift station replacement and sewer improvements. The City will draw the funds as needed and will pay interest of 5.75% on the funds actually drawn. At June 30, 2002, the total principal drawn of \$167,663 was repaid, along with interest of \$3,898.

Lease-Purchase Agreement

The City entered into a lease-purchase agreement for \$9,642 dated August 24, 2000 to purchase a tractor. The lease is for two years, has an effective interest rate of 9.99% and provides for annual payments of \$5,555.

During the year ended June 30, 2002, principal of \$4,592 and interest of \$963 was paid. During the six months ended December 31, 2002, principal of \$5,050 and interest of \$505 was paid.

(4) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by

state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the City is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The City's contributions to IPERS for the six months ended December 31, 2002 and year ended June 30, 2002 were \$2,446 and \$6,131, respectively, equal to the required contributions.

(5) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the program level. During the year ended June 30, 2002, disbursements in the Home and Community Environment program exceeded the amount budgeted.

(6) Construction Contract

During the year ended June 30, 2002, the City entered into a construction contract for lift station replacement and sewer improvements totaling \$157,290. At June 30, 2002, payments totaling \$149,426 have been made. The final contract payment of \$7,864 was made on October 7, 2002.

(7) Risk Management

The City of Olin is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in the six months ended December 31, 2002 and year ended June 30, 2002.

(8) Deficit Balances

Deficit balances at December 31, 2002 and June 30, 2002 were as follows:

Fund/Account	December 31, 2002	June 30, 2002
General:		
Ambulance	\$ (2,685)	
Fire		(1,064)
Historical Commission		(791)
Special Revenue:		
Employee Benefits	(1,271)	(166)
Community Development		
Block Grant - Housing		
Rehabilitation	(12,073)	(20,005)

The deficits will be eliminated by reviewing receipts and disbursements in these areas and determining the action needed to return these accounts to a sound financial position.

(9) Operation and Maintenance Agreement for Water and Wastewater Treatment Facilities

Beginning October 1, 2002, the City entered into an agreement with Waste Management Services to provide all routine operation and maintenance of the City's water and wastewater treatment facilities on a seven day per week basis. The term of the agreement is for one year beginning October 1, 2002. The City has agreed to pay \$5,450 per month for these services.

Supplemental Information

City of Olin
Combining Schedule of Cash Transactions
General Fund
Six Months ended December 31, 2002

	General	Ambulance	Fire
Receipts:			
Property tax	\$ 43,975	-	-
Other city tax:			
Local option sales tax	8,198	-	-
Utility tax replacement excise tax	2,761	-	-
	<u>10,959</u>	-	-
Licenses and permits	560	-	-
Use of money and property:			
Interest on investments	1,240	198	-
Rent	-	-	-
	<u>1,240</u>	<u>198</u>	<u>-</u>
Intergovernmental:			
State allocation	5,297	-	-
Enrich Iowa grant	-	-	-
County contributions	-	-	-
Bank franchise tax	380	-	-
Fire contracts	-	-	2,033
	<u>5,677</u>	<u>-</u>	<u>2,033</u>
Charges for service:			
Garbage/recycling	18,551	-	-
Ambulance charges	-	2,269	-
	<u>18,551</u>	<u>2,269</u>	<u>-</u>
Miscellaneous:			
Sale of land	3,000	-	-
Donations	-	797	-
Sales tax collected	2,372	-	-
Refunds and reimbursements	2,564	-	-
Miscellaneous	653	-	1,215
	<u>8,589</u>	<u>797</u>	<u>1,215</u>
Total receipts	<u>89,551</u>	<u>3,264</u>	<u>3,248</u>

Library	Park	Historical Commission	Total
-	-	-	43,975
-	-	-	8,198
-	-	-	2,761
-	-	-	10,959
-	-	-	560
-	-	-	1,438
-	585	-	585
-	585	-	2,023
-	-	-	5,297
578	-	-	578
10,370	-	-	10,370
-	-	-	380
-	-	-	2,033
10,948	-	-	18,658
-	-	-	18,551
-	-	-	2,269
-	-	-	20,820
12,068	1,169	-	16,237
-	-	-	797
-	-	-	2,372
-	-	-	2,564
219	-	-	2,087
12,287	1,169	-	24,057
23,235	1,754	-	121,052

City of Olin
Combining Schedule of Cash Transactions
General Fund
Six Months ended December 31, 2002

	General	Ambulance	Fire
Disbursements:			
Community Protection Program:			
Police:			
Contractual services	13,066	-	-
Fire:			
Contractual services	-	-	2,916
Commodities	-	-	3,107
Capital outlay	-	-	3,064
	-	-	9,087
Administration:			
Personal services	1,264	-	-
Ambulance:			
Contractual services	-	2,572	-
Commodities	-	3,162	-
Capital outlay	-	8,695	-
	-	14,429	-
Civil Defense	530	-	-
Street lighting	4,833	-	-
	19,693	14,429	9,087
Human Development Program:			
Library:			
Personal services	-	-	-
Contractual services	-	-	-
Commodities	-	-	-
Capital outlay	-	-	-
	-	-	-

Library	Park	Historical Commission	Total
-	-	-	13,066
-	-	-	2,916
-	-	-	3,107
-	-	-	3,064
-	-	-	9,087
-	-	-	1,264
-	-	-	2,572
-	-	-	3,162
-	-	-	8,695
-	-	-	14,429
-	-	-	530
-	-	-	4,833
-	-	-	43,209
5,510	-	-	5,510
709	-	-	709
1,270	-	-	1,270
2,738	-	-	2,738
10,227	-	-	10,227

City of Olin
Combining Schedule of Cash Transactions
General Fund
Six Months ended December 31, 2002

	General	Ambulance	Fire
Disbursements (continued):			
Human Development Program:			
Park:			
Personal services	-	-	-
Contractual services	-	-	-
Commodities	-	-	-
Capital outlay	-	-	-
	-	-	-
Administration:			
Personal services	1,544	-	-
Community building:			
Personal services	-	-	-
Contractual services	-	-	-
Commodities	-	-	-
	-	-	-
Insect control	490	-	-
Meal and transportation assistance	2,150	-	-
	4,184	-	-
Home and Community Environment Program:			
Landfill/garbage	18,675	-	-
Policy and Administration Program:			
Personal services:			
Mayor	1,070	-	-
Council	2,100	-	-
Clerk	3,997	-	-
Maintenance	1,699	-	-
	8,866	-	-
Contractual services:			
Legal fees	1,266	-	-
Publications	1,515	-	-
Tort liability	234	-	-
City hall	5,869	-	-
	8,884	-	-

Library	Park	Historical Commission	Total
-	2,217	-	2,217
-	1,190	-	1,190
-	1,062	-	1,062
-	2,309	-	2,309
-	6,778	-	6,778
-	-	-	1,544
-	-	371	371
-	-	369	369
-	-	165	165
-	-	905	905
-	-	-	490
-	-	-	2,150
10,227	6,778	905	22,094
-	-	-	18,675
-	-	-	1,070
-	-	-	2,100
-	-	-	3,997
-	-	-	1,699
-	-	-	8,866
-	-	-	1,266
-	-	-	1,515
-	-	-	234
-	-	-	5,869
-	-	-	8,884

City of Olin
Combining Schedule of Cash Transactions
General Fund
Six Months ended December 31, 2002

	General	Ambulance	Fire
Disbursements (continued):			
Policy and Administration Program:			
Commodities	4,255	-	-
	<u>22,005</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>64,557</u>	<u>14,429</u>	<u>9,087</u>
Excess (deficiency) of receipts over (under) disbursements	<u>24,994</u>	<u>(11,165)</u>	<u>(5,839)</u>
Other financing sources (uses):			
Operating transfers in (out):			
General:			
Fire	(9,500)	-	-
General	-	-	9,500
Library	(8,000)	-	-
Park	(8,000)	-	-
Special Revenue:			
Economic Development	-	-	-
Total other financing sources (uses)	<u>(25,500)</u>	<u>-</u>	<u>9,500</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>(506)</u>	<u>(11,165)</u>	<u>3,661</u>
Balance beginning of period	<u>4,123</u>	<u>8,480</u>	<u>(1,064)</u>
Balance end of period	<u>\$ 3,617</u>	<u>(2,685)</u>	<u>2,597</u>

See accompanying independent auditor's report.

Library	Park	Historical Commission	Total
-	-	-	4,255
-	-	-	22,005
10,227	6,778	905	105,983
13,008	(5,024)	(905)	15,069
-	-	-	(9,500)
8,000	8,000	-	25,500
-	-	-	(8,000)
-	-	-	(8,000)
-	-	3,100	3,100
8,000	8,000	3,100	3,100
21,008	2,195	2,195	18,169
8,105	2,014	(791)	20,867
29,113	4,209	1,404	39,036

City of Olin
Combining Schedule of Cash Transactions
General Fund
Year ended June 30, 2002

	General	Ambulance	Fire
Receipts:			
Property tax	\$ 85,119	-	-
Other city tax:			
Local option sales tax	14,756	-	-
Utility tax replacement excise tax	5,341	-	-
	<u>20,097</u>	<u>-</u>	<u>-</u>
Licenses and permits	<u>3,115</u>	<u>-</u>	<u>-</u>
Use of money and property:			
Interest on investments	3,363	668	-
Rent	-	-	-
	<u>3,363</u>	<u>668</u>	<u>-</u>
Intergovernmental:			
State allocation	11,168	-	-
Hazardous material grant	731	-	-
Enrich Iowa grant	-	-	-
County contributions	-	2,582	-
Bank franchise tax	2,871	-	-
Fire contracts	-	-	4,552
	<u>14,770</u>	<u>2,582</u>	<u>4,552</u>
Charges for service:			
Garbage/recycling	33,835	-	-
Ambulance charges	-	3,248	-
	<u>33,835</u>	<u>3,248</u>	<u>-</u>
Miscellaneous:			
Donations	-	23,095	-
Sales tax collected	4,747	-	-
Refunds and reimbursements	-	145	67
Miscellaneous	1,840	-	500
	<u>6,587</u>	<u>23,240</u>	<u>567</u>
Total receipts	<u>166,886</u>	<u>29,738</u>	<u>5,119</u>

Library	Park	Historical Commission	Total
-	-	-	85,119
-	-	-	14,756
-	-	-	5,341
-	-	-	20,097
-	-	-	3,115
-	-	-	4,031
-	560	-	560
-	560	-	4,591
-	-	-	11,168
-	-	-	731
810	-	-	810
10,370	-	-	12,952
-	-	-	2,871
-	-	-	4,552
11,180	-	-	33,084
-	-	-	33,835
-	-	-	3,248
-	-	-	37,083
998	687	531	25,311
-	-	-	4,747
-	-	-	212
285	-	-	2,625
1,283	687	531	32,895
12,463	1,247	531	215,984

City of Olin
Combining Schedule of Cash Transactions
General Fund
Year ended June 30, 2002

	General	Ambulance	Fire
Disbursements:			
Community Protection Program:			
Police:			
Contractual services	32,000	-	-
Fire:			
Contractual services	-	-	9,563
Commodities	-	-	606
Capital outlay	-	-	5,464
	-	-	15,633
Administration:			
Personal services	1,828	-	-
Ambulance:			
Contractual services	-	1,014	-
Commodities	-	6,625	-
Capital outlay	-	44,267	-
	-	51,906	-
Street lighting	10,726	-	-
	44,554	51,906	15,633
Human Development Program:			
Library:			
Personal services	-	-	-
Contractual services	-	-	-
Commodities	-	-	-
Capital outlay	-	-	-
	-	-	-

Library	Park	Historical Commission	Total
-	-	-	32,000
-	-	-	9,563
-	-	-	606
-	-	-	5,464
-	-	-	15,633
-	-	-	1,828
-	-	-	1,014
-	-	-	6,625
-	-	-	44,267
-	-	-	51,906
-	-	-	10,726
-	-	-	112,093
10,142	-	-	10,142
2,340	-	-	2,340
980	-	-	980
2,860	-	-	2,860
16,322	-	-	16,322

City of Olin
Combining Schedule of Cash Transactions
General Fund
Year ended June 30, 2002

	General	Ambulance	Fire
Disbursements (continued):			
Human Development Program:			
Park:			
Personal services	-	-	-
Contractual services	-	-	-
Commodities	-	-	-
	-	-	-
Administration:			
Personal services	2,401	-	-
Community building:			
Personal services	-	-	-
Contractual services	-	-	-
Commodities	-	-	-
	-	-	-
Insect control	75	-	-
Meal and transportation assistance	3,050	-	-
	5,526	-	-
Home and Community Environment Program:			
Landfill/garbage	34,043	-	-
Policy and Administration Program:			
Personal services:			
Mayor	2,665	-	-
Council	3,395	-	-
Clerk	6,147	-	-
Maintenance	5,560	-	-
	17,767	-	-
Contractual services:			
Legal fees	411	-	-
Publications	1,464	-	-
Tort liability	11,184	-	-
City hall	19,394	-	-
	32,453	-	-

Library	Park	Historical Commission	Total
-	3,559	-	3,559
-	6,046	-	6,046
-	1,546	-	1,546
-	11,151	-	11,151
-	-	-	2,401
-	-	823	823
-	-	4,646	4,646
-	-	58	58
-	-	5,527	5,527
-	-	-	75
-	-	-	3,050
16,322	11,151	5,527	38,526
-	-	-	34,043
-	-	-	2,665
-	-	-	3,395
-	-	-	6,147
-	-	-	5,560
-	-	-	17,767
-	-	-	411
-	-	-	1,464
-	-	-	11,184
-	-	-	19,394
-	-	-	32,453

City of Olin
Combining Schedule of Cash Transactions
General Fund
Year ended June 30, 2002

	General	Ambulance	Fire
Disbursements (continued):			
Policy and Administration Program:			
Commodities	6,542	-	-
	56,762	-	-
Total disbursements	140,885	51,906	15,633
Excess (deficiency) of receipts over (under) disbursements	26,001	(22,168)	(10,514)
Other financing sources (uses):			
Operating transfers in (out):			
General:			
General	-	-	9,450
Fire	(9,450)	-	-
Library	(8,000)	-	-
Park	(12,600)	-	-
Special Revenue:			
Economic Development	-	-	-
Capital Projects:			
Local Option Capital Improvement	5,000	20,000	-
Enterprise:			
Water	8,500	-	-
Sewer	8,500	-	-
Total other financing sources (uses)	(8,050)	20,000	9,450
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	17,951	(2,168)	(1,064)
Balance beginning of year	(13,828)	10,648	-
Balance end of year	\$ 4,123	8,480	(1,064)

See accompanying independent auditor's report.

Library	Park	Historical Commission	Total
-	-	-	6,542
-	-	-	56,762
16,322	11,151	5,527	241,424
(3,859)	(9,904)	(4,996)	(25,440)
8,000	12,600	-	30,050
-	-	-	(9,450)
-	-	-	(8,000)
-	-	-	(12,600)
-	-	2,500	2,500
-	-	-	25,000
-	-	-	8,500
-	-	-	8,500
8,000	12,600	2,500	44,500
4,141	2,696	(2,496)	19,060
3,964	(682)	1,705	1,807
8,105	2,014	(791)	20,867

City of Olin
Combining Schedule of Cash Transactions
Special Revenue Funds
Six Months ended December 31, 2002

	Road Use Tax	Employee Benefits
Receipts:		
Property tax	\$ -	5,526
Tax increment financing collections	-	-
Other city tax:		
Local option sales tax	-	-
Utility tax replacement excise tax	-	353
	-	353
Intergovernmental:		
Community development block grant	-	-
Flood grant	4,148	-
Road use tax allocation	29,253	-
	33,401	-
Miscellaneous:		
Refunds and reimbursements	700	-
Total receipts	34,101	5,879
Disbursements:		
Community Protection Program:		
Personal services	-	116
Human Development Program:		
Personal services	-	-
Contractual services	-	1,130
	-	1,130
Home and Community Environment Program:		
Personal services	10,013	3,005
Contractual services	5,270	-
Commodities	1,594	-
Capital outlay	3,176	-
Lease-purchase:		
Principal redeemed	5,050	-
Interest paid	505	-
	25,608	3,005

Economic Development	Community Development Block Grant - Housing Rehabilitation	Urban Renewal Tax Increment	Total
-	-	-	5,526
-	-	16,775	16,775
4,099	-	-	4,099
-	-	-	353
4,099	-	-	4,452
-	102,050	-	102,050
-	-	-	4,148
-	-	-	29,253
-	102,050	-	135,451
-	16,783	-	17,483
4,099	118,833	16,775	179,687
-	-	-	116
-	110,901	-	110,901
-	-	-	1,130
-	110,901	-	112,031
-	-	-	13,018
4,573	-	-	9,843
-	-	-	1,594
-	-	-	3,176
-	-	-	5,050
-	-	-	505
4,573	-	-	33,186

City of Olin
Combining Schedule of Cash Transactions
Special Revenue Funds
Six Months ended December 31, 2002

	Road Use Tax	Employee Benefits
Disbursements (continued):		
Policy and Administration Program:		
Personal services	-	2,733
Total disbursements	25,608	6,984
Excess (deficiency) of receipts over (under) disbursements	8,493	(1,105)
Other financing uses:		
Operating transfers out:		
General:		
Historical Commission	-	-
Debt Service	-	-
Total other financing uses	-	-
Excess (deficiency) of receipts over (under) disbursements and other financing uses	8,493	(1,105)
Balance beginning of period	3,468	(166)
Balance end of period	\$ 11,961	(1,271)

See accompanying independent auditor's report.

Economic Development	Community Development Block Grant - Housing Rehabilitation	Urban Renewal Tax Increment	Total
-	-	-	2,733
4,573	110,901	-	148,066
(474)	7,932	16,775	31,621
(3,100)	-	-	(3,100)
-	-	(6,763)	(6,763)
(3,100)	-	(6,763)	(9,863)
(3,574)	7,932	16,775	28,521
19,436	(20,005)	42,961	45,694
15,862	(12,073)	59,736	74,215

City of Olin
Combining Schedule of Cash Transactions
Special Revenue Funds
Year ended June 30, 2002

	Road Use Tax	Employee Benefits
Receipts:		
Property tax	\$ -	10,500
Tax increment financing collections	-	-
Other city tax:		
Local option sales tax	-	-
Utility tax replacement excise tax	-	663
	-	663
Intergovernmental:		
Community development block grant	-	-
Road use tax allocation	57,350	-
	57,350	-
Miscellaneous:		
Refunds and reimbursements	1,199	81
Total receipts	58,549	11,244
Disbursements:		
Community Protection Program:		
Personal services	-	245
Human Development Program:		
Personal services	-	2,052
Contractual services	-	-
	-	2,052
Home and Community Environment Program:		
Personal services	20,095	5,536
Contractual services	22,251	-
Commodities	6,101	-
Capital outlay	1,396	-
Lease-purchase:		
Principal redeemed	4,592	-
Interest paid	963	-
	55,398	5,536

Economic Development	Community Development Block Grant - Housing Rehabilitation	Urban Renewal Tax Increment	Total
-	-	-	10,500
-	-	29,083	29,083
7,378	-	-	7,378
-	-	-	663
7,378	-	-	8,041
-	11,846	-	11,846
-	-	-	57,350
-	11,846	-	69,196
-	1,096	-	2,376
7,378	12,942	29,083	119,196
-	-	-	245
-	-	-	2,052
-	32,947	-	32,947
-	32,947	-	34,999
-	-	-	25,631
4,197	-	-	26,448
-	-	-	6,101
-	-	-	1,396
-	-	-	4,592
-	-	-	963
4,197	-	-	65,131

City of Olin
Combining Schedule of Cash Transactions
Special Revenue Funds
Year ended June 30, 2002

	Road Use Tax	Employee Benefits
Disbursements (continued):		
Policy and Administration Program:		
Personal services	-	5,132
Total disbursements	55,398	12,965
Excess (deficiency) of receipts over (under) disbursements	3,151	(1,721)
Other financing uses:		
Operating transfers out:		
General:		
Historical Commission	-	-
Debt Service	-	-
Total other financing (uses)	-	-
Excess (deficiency) of receipts over (under) disbursements and other financing uses	3,151	(1,721)
Balance beginning of year	317	1,555
Balance end of year	\$ 3,468	(166)

See accompanying independent auditor's report.

Economic Development	Community Development Block Grant - Housing Rehabilitation	Urban Renewal Tax Increment	Total
-	-	-	5,132
4,197	32,947	-	105,507
3,181	(20,005)	29,083	13,689
(2,500)	-	-	(2,500)
-	-	(13,525)	(13,525)
(2,500)	-	(13,525)	(16,025)
681	(20,005)	15,558	(2,336)
18,755	-	27,403	48,030
19,436	(20,005)	42,961	45,694

Schedule 5

City of Olin
Schedule of Cash Transactions
Debt Service Fund
Six Months ended December 31, 2002

Receipts:	
Property tax	\$ 9,954
Other city tax:	
Utility tax replacement excise tax	581
Total receipts	<u>10,535</u>
Disbursements:	
Home and Community Environment Program:	
Debt service:	
Interest paid	<u>11,088</u>
Deficiency of receipts under disbursements	<u>(553)</u>
Other financing sources:	
Operating transfers in:	
Special Revenue:	
Urban Renewal Tax Increment	6,763
Enterprise:	
Water	5,720
Sewer Rental	5,425
Total other financing sources	<u>17,908</u>
Excess of receipts and other financing sources over disbursements	17,355
Balance beginning of period	<u>572</u>
Balance end of period	<u><u>\$ 17,927</u></u>

See accompanying independent auditor's report.

City of Olin
 Schedule of Cash Transactions
 Debt Service Fund
 Year ended June 30, 2002

Receipts:		
Property tax	\$	9,507
Other city tax:		
Utility tax replacement excise tax		542
Total receipts		<u>10,049</u>
Disbursements:		
Home and Community Environment Program:		
Debt service:		
Principal redeemed		29,569
Interest paid		12,221
Project warrant interest paid		826
Total disbursements		<u>42,616</u>
Deficiency of receipts under disbursements		<u>(32,567)</u>
Other financing sources:		
Operating transfers in:		
Special Revenue:		
Urban Renewal Tax Increment		13,525
Enterprise:		
Water		12,280
Sewer Rental		5,995
Total other financing sources		<u>31,800</u>
Deficiency of receipts and other financing sources under disbursements		(767)
Balance beginning of year		<u>1,339</u>
Balance end of year	\$	<u><u>572</u></u>

See accompanying independent auditor's report.

Schedule 7

City of Olin
Schedule of Cash Transactions
Capital Project Fund
Six Months ended December 31, 2002

	Local Option Capital Improvement	Sewer Project	Elkford Wetland Wildlife Area Project	Total
Receipts:				
Other city tax:				
Local option sales tax	\$ 8,198	-	-	8,198
Intergovernmental:				
Iowa Department of Natural Resources Grant	-	-	33,300	33,300
Miscellaneous	-	-	946	946
Total receipts	8,198	-	34,246	42,444
Disbursements:				
Home and Community Environment Program:				
Contractual services	-	-	1,356	1,356
Capital outlay	-	-	33,905	33,905
Total disbursements	-	-	35,261	35,261
Excess (deficiency) of receipts over (under) disbursements	8,198	-	(1,015)	7,183
Other financing uses:				
Operating transfers out:				
Enterprise:				
Sewer Rental	-	(2,412)	-	(2,412)
Excess (deficiency) of receipts over (under) disbursements and other financing uses	8,198	(2,412)	(1,015)	4,771
Balance beginning of period	3,491	2,412	4,152	10,055
Balance end of period	\$ 11,689	-	3,137	14,826

See accompanying independent auditor's report.

City of Olin
Combining Schedule of Cash Transactions
Capital Project Fund
Year ended June 30, 2002

	Local Option Capital Improvement	Sewer Project	Elkford Wetland Wildlife Area Project	Total
Receipts:				
Other city tax:				
Local option sales tax	\$ 14,756	-	-	14,756
Intergovernmental:				
Iowa Department of Natural Resources grant	-	-	6,930	6,930
Total receipts	<u>14,756</u>	<u>-</u>	<u>6,930</u>	<u>21,686</u>
Disbursements:				
Home and Community Environment Program:				
Contractual services	-	156,955	2,778	159,733
Project warrant interest	-	3,072	-	3,072
Total disbursements	<u>-</u>	<u>160,027</u>	<u>2,778</u>	<u>162,805</u>
Excess (deficiency) of receipts over (under) disbursements	<u>14,756</u>	<u>(160,027)</u>	<u>4,152</u>	<u>(141,119)</u>
Other financing sources (uses):				
General obligation note proceeds	-	175,500	-	175,500
Project warrants issued	-	154,602	-	154,602
Project warrants redeemed	-	(167,663)	-	(167,663)
Operating transfers (out):				
General:				
General	(5,000)	-	-	(5,000)
Ambulance	(20,000)	-	-	(20,000)
Total other financing sources (uses)	<u>(25,000)</u>	<u>162,439</u>	<u>-</u>	<u>137,439</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(10,244)	2,412	4,152	(3,680)
Balance beginning of year	<u>13,735</u>	<u>-</u>	<u>-</u>	<u>13,735</u>
Balance end of year	<u>\$ 3,491</u>	<u>2,412</u>	<u>4,152</u>	<u>10,055</u>

See accompanying independent auditor's report.

Schedule 9

City of Olin
Schedule of Cash Transactions
Enterprise Fund
Six Months ended December 31, 2002

	Water	Sewer Rental	Total
Receipts:			
Charges for service:			
Sale of water	\$ 34,297	-	34,297
Sewer rental fees	-	24,363	24,363
	<u>34,297</u>	<u>24,363</u>	<u>58,660</u>
Miscellaneous:			
Deposits and fees	320	-	320
Miscellaneous	10	-	10
	<u>330</u>	<u>-</u>	<u>330</u>
Total receipts	<u>34,627</u>	<u>24,363</u>	<u>58,990</u>
Disbursements:			
Home and Community Environment Program:			
Personal services	8,101	7,619	15,720
Employee benefits	1,627	1,589	3,216
Contractual services	10,803	19,464	30,267
Commodities	4,953	2,446	7,399
Total disbursements	<u>25,484</u>	<u>31,118</u>	<u>56,602</u>
Excess (deficiency) of receipts over (under) disbursements	<u>9,143</u>	<u>(6,755)</u>	<u>2,388</u>
Other financing sources (uses):			
Operating transfers in (out):			
Capital Projects:			
Sewer Project	-	2,412	2,412
Debt Service	<u>(5,720)</u>	<u>(5,425)</u>	<u>(11,145)</u>
Total other financing sources (uses)	<u>(5,720)</u>	<u>(3,013)</u>	<u>(8,733)</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>3,423</u>	<u>(9,768)</u>	<u>(6,345)</u>
Balance beginning of period	<u>55,944</u>	<u>55,192</u>	<u>111,136</u>
Balance end of period	<u>\$ 59,367</u>	<u>45,424</u>	<u>104,791</u>

See accompanying independent auditor's report.

City of Olin
 Schedule of Cash Transactions
 Enterprise Fund
 Year ended June 30, 2002

	Water	Sewer Rental	Total
Receipts:			
Charges for service:			
Sale of water	\$ 69,563	-	69,563
Sewer rental fees	-	49,848	49,848
Hookups	-	385	385
	<u>69,563</u>	<u>50,233</u>	<u>119,796</u>
Miscellaneous:			
Deposits and fees	670	-	670
Miscellaneous	127	-	127
	<u>797</u>	<u>-</u>	<u>797</u>
Total receipts	<u>70,360</u>	<u>50,233</u>	<u>120,593</u>
Disbursements:			
Home and Community Environment Program:			
Personal services	22,396	23,413	45,809
Employee benefits	4,133	4,310	8,443
Contractual services	9,528	2,930	12,458
Commodities	9,308	11,900	21,208
Total disbursements	<u>45,365</u>	<u>42,553</u>	<u>87,918</u>
Excess (deficiency) of receipts over (under) disbursements	<u>24,995</u>	<u>7,680</u>	<u>32,675</u>
Other financing sources (uses):			
Operating transfers in (out):			
General:			
General	(8,500)	(8,500)	(17,000)
Debt Service	(12,280)	(5,995)	(18,275)
Total other financing sources (uses)	<u>(20,780)</u>	<u>(14,495)</u>	<u>(35,275)</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	4,215	(6,815)	(2,600)
Balance beginning of year	51,729	62,007	113,736
Balance end of year	<u>\$ 55,944</u>	<u>55,192</u>	<u>111,136</u>

See accompanying independent auditor's report.

Schedule 11

City of Olin
Schedule of Cash Transactions
Expendable Trust Fund
Six Months ended December 31, 2002

	<u>Olin Ambulance Boosters</u>
Receipts:	
Use of money and property:	
Interest on investments	\$ 9
Miscellaneous:	
Donations and memorials	434
Total receipts	<u>443</u>
Disbursements:	
Community Protection Program:	
Commodities	<u>36</u>
Excess of receipts over disbursements	407
Balance beginning of period	<u>1,527</u>
Balance end of period	<u><u>\$ 1,934</u></u>

See accompanying independent auditor's report.

City of Olin
 Schedule of Cash Transactions
 Expendable Trust Fund
 Year ended June 30, 2002

	Olin Ambulance Boosters
Receipts:	
Use of money and property:	
Interest on investments	\$ 1,263
Miscellaneous:	
Donations and memorials	13,523
Total receipts	14,786
Disbursements:	
Community Protection Program:	
Contractual services	65
Capital outlay	41,000
Total disbursements	41,065
Deficiency of receipts under disbursements	(26,279)
Balance beginning of year	27,806
Balance end of year	\$ 1,527

See accompanying independent auditor's report.

City of Olin



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

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

To the Honorable Mayor and
Members of the City Council:

We have audited the financial statements of the City of Olin, Iowa, as of and for the six months ended December 31, 2002 and the year ended June 30, 2002, and have issued our report thereon dated May 29, 2003. Our report expressed an unqualified opinion on the financial statements, which were prepared in conformity with an other comprehensive basis of accounting.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Olin'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 the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the six months ended December 31, 2002 and the year ended June 30, 2002 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 audit statutory comments have been resolved except for items 2, 7 and 9.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Olin'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 Olin's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe items (A) and (B) are material weaknesses. Prior audit reportable conditions have been resolved except for items (A), (B), (C) and (D).

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 Olin and other parties to whom the City of Olin 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 Olin during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 29, 2003

City of Olin

Schedule of Findings

Six Months ended December 31, 2002 and
Year ended June 30, 2002

Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

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

- (1) Accounting system – performance of all general accounting functions and custody of assets.
- (2) Investments – investing, recording and custody.
- (3) Long-term debt – recording and reconciling.
- (4) Receipts – collecting, depositing, journalizing and posting.
- (5) Utility receipts – billing, collecting, depositing, posting and reconciling.
- (6) Disbursements – purchasing, preparing, recording and reconciling.
- (7) Payroll – preparing and distributing.

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

Response – A resolution is being created for guidelines for reports to be provided at each regular monthly council meeting for all of the above items.

Conclusion – Response accepted.

(B) Reconciliation of Utility Billings, Collections and Delinquencies – Utility billings, collections and delinquent accounts were not reconciled.

Recommendation – Procedures should be established to reconcile utility billings, collections and delinquencies. The Water/Sewer Committee and/or the City Council should review the reconciliation and monitor delinquencies.

Response – A reconciliation will be performed. A summary of delinquencies is presented at each City Council meeting. The Water and Sewer Committee has set guidelines for sending follow up letters each month and monthly payment plans have been established.

Conclusion – Response accepted.

City of Olin

Schedule of Findings

Six Months ended December 31, 2002 and
Year ended June 30, 2002

(C) Investments – Detailed investment records were not maintained.

Recommendation – The City should keep detailed investment records for all investment activity. At a minimum, the record should include investment number, date purchased, maturity date, interest rate, interest earned, which fund(s) held for, copies of the original investment document and paid interest stubs.

Response – We are creating this spreadsheet to be presented at monthly regular City Council meetings.

Conclusion – Response accepted.

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

- Passwords are not periodically changed. The City's software does not require the user to periodically change log-ins/passwords. Also, password privacy and confidentiality are not required.
- No timeout/log off function is utilized if the computer is left unattended for a period of time.
- No written policy on internet usage has been developed.
- No written disaster recovery plan has been developed.
- Periodic system backups are not being performed.
- Passwords not changed when an employee terminates employment.

Recommendation – The City should develop written policies addressing the above items in order to improve the City's control over computer based systems.

Response – We will be establishing policies for all of the above within the next two months.

Conclusion – Response accepted.

(E) Disbursements – City Council approval was not always documented in the minute record and invoices and supporting documentation were not always available to support disbursements made.

Recommendation – All City disbursements should be approved and approval documented in the City Council minutes. Also invoices and supporting documentation should be available to support all approved disbursements.

Response – All disbursements are being presented to the Council for approval and this approval is reflected in the minutes.

Conclusion – Response accepted.

City of Olin

Schedule of Findings

Six Months ended December 31, 2002 and
Year ended June 30, 2002

(F) Transfers – Fund/account transfers were approved as part of the annual budget process. However, the individual transfers were not approved by the City Council as each transfer was to be made. City Council approval of fund/account transfers was not documented in the City Council minutes record.

Recommendation – All individual fund/account transfers should be approved by the City Council with the approval documented in the minutes record.

Response – Going forward all transfers will be documented and approved by the City Council.

Conclusion – Response accepted.

City of Olin

Schedule of Findings

Six Months ended December 31, 2002 and
Year ended June 30, 2002

Other Findings Related to Required Statutory Reporting:

- (1) Official Depositories – A resolution naming the official depository has been approved by the City Council. The maximum deposit amount stated in the resolution was not exceeded for the six months ended December 31, 2002 or the year ended June 30, 2002.
- (2) Certified Budget – Disbursements during the year ended June 30, 2002 exceeded the amount budgeted in the Home and Community Environment Program. Additionally, actual disbursements in the Human Development, Home and Community Environment and the Policy and Administration Programs exceeded budgeted amounts prior to the budget amendment in the fiscal year ended June 30, 2002. Also, actual disbursements in the Human Development and Policy and Administration Programs exceeded budgeted amounts prior to the budget amendment in November, 2002. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

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

Response – The present City Clerk is learning the budget guidelines. The appropriate information will be presented at the monthly City Council meetings to allow for proper budget decisions, as necessary.

Conclusion – Response accepted.

- (3) Questionable Disbursements – No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (4) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (5) Business Transactions – No business transactions between the City and City officials or employees were noted.
- (6) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- (7) Council Minutes – Except as previously noted, no transactions were found that we believe should have been approved in the Council minutes but were not.

The City did not publish a summary of receipts and disbursements by fund as required by Chapter 372.13(6) of the Code of Iowa. Also, the City did not publish individual gross salaries in accordance with an Attorney General's opinion dated April 12, 1978.

The City Council went into closed sessions on December 10, 2001, January 14, 2002, June 10, 2002, November 25, 2002 and December 9, 2002. However, the minutes record did not document the specific information regarding the closed sessions as required by Chapter 21 of the Code of Iowa, commonly known as the open-meeting law.

City of Olin

Schedule of Findings

Six Months ended December 31, 2002 and
Year ended June 30, 2002

Library, Ambulance, Park, Historical Commission and Economic Development Commission minutes were not signed.

Recommendation – The City should publish gross wages as required and the City should comply with the provisions contained in Chapter 21 and Chapter 372.13(6) of the Code of Iowa. Also, Library, Ambulance, Park, Historical Commission and the Economic Development Commission minutes should be signed indicating approval of the content.

Response – We will begin publishing all gross wages starting with the fiscal year 2003 salaries published in July 2003 and ensure that we publish receipts and disbursements as required. All appropriate personnel have been instructed to sign their respective minutes. The Clerk will monitor this to ensure compliance.

Conclusion – Response accepted.

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

Sewer certificate of deposit interest and unallocated interest on the general checking account were credited to the General Fund, General Account.

Recommendation – Sewer certificate of deposit interest should be credited to the Enterprise Fund, Sewer Account. General checking interest should be allocated to the appropriate fund based on previous months balances.

Response – The Clerk is aware of these issues and will be allocating interest to the appropriate funds.

Conclusion – Response accepted.

- (9) Financial Condition – At December 31, 2002 and June 30, 2002, the City had deficit balances in certain accounts as follows:

	<u>December 31, 2002</u>	<u>June 30, 2002</u>
General:		
Ambulance	\$ (2,685)	
Fire		\$ (1,064)
Historical Commission		(791)
Special Revenue:		
Employee Benefits	(1,271)	(166)
Community Development		
Block Grant – Housing		
Rehabilitation	(12,073)	(20,005)

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

Response – The Clerk and Council will be working with individual departments and to ensure deficits are eliminated.

Conclusion – Response accepted.

City of Olin

Schedule of Findings

Six Months ended December 31, 2002 and
Year ended June 30, 2002

- (10) 2001 Lift Station Replacement and Sewer Maintenance Project – Contract change orders and pay estimates were not always approved and those that were approved were not documented in the minutes record. Also, the construction project was not formally accepted and approved. However, final payment was made. Also, the City has not filed for a sales tax refund on this project.

Recommendation – All contract change orders and contract pay estimates should be approved by the City Council and approval documented in the minutes record. Also, the City should have accepted and approved the overall project activity prior to making the final payment to the contractor. Also, the City should file for a sales tax refund.

Response – All change orders and pay estimates will now be approved by the Council with approval documented in the minutes. Also, all payments on contracts will be documented and approval included in the minutes record. Also, the City will file for a sales tax refund.

Conclusion – Response accepted.

- (11) Utility Meters – Non-functioning water meters were not replaced with operating meters. As a result the minimum charges were assessed to certain customers instead of the charges based on consumption for each month.

Recommendation – Since utility billings are to be based on the amounts of water consumed, the City should ensure that the customers water meters are functioning properly in order to bill for amounts actually consumed.

Response – The contracted water company and the City Clerk are monitoring usage monthly and all questionable meters are investigated and replaced, as necessary.

Conclusion – Response accepted.

- (12) Urban Renewal Tax Increment Financing Collections – The City has received sufficient tax increment financing collections from Jones County to exercise the call option for the general obligation corporate purpose notes sold December 1, 1997.

Recommendation – The City should exercise the call option to retire all of the outstanding principal and interest. Additionally, any excess tax increment financing funds left after calling the principal and interest outstanding should be remitted back to Jones County for reallocation to other government entities, as required by Chapter 403.19.(2) of the Code of Iowa.

Response – The TIF debt has been paid off. The remaining amounts collected through June 2003 are being paid back to the Jones County Treasurer.

Conclusion – Response accepted.

- (13) City Code of Ordinances – The City has not compiled the City ordinances since June 13, 1996.

City of Olin

Schedule of Findings

Six Months ended December 31, 2002 and
Year ended June 30, 2002

Recommendation – Chapter 380.8 of the Code of Iowa states that at least once every five years, a city shall compile a code of ordinances containing all of the city ordinances in effect. The City should compile the city ordinances as required.

Response – The City will compile a code of all City ordinances by October 2003.

Conclusion – Response accepted.

- (14) Annual Financial Report – Several errors were noted in the Annual Financial Report for the year ended June 30, 2002. Additionally, the City could not produce a proof of publication as required by Chapter 384.22 of the Code of Iowa.

Recommendation – The Annual Financial Report should be supported by the City's accounting records and published as required by Chapter 384.22 of the Code of Iowa.

Response – Research will take place and reconciliation will follow to correct the inaccuracies and will publish the report as required.

Conclusion – Response accepted.

City of Olin

Staff

This audit was performed by:

Steven M. Nottger, CPA, Manager
John G. Vanis, CGFM, Senior Auditor
Shawn P. Limback, Staff Auditor
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