



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

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Auditor of State

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NEWS RELEASE

FOR RELEASE _____ **March 20, 2003** **Contact: Andy Nielsen**
515/281-5515

The Office of Auditor of State today released an audit report on the City of Atlantic, Iowa.

The City's receipts totaled \$6,714,479 for the year ended June 30, 2002, a 1 percent increase from 2001. The receipts included \$2,018,353 in property tax, \$132,195 in tax increment financing collections, \$785,870 from the state, \$111,039 from the federal government and \$110,190 in interest on investments. The City also had other financing sources of \$2,672,350 from the sale of general obligation notes, urban renewal tax increment financing revenue bonds and general obligation project anticipation notes and \$30,500 from receipt of a loan from the Atlantic Municipal Utilities.

Disbursements for the year totaled \$8,806,125, a 29 percent increase from the prior year, and included \$1,538,868 for community protection, \$1,791,699 for human development, \$3,283,372 for home and community environment, \$391,533 for policy and administration and \$1,800,653 for non-program. The significant increase in disbursements is due primarily to several large capital projects, including swimming pool renovations and construction of a recreation and wellness center.

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

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

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City of Atlantic

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2002)		
C. S. Winchell	Mayor	Jan 2002
Gene Eyberg	Council Member	Jan 2002
Shirley Warne (appointed Nov 2000)	Council Member	Nov 2001
Harvey Hansen	Council Member	Jan 2002
David Jones	Council Member	Jan 2004
Mark Knudsen	Council Member	Jan 2004
Kern Miller	Council Member	Jan 2004
John O'Brien	Council Member	Jan 2004
(After January 2002)		
John Krogman	Mayor	Jan 2006
David Jones	Council Member	Jan 2004
Mark Knudsen	Council Member	Jan 2004
Kern Miller	Council Member	Jan 2004
John O'Brien	Council Member	Jan 2004
Shirley Warne	Council Member	Jan 2006
John Rueb	Council Member	Jan 2006
Mike Waters	Council Member	Jan 2006
Ron Crisp	Administrator	Indefinite
Debbie L. Wheatley Field	Clerk	Jan 2002
Sue Muri	Treasurer	Jan 2002
James C. VanGinkel	Attorney	Jan 2002

City of Atlantic



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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 Atlantic, Iowa, as of and for the year ended June 30, 2002. These financial statements are the responsibility of the City of Atlantic'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.

These financial statements also include financial data only for the primary government. A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. Inclusion of financial data of the City's component units would be required if the City intended to present financial statements in accordance with 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 Atlantic, as of and for the year ended June 30, 2002, and its indebtedness at 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 January 13, 2003 on our consideration of the City of Atlantic'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. 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, 2001 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 9 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 financial statements and, in our opinion, is fairly stated in all material respects in relation to the aforementioned financial statements taken as a whole.

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 13, 2003

Financial Statements

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

	Governmental Fund	
	General	Special Revenue
Receipts:		
Property tax	\$ 1,165,905	429,833
Tax increment financing collections	-	132,195
Other city tax	96,557	228,172
Licenses and permits	18,572	-
Use of money and property	57,455	18,216
Intergovernmental	154,644	583,501
Charges for service	44,919	-
Special assessments	-	-
Miscellaneous	364,010	86,755
Total receipts	1,902,062	1,478,672
Disbursements:		
Community Protection Program	1,176,919	319,879
Human Development Program	332,973	51,933
Home and Community Environment Program	92,122	944,144
Policy and Administration Program	324,609	66,924
Non-program	-	-
Total disbursements	1,926,623	1,382,880
Excess (deficiency) of receipts over (under) disbursements	(24,561)	95,792
Other financing sources (uses):		
General obligation note proceeds (net of \$25,650 discount)	-	-
General obligation project anticipation note proceeds (net of \$8,000 discount)	-	-
Urban renewal tax increment financing revenue bond proceeds (net of \$4,000 discount)	-	196,000
Loan from Atlantic Municipal Utilities	30,500	-
Operating transfers in	35,000	40,455
Operating transfers out	(13,259)	(260,380)
Total other financing sources (uses)	52,241	(23,925)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	27,680	71,867
Balance beginning of year, as restated (note 16)	808,193	1,450,759
Balance end of year	\$ 835,873	1,522,626

See notes to financial statements.

Types			Proprietary Fund Types		Fiduciary	Total (Memorandum Only)
	Debt Service	Capital Projects	Enterprise	Internal Service	Fund Type Expendable Trust	
422,615	-	-	-	-	-	2,018,353
-	-	-	-	-	-	132,195
11,115	251,548	-	-	-	-	587,392
-	-	-	-	-	-	18,572
6,950	33,474	11,351	491	2,708	-	130,645
-	161,585	-	-	6,607	-	906,337
-	-	556,323	-	-	-	601,242
10,067	2,193	-	-	-	-	12,260
10	11,854	9,815	1,831,342	3,697	-	2,307,483
450,757	460,654	577,489	1,831,833	13,012	-	6,714,479
42,070	-	-	-	-	-	1,538,868
125,896	1,261,585	-	-	19,312	-	1,791,699
602,772	1,302,031	342,303	-	-	-	3,283,372
-	-	-	-	-	-	391,533
-	-	-	1,800,653	-	-	1,800,653
770,738	2,563,616	342,303	1,800,653	19,312	-	8,806,125
(319,981)	(2,102,962)	235,186	31,180	(6,300)	-	(2,091,646)
-	1,684,350	-	-	-	-	1,684,350
-	792,000	-	-	-	-	792,000
-	-	-	-	-	-	196,000
-	-	-	-	-	-	30,500
333,680	98,615	60,125	-	-	-	567,875
-	(2,805)	(291,431)	-	-	-	(567,875)
333,680	2,572,160	(231,306)	-	-	-	2,702,850
13,699	469,198	3,880	31,180	(6,300)	-	611,204
45,817	896,748	620,207	(3,648)	91,739	-	3,909,815
59,516	1,365,946	624,087	27,532	85,439	-	4,521,019

City of Atlantic

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

Year ended June 30, 2002

	Actual	Less Funds Not Required to be Budgeted
Receipts:		
Property tax	\$ 2,018,353	-
Tax increment financing collections	132,195	-
Other city tax	587,392	-
Licenses and permits	18,572	-
Use of money and property	130,645	491
Intergovernmental	906,337	-
Charges for service	601,242	-
Special assessments	12,260	-
Miscellaneous	2,307,483	1,831,342
Total receipts	6,714,479	1,831,833
Disbursements:		
Community Protection Program	1,538,868	-
Human Development Program	1,791,699	-
Home and Community Environment Program	3,283,372	-
Policy and Administration Program	391,533	-
Non-program	1,800,653	1,800,653
Total disbursements	8,806,125	1,800,653
Excess (deficiency) of receipts over (under) disbursements	(2,091,646)	31,180
Other financing sources, net	2,702,850	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	611,204	31,180
Balance beginning of year, as restated (note 16)	3,909,815	(3,648)
Balance end of year	\$ 4,521,019	27,532

See notes to financial statements.

Net	Amended Budget	Variance Favorable (Unfavorable)	Net as % of Amended Budget
2,018,353	2,021,633	(3,280)	100%
132,195	130,118	2,077	102%
587,392	528,213	59,179	111%
18,572	19,900	(1,328)	93%
130,154	119,915	10,239	109%
906,337	2,152,864	(1,246,527)	42%
601,242	567,500	33,742	106%
12,260	15,000	(2,740)	82%
476,141	175,242	300,899	272%
<u>4,882,646</u>	<u>5,730,385</u>	<u>(847,739)</u>	<u>85%</u>
1,538,868	1,529,569	(9,299)	101%
1,791,699	3,652,288	1,860,589	49%
3,283,372	3,696,600	413,228	89%
391,533	421,447	29,914	93%
-	-	-	
<u>7,005,472</u>	<u>9,299,904</u>	<u>2,294,432</u>	<u>75%</u>
(2,122,826)	(3,569,519)		
<u>2,702,850</u>	<u>1,625,000</u>		
580,024	(1,944,519)		
<u>3,913,463</u>	<u>3,869,018</u>		
<u>4,493,487</u>	<u>1,924,499</u>		

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

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
General corporate purpose	Jun 1, 1995	4.65-4.80%	\$ 2,015,000
General obligation notes:			
Corporate purpose	Feb 1, 1994	3.10-4.70%	\$ 260,000
Economic development	Feb 1, 1994	4.75-7.00	225,000
Refunding	Sep 1, 1995	4.50-5.25	830,000
Corporate purpose	Jun 1, 1997	4.40-5.25	765,000
Economic development	Sep 1, 1997	6.75-7.35	200,000
Airport improvement	Aug 1, 1999	4.40-5.20	150,000
Swimming pool improvement	Mar 1, 2001	4.40-5.40	700,000
Corporate purpose	Apr 1, 2002	3.00-5.10	1,710,000
Total			
Tax increment financing (TIF) revenue bonds:			
Skyjack (TIF)	Dec 1, 1994	8.25-9.10%	\$ 145,000
Cargill (TIF)	Dec 1, 1994	8.25-9.05	100,000
Skyjack (TIF)	Dec 1, 1995	6.70-7.30	115,000
Skyjack (TIF)	Jun 1, 1997	7.65-8.15	90,000
Southeast urban renewal	Feb 1, 1998	4.40-5.15	175,000
Southwest urban renewal	Jul 1, 2001	4.30-5.20	200,000
Total			
Revenue bonds:			
Local option sales and services tax	Sep 1, 1997	4.70-5.65%	\$ 300,000
Revenue notes:			
Sewer	Dec 1, 1998	4.10-4.50%	\$ 850,000
Road Use Tax	Mar 1, 2000	5.15-5.50%	250,000
Total			
Special assessment notes:			
Downtown redevelopment	Jul 1, 1995	4.60-5.85%	\$ 135,000
Loan agreement (note 4):			
Atlantic Municipal Utilities	Feb 16, 1994	-	\$ 200,000
Atlantic Municipal Utilities	Feb 21, 2002	-	30,500
Total			
General obligation project anticipation note:			
Airport improvement project	Apr 1, 2002	3.65%	\$ 800,000

See notes to financial statements.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Principal Due and Unpaid
1,235,000	-	180,000	1,055,000	59,280	-
90,000	-	30,000	60,000	10,505	-
155,000	-	15,000	140,000	4,095	-
450,000	-	110,000	340,000	23,127	-
500,000	-	75,000	425,000	25,348	-
155,000	-	20,000	135,000	11,165	-
140,000	-	15,000	125,000	6,867	-
700,000	-	15,000	685,000	44,194	-
-	1,710,000	-	1,710,000	-	-
\$ 2,190,000	1,710,000	280,000	3,620,000	125,301	-
110,000	-	10,000	100,000	9,897	-
65,000	-	10,000	55,000	5,803	-
95,000	-	5,000	90,000	6,672	-
80,000	-	-	80,000	6,430	5,000
145,000	-	15,000	130,000	6,590	-
-	200,000	-	200,000	8,805	-
\$ 495,000	200,000	40,000	655,000	44,197	5,000
255,000	-	15,000	240,000	13,775	-
795,000	-	25,000	770,000	35,125	-
205,000	-	45,000	160,000	11,060	-
\$ 1,000,000	-	70,000	930,000	46,185	-
60,000	-	15,000	45,000	3,397	-
60,000	-	20,000	40,000	-	-
-	30,500	30,500	-	-	-
\$ 60,000	30,500	50,500	40,000	-	-
-	800,000	-	800,000	-	-

City of Atlantic

Notes to Financial Statements

June 30, 2002

(1) Summary of Significant Accounting Policies

The City of Atlantic is a political subdivision of the State of Iowa located in Cass County. It was first incorporated in 1868 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 Atlantic 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.

These financial statements present the City of Atlantic (the primary government) and exclude all component units. The following component unit is an entity which is legally separate from the City, but is so intertwined with the City that it is, in substance, part of the City. However, the financial transactions of this component unit have not been displayed because it uses a different basis of accounting.

The Atlantic Municipal Utilities Board was established under Chapter 388 of the Code of Iowa, is legally separate from the City, but has the potential to provide specific benefits to or impose specific burdens on the City. The Municipal Utilities is governed by a five-member board appointed by the Mayor and approved by the City Council. Complete financial statements, presented on a different basis of accounting, can be obtained from the Municipal Utilities administrative office.

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 or appoint representatives to the following boards and commissions: Cass County Assessor's Conference Board, Cass County Environmental Control Agency, Cass County Emergency Management Commission, Cass County E911 Joint Service Board, SWIPCO - Regional Planning Commission and Cass County Public Safety Commission.

B. Fund Accounting

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

Governmental Funds

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

Special Revenue 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 and special assessment long-term debt.

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

Proprietary Funds

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

Internal Service Funds - The Internal Service Funds are utilized to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

Fiduciary Funds

Trust Funds - The Trust Funds are used to account for monies and properties received and held by the City in a trustee capacity. These include expendable trust funds which are accounted for in essentially the same manner as Governmental Funds.

C. Basis of Accounting

The City of Atlantic 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 basis of cash receipts and disbursements following required public notice and hearing for all funds, except for internal service funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

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

E. Total (Memorandum Only)

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

(2) Cash and Pooled Investments

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

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

The City'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.

The City's investments at June 30, 2002 are as follows:

<u>Type</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
U.S. Treasury Notes	<u>\$ 5,000</u>	<u>5,477</u>

(3) Long-Term Debt

Bonds and Notes Payable

Annual debt service requirements to maturity for general obligation bonds and notes, tax increment financing (TIF) revenue bonds, local option sales and services tax revenue bonds, revenue notes and special assessment notes are as follows:

	General Obligation Bonds		General Obligation Notes		Tax Increment Financing (TIF) Revenue Bonds		Local Option Sales and Service Tax Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$	190,000	50,640	410,000	188,160	60,000	42,310	15,000	13,025
	200,000	41,520	440,000	157,458	70,000	38,266	15,000	12,260
	210,000	31,920	420,000	136,885	75,000	33,597	20,000	11,480
	220,000	21,840	320,000	116,720	80,000	28,645	20,000	10,430
	235,000	11,280	360,000	101,317	90,000	23,430	20,000	9,370
	-	-	275,000	83,490	75,000	17,258	20,000	8,300
	-	-	265,000	69,813	75,000	12,385	25,000	7,220
	-	-	275,000	56,902	60,000	7,465	25,000	5,857
	-	-	210,000	43,253	40,000	3,122	25,000	4,483
	-	-	225,000	33,022	25,000	1,300	25,000	3,095
	-	-	135,000	21,878	-	-	30,000	1,695
	-	-	140,000	14,997	-	-	-	-
	-	-	70,000	7,760	-	-	-	-
	-	-	75,000	4,050	-	-	-	-
\$	1,055,000	157,200	3,620,000	1,035,705	650,000	206,478	240,000	87,215

	Revenue Notes		Special Assessment Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
\$	85,000	42,772	15,000	2,580	775,000	339,487
	90,000	38,610	15,000	1,740	830,000	289,854
	130,000	34,108	15,000	877	870,000	248,867
	200,000	27,820	-	-	840,000	205,455
	210,000	19,020	-	-	915,000	164,417
	215,000	9,675	-	-	585,000	118,723
	-	-	-	-	365,000	89,418
	-	-	-	-	360,000	70,224
	-	-	-	-	275,000	50,858
	-	-	-	-	275,000	37,417
	-	-	-	-	165,000	23,573
	-	-	-	-	140,000	14,997
	-	-	-	-	70,000	7,760
	-	-	-	-	75,000	4,050
\$	930,000	172,005	45,000	5,197	6,540,000	1,665,100

Tax Increment Financing (TIF) Revenue Bonds – These 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 individual urban renewal tax increment financing funds and the taxes to be paid into the funds in accordance with Chapter 403.19 of the Code of Iowa. The proceeds of the tax increment financing (TIF) revenue bonds are to be expended only for purposes which are consistent with the plans of the City’s urban renewal area. The bonds are not a general obligation of the City. However, the debt is subject to the constitutional debt limitation of the City.

Local Option Sales and Services Tax Revenue Bonds - These were issued for the purpose of defraying a portion of the cost of construction of street improvements. The bonds are payable solely from the proceeds of the local option sales and services tax received by the City in accordance with Chapter 422B.12(3) of the Code of Iowa. The bonds are not a general obligation of the City. However the debt is subject to the constitutional debt limitations of the City.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- (a) The bonds will only be redeemed from the future earnings of the local option sales tax revenues received by the City and the bond holders hold a lien on the future revenues received.
- (b) A local option sales tax revenue account shall be established to account for 15% of the local option tax revenues collected.
- (c) Sufficient quarterly deposits shall be made to the sinking account for the purpose of making the bond principal and interest payments when due.
- (d) Additional quarterly deposits, beginning November 1, 1997, of \$2,500 shall be made to the reserve account from the revenue account until \$30,000 has been accumulated. This account is restricted for the purpose of correcting any deficiencies in the sinking account.

Sewer Revenue Notes - The resolution providing for the issuance of the sewer revenue notes includes the following provisions:

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to the sewer revenue note sinking account for the purpose of making the note principal and interest payments when due.
- (c) A sewer reserve account shall be established with \$85,000 in note proceeds. This account is restricted for the purpose of paying for principal and interest when funds in the sinking account are inadequate.
- (d) A sewer surplus account is required, into which all of the net revenues remaining after first making the required payments into the sinking and reserve accounts shall be deposited.

Road Use Tax Fund Revenue Notes - These were issued for the purpose of providing funds to pay the cost of the acquisition of equipment for the street department. The notes are payable solely and only from annual road use tax funds received by the City from the State of Iowa. The notes are not a general obligation of the City. However, the debt is subject to the constitutional debt limitation of the City.

Loan Agreements

Street Lighting - On February 16, 1994, the City entered into an interest-free loan agreement totaling \$200,000 with the Atlantic Municipal Utilities for the purpose of paying costs in connection with construction and installation of street lighting fixtures. The loan will be repaid by the City in ten equal annual installments of \$20,000 on June 1 in each of the years 1995 through 2004. The balance of the loan totaled \$40,000 at June 30, 2002.

Equipment - On February 1, 2001, the City authorized a loan agreement for \$30,500 for a police vehicle and a lawn tractor. The resolution authorizing the loan agreement provided for a lender to be selected in the future and for a tax to be levied on all taxable property sufficient to produce the net sum of \$30,500 during the fiscal year ended June 30, 2002. On February 21, 2002, the City entered into an interest-free loan agreement totaling \$30,500 with Atlantic Municipal Utilities. The loan was repaid in full in June 2002.

Computer Equipment - On April 2, 2002, the City authorized a loan agreement for \$56,000 for computer equipment. The resolution authorizing the loan agreement provides for a lender to be selected in the future and for a tax to be levied on all taxable property sufficient to produce the net sum of \$56,000 during the fiscal year ending June 30, 2003. The maximum interest rate payable under the loan agreement is 7 percent per annum. As of June 30, 2002, the City had not entered into a loan agreement.

(4) Anticipation Note

On April 9, 2002, the City issued an \$800,000 general obligation airport improvement anticipation note to pay the costs of an airport runway expansion project. The note bears interest at 3.65% per annum and matures on March 1, 2004. The note will be repaid through issuance of long-term general obligation debt.

On March 20, 2002, the City authorized the issuance of a \$1,000,000 local option sales and service tax bond anticipation note to pay the costs of construction of a recreation and wellness center. The note bears interest at 5.25 per annum and matures on March 1, 2004. The City Clerk is authorized to request advances on the anticipation note as needed to pay costs of the project. As of June 30, 2002, no advances were drawn on the note. The note will be repaid through the issuance of long-term local option sales and services tax revenue bond debt.

(5) Pension and Retirement Benefits

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, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll except for police employees, in which case the percentages are 6.20% and 9.29%, respectively. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2002, 2001, and 2000 were \$94,110, \$87,371, and \$86,107, respectively, equal to the required contributions for each year.

Chapter 410 Police and Fire Pension – Chapter 410 of the Code of Iowa creates a retirement system for police officers and fire fighters of any City qualified to participate under this Chapter. Any duly appointed member of the police and fire departments whose appointment occurred before March 2, 1934 or police and fire fighters who had been making payments of membership fees and assessments prior to July 1, 1971 may be a member of the system. The pension plan is accounted for by the City in the Special Revenue Fund, Police and Fire Pension Accounts.

The plan is administered by the Police Pension Board of Trustees and the Fire Pension Board of Trustees and provides retirement, disability and death benefits. The benefits are established under state statute and provide for full retirement benefits at age 50 with 22 years or more of service. Full benefits are equal to fifty percent of the monthly salary at retirement or disability and twenty-five percent of the monthly salary at death.

There are no active participants. Two retirees and certain beneficiaries are currently receiving benefits in the plan. The unfunded past service liability has not been determined.

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and compensatory time hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and compensatory time payments payable to employees at June 30, 2002, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 71,000
Compensatory time	<u>33,000</u>
Total	<u>\$104,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2002.

(7) Local Government Risk Pool

The City of Atlantic 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 with over 400 members from 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.

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, 2002 were \$45,364.

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 \$15,000,000, such excess coverage is also reinsured. All property risks, including automobile physical damage, are also reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event of 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. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2002, no liability has been recorded in the City's financial statements. As of June 30, 2002, settled claims have not exceeded the risk pool or reinsurance company 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 workers compensation and airport liability. 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.

(8) Employee Health Insurance Plan

The City's Internal Service, Medical Benefit Self Insurance Fund was established to account for the partial self funding of the City's health insurance benefit plan. The plan is funded by both employee and City contributions and is administered through a service agreement with Marsh Advantage America. The agreement is subject to automatic renewal provisions. The City assumes liability for claims up to the individual stop loss limitation of \$20,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Internal Service, Medical Benefit Self Insurance Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Marsh Advantage America from the City's Internal Service, Medical Benefit Self Insurance Fund. The City's contribution to the fund for the year ended June 30, 2002 was \$301,427.

(9) Deficit Balances

At June 30, 2002, accounts with deficit balances were as follows:

Special Revenue Fund:	
Employees' Benefits	\$ (20,666)
Capital Projects Funds:	
Depot Improvement	(6,824)
Street Improvement	(19,264)
East Walnut Storm Water	(3,590)
10th and Walnut Street Overlay	(227,804)
7th and Olive Street Intersection	(25,756)
Sunnyside Pool Renovation	(96,040)
WWTP Pumps and Hemlock Street	(24,276)

The deficit balances were a result of costs incurred prior to availability of funds. The deficits will be eliminated upon receipt of future property taxes, state and federal grant proceeds, note proceeds and/or other financing sources as projects are completed.

(10) Budget Overexpenditures

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 Community Protection Program exceeded the amount budgeted prior to the budget being amended.

(11) Related Party Transactions

The City had business transactions between the City and City officials totaling \$481,546 during the year ended June 30, 2002.

(12) Community Development Block Grant - Economic Development Set-Aside Program - 95-ED-025

On March 18, 1996, the City received \$202,000 from the Iowa Department of Economic Development to promote and assist economic growth through the development and expansion of qualified businesses, the creation of jobs, and the expansion of the municipal and county tax base. In accordance with the agreement, the City loaned \$200,000 to a qualified business. The loan consists of a \$100,000 forgivable loan and a \$100,000 interest-free conventional loan. Repayment of the conventional loan is to be made in quarterly installments of \$5,000, with the first payment due April 1, 1998 to the City of Atlantic. Terms of the forgivable loan are based on the creation of 100 jobs and the investment of \$1,976,000 by the qualified business. The City's liability for the repayment of these loans is limited to the amounts collected from the qualified business. Therefore, the liability for this loan is not included on the Statement of Indebtedness (Exhibit C).

(13) Community Economic Betterment Account (CEBA) Loan

On August 19, 1999, the City of Atlantic requested \$400,000 from the Iowa Department of Economic Development (Department) under a CEBA loan agreement. A loan agreement has been executed among the Department, the City of Atlantic and Silvercoin Publishing One, Inc. The City's liability for repayment of this note to the Department is limited to those amounts the City collects through its good faith enforcement of the security interest which secures its loan with Silvercoin Publishing One, Inc. Therefore, the liability for this loan is not included on the Statement of Indebtedness (Exhibit C). Repayments on the loan are made directly to the Department from Silvercoin Publishing One, Inc. The loan balance at June 30, 2002 was \$283,714.

(14) Economic Development Revolving Loan Fund

During November 1999, the City loaned \$50,000 to Silvercoin Publishing One, Inc. The loan bears interest at 3% and is to be paid in quarterly installments of principal of \$4,166 plus interest, beginning January 3, 2000 through October 3, 2002. At June 30, 2002, the outstanding principal balance was \$8,333.

(15) Commitments

The City has entered into various construction contracts for street, swimming pool and bathhouse improvements and construction of a recreation and wellness center totaling \$6,131,299. At June 30, 2002, \$5,238,506 remains unpaid and will be paid as work on the projects progresses. The projects will be funded through bond/note proceeds, grants, donations and local sources, as necessary.

(16) Restatement

The beginning fund balance of the General Fund was increased by \$40,795 to properly include the Volunteer Fire Department's donation accounts which had not been previously reported by the City.

(17) Subsequent Events

In July 2002, the City entered into a contract totaling \$192,894 for the East Walnut Storm Water project. In October 2002, the City entered into a contract totaling \$92,345 for the Depot Restoration project. Costs for these projects will be paid with grants and local revenues, as necessary.

City of Atlantic

Supplemental Information

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

	General	Fire Equipment Reserve	Police Gift	Pool Gift	Park Gift
Receipts:					
Property tax	\$ 1,165,905	-	-	-	-
Other city tax:					
Local option sales tax	-	-	-	-	-
Utility tax replacement excise tax	31,411	-	-	-	-
Cable franchise fee	29,929	-	-	-	-
	<u>61,340</u>	-	-	-	-
Licenses and permits:					
Beer and liquor	9,830	-	-	-	-
Cigarette	113	-	-	-	-
Building	4,080	-	-	-	-
Miscellaneous	4,549	-	-	-	-
	<u>18,572</u>	-	-	-	-
Use of money and property:					
Interest on investments	35,676	-	-	-	-
Rent	18,915	-	-	-	-
	<u>54,591</u>	-	-	-	-
Intergovernmental:					
State allocation	121,397	-	-	-	-
Bank franchise tax	23,819	-	-	-	-
County library contribution	9,000	-	-	-	-
Miscellaneous	428	-	-	-	-
	<u>154,644</u>	-	-	-	-
Charges for service:					
Park and recreation fees	450	-	-	-	-
Swimming pool fees and concessions	36,649	-	-	-	-
Other fees	7,820	-	-	-	-
	<u>44,919</u>	-	-	-	-

Senior Citizen's Center	Drug Task Force	Fire Gift	Animal Control Gift	Community Promotion	Bike Patrol	Volunteer Fire Department	Total
-	-	-	-	-	-	-	1,165,905
-	-	-	-	35,217	-	-	35,217
-	-	-	-	-	-	-	31,411
-	-	-	-	-	-	-	29,929
-	-	-	-	35,217	-	-	96,557
-	-	-	-	-	-	-	9,830
-	-	-	-	-	-	-	113
-	-	-	-	-	-	-	4,080
-	-	-	-	-	-	-	4,549
-	-	-	-	-	-	-	18,572
-	-	-	-	153	-	1,171	37,000
1,540	-	-	-	-	-	-	20,455
1,540	-	-	-	153	-	1,171	57,455
-	-	-	-	-	-	-	121,397
-	-	-	-	-	-	-	23,819
-	-	-	-	-	-	-	9,000
-	-	-	-	-	-	-	428
-	-	-	-	-	-	-	154,644
-	-	-	-	-	-	-	450
-	-	-	-	-	-	-	36,649
-	-	-	-	-	-	-	7,820
-	-	-	-	-	-	-	44,919

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

	General	Fire Equipment Reserve	Police Gift	Pool Gift	Park Gift
Receipts (continued):					
Miscellaneous:					
Library copies and fines	9,032	-	-	-	-
Fines	19,185	-	-	-	-
Municipal utilities street lighting contribution	290,000	-	-	-	-
Refunds and reimbursements	8,272	-	-	-	-
Gifts and donations	-	-	4,358	5,680	126
	<u>326,489</u>	-	<u>4,358</u>	<u>5,680</u>	<u>126</u>
Total receipts	<u>1,826,460</u>	-	<u>4,358</u>	<u>5,680</u>	<u>126</u>
Disbursements:					
Community Protection Program:					
Police:					
Personal services	464,079	-	-	-	-
Contractual services	67,197	-	-	-	-
Commodities	34,496	-	-	-	-
Capital outlay	67,078	-	4,458	-	-
	<u>632,850</u>	-	<u>4,458</u>	-	-
Fire:					
Personal services	110,684	-	-	-	-
Contractual services	16,990	-	-	-	-
Commodities	8,850	-	-	-	-
Capital outlay	20,175	-	-	-	-
	<u>156,699</u>	-	-	-	-
Ambulance:					
Contractual services	51,000	-	-	-	-
Street lighting:					
Contractual services	290,000	-	-	-	-
Civil Defense:					
Contractual services	1,998	-	-	-	-
	<u>1,132,547</u>	-	<u>4,458</u>	-	-

Senior Citizen's Center	Drug Task Force	Fire Gift	Animal Control Gift	Community Promotion	Bike Patrol	Volunteer Fire Department	Total
-	-	-	-	-	-	-	9,032
-	-	-	-	-	-	-	19,185
-	-	-	-	-	-	-	290,000
-	-	-	-	1,683	-	-	9,955
-	-	4,209	1,006	-	525	19,934	35,838
-	-	4,209	1,006	1,683	525	19,934	364,010
1,540	-	4,209	1,006	37,053	525	21,105	1,902,062
-	-	-	-	-	-	-	464,079
-	-	-	-	-	-	-	67,197
-	-	-	-	-	-	-	34,496
-	-	-	-	-	525	-	72,061
-	-	-	-	-	525	-	637,833
-	-	-	-	-	-	-	110,684
-	-	-	-	-	-	-	16,990
-	-	-	-	-	-	10,425	19,275
-	-	7,934	-	-	-	21,030	49,139
-	-	7,934	-	-	-	31,455	196,088
-	-	-	-	-	-	-	51,000
-	-	-	-	-	-	-	290,000
-	-	-	-	-	-	-	1,998
-	-	7,934	-	-	525	31,455	1,176,919

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

	General	Fire Equipment Reserve	Police Gift	Pool Gift	Park Gift
Disbursements (continued):					
Human Development Program:					
Animal control:					
Contractual services	11,800	-	-	-	-
Commodities	5,285	-	-	-	-
Capital outlay	5,000	-	-	-	-
	22,085	-	-	-	-
Library:					
Personal services	103,401	-	-	-	-
Contractual services	23,798	-	-	-	-
Commodities	5,559	-	-	-	-
Capital outlay	20,405	-	-	-	-
	153,163	-	-	-	-
Park and recreation:					
Personal services	76,692	-	-	-	-
Contractual services	12,834	-	-	-	-
Commodities	10,050	-	-	-	-
Capital outlay	11,141	-	-	-	126
	110,717	-	-	-	126
Senior citizen's center:					
Commodities	1,366	-	-	-	-
Capital outlay	-	-	-	-	-
	1,366	-	-	-	-
Swimming pool:					
Personal services	22,619	-	-	-	-
Contractual services	8,750	-	-	-	-
Commodities	11,492	-	-	-	-
Capital outlay	-	-	-	1,610	-
	42,861	-	-	1,610	-
	330,192	-	-	1,610	126
Home and Community Environment Program:					
Community promotion:					
Contractual services	-	-	-	-	-
Capital outlay	-	-	-	-	-
	-	-	-	-	-

Senior Citizen's Center	Drug Task Force	Fire Gift	Animal Control Gift	Community Promotion	Bike Patrol	Volunteer Fire Department	Total
-	-	-	-	-	-	-	11,800
-	-	-	-	-	-	-	5,285
-	-	-	-	-	-	-	5,000
-	-	-	-	-	-	-	22,085
-	-	-	-	-	-	-	103,401
-	-	-	-	-	-	-	23,798
-	-	-	-	-	-	-	5,559
-	-	-	-	-	-	-	20,405
-	-	-	-	-	-	-	153,163
-	-	-	-	-	-	-	76,692
-	-	-	-	-	-	-	12,834
-	-	-	-	-	-	-	10,050
-	-	-	-	-	-	-	11,267
-	-	-	-	-	-	-	110,843
-	-	-	-	-	-	-	1,366
1,045	-	-	-	-	-	-	1,045
1,045	-	-	-	-	-	-	2,411
-	-	-	-	-	-	-	22,619
-	-	-	-	-	-	-	8,750
-	-	-	-	-	-	-	11,492
-	-	-	-	-	-	-	1,610
-	-	-	-	-	-	-	44,471
1,045	-	-	-	-	-	-	332,973
-	-	-	-	812	-	-	812
-	-	-	-	37,257	-	-	37,257
-	-	-	-	38,069	-	-	38,069

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

	General	Fire Equipment Reserve	Police Gift	Pool Gift	Park Gift
Disbursements (continued):					
Home and Community Environment Program:					
Airport:					
Personal services	32,482	-	-	-	-
Contractual services	15,020	-	-	-	-
Commodities	4,342	-	-	-	-
Capital outlay	2,209	-	-	-	-
	<u>54,053</u>	-	-	-	-
	<u>54,053</u>	-	-	-	-
Policy and Administration Program:					
Personal services	197,475	-	-	-	-
Contractual services	105,470	-	-	-	-
Commodities	9,456	-	-	-	-
Capital outlay	12,208	-	-	-	-
	<u>324,609</u>	-	-	-	-
Total disbursements	<u>1,841,401</u>	-	4,458	1,610	126
Excess (deficiency) of receipts over (under) disbursements	<u>(14,941)</u>	-	(100)	4,070	-
Other financing sources (uses):					
Operating transfers in (out):					
General:					
General	-	10,000	-	-	-
Fire Equipment Reserve	(10,000)	-	-	-	-
Capital Projects:					
Airport Runway Overlay	(3,259)	-	-	-	-
Enterprise:					
Sewer Rental	25,000	-	-	-	-
Loan from Atlantic Municipal Utilities	30,500	-	-	-	-
Total other financing sources	<u>42,241</u>	10,000	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	27,300	10,000	(100)	4,070	-
Balance beginning of year, as restated (note 16)	<u>704,407</u>	6,332	1,367	6,684	4,714
Balance end of year	<u>\$ 731,707</u>	<u>16,332</u>	<u>1,267</u>	<u>10,754</u>	<u>4,714</u>

See accompanying independent auditor's report.

Senior Citizen's Center	Drug Task Force	Fire Gift	Animal Control Gift	Community Promotion	Bike Patrol	Volunteer Fire Department	Total
-	-	-	-	-	-	-	32,482
-	-	-	-	-	-	-	15,020
-	-	-	-	-	-	-	4,342
-	-	-	-	-	-	-	2,209
-	-	-	-	-	-	-	54,053
-	-	-	-	38,069	-	-	92,122
-	-	-	-	-	-	-	197,475
-	-	-	-	-	-	-	105,470
-	-	-	-	-	-	-	9,456
-	-	-	-	-	-	-	12,208
-	-	-	-	-	-	-	324,609
1,045	-	7,934	-	38,069	525	31,455	1,926,623
495	-	(3,725)	1,006	(1,016)	-	(10,350)	(24,561)
-	-	-	-	-	-	-	10,000
-	-	-	-	-	-	-	(10,000)
-	-	-	-	-	-	-	(3,259)
-	-	-	-	-	-	-	25,000
-	-	-	-	-	-	-	30,500
-	-	-	-	-	-	-	52,241
495	-	(3,725)	1,006	(1,016)	-	(10,350)	27,680
3,004	4,349	7,340	420	28,781	-	40,795	808,193
3,499	4,349	3,615	1,426	27,765	-	30,445	835,873

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

	Road Use Tax	Emergency
Receipts:		
Property tax	\$ -	36,550
Tax increment financing collections	-	-
Other city tax:		
Utility tax replacement excise tax	-	1,001
Local option sales tax	-	-
	-	1,001
Use of money and property:		
Interest on investments	-	-
Intergovernmental:		
Road use tax allocation	581,269	-
Miscellaneous	-	-
	581,269	-
Miscellaneous:		
Refunds and reimbursements	5,429	-
Sidewalk assessment	-	-
Accrued interest on notes sold	-	-
	5,429	-
Total receipts	586,698	37,551
Disbursements:		
Community Protection Program:		
Personal services	-	-
Contractual services	-	-
	-	-
Human Development Program:		
Personal services	-	-
Home and Community Environment Program:		
Debt service:		
Principal redemption	-	-
Interest payments	-	-
Personal services	254,646	-
Contracted services	10,190	-

Southwest Urban Renewal	Southeast Urban Renewal	Southeast Urban Renewal Reserve	Southwest Tax Increment Financing	North Urban Renewal	Economic Development Revolving Loan
-	-	-	-	-	-
14,585	32,446	-	58,804	26,360	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,200	105	-	667	-	5,264
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	12,876
-	-	-	-	-	-
667	-	-	-	-	-
667	-	-	-	-	12,876
16,452	32,551	-	59,471	26,360	18,140
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	15,000	-	25,000	-	-
-	6,590	-	37,607	-	-
-	-	-	-	-	-
1,018	-	-	-	-	-

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

	Employees' Benefits	Cafeteria Plan	Fire Pension
Receipts:			
Property tax	356,259	-	18,512
Tax increment financing collections	-	-	-
Other city tax:			
Utility tax replacement excise tax	9,599	-	520
Local option sales tax	-	-	-
	9,599	-	520
Use of money and property:			
Interest on investments	174	-	7,646
Intergovernmental:			
Road use tax allocation	-	-	-
Miscellaneous	-	-	-
	-	-	-
Miscellaneous:			
Refunds and reimbursements	49,673	7,205	-
Sidewalk assessment	-	-	-
Accrued interest on notes sold	-	-	-
	49,673	7,205	-
Total receipts	415,705	7,205	26,678
Disbursements:			
Community Protection Program:			
Personal services	271,137	-	18,775
Contractual services	-	-	339
	271,137	-	19,114
Human Development Program:			
Personal services	51,933	-	-
Home and Community Environment			
Debt service:			
Principal redemption	-	-	-
Interest payments	-	-	-
Personal services	122,956	-	-
Contractual services	-	5,519	-

Police Pension	Local Option Sales Tax Progress	Local Option Sales Tax Revenue	Local Option Sales Tax Revenue Bond Sinking	Local Option Sales Tax Reserve	Total
18,512	-	-	-	-	429,833
-	-	-	-	-	132,195
520	-	-	-	-	11,640
-	141,068	75,464	-	-	216,532
520	141,068	75,464	-	-	228,172
-	2,982	178	-	-	18,216
-	-	-	-	-	581,269
-	2,232	-	-	-	2,232
-	2,232	-	-	-	583,501
-	-	-	-	-	75,183
-	10,905	-	-	-	10,905
-	-	-	-	-	667
-	10,905	-	-	-	86,755
19,032	157,187	75,642	-	-	1,478,672
28,989	-	-	-	-	318,901
639	-	-	-	-	978
29,628	-	-	-	-	319,879
-	-	-	-	-	51,933
-	-	-	15,000	-	55,000
-	-	-	13,775	-	57,972
-	-	-	-	-	377,602
-	62,012	-	-	-	78,739

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

	Road Use Tax	Emergency
Disbursements (continued):		
Home and Community Environment Program:		
Commodities	126,441	-
Capital outlay	2,116	-
	393,393	-
Policy and Administration Program:		
Personal services	-	-
Total disbursements	393,393	-
 Excess (deficiency) of receipts over (under) disbursements	 193,305	 37,551
Other financing sources (uses):		
Urban renewal tax increment revenue bond proceeds (net of \$4,000 discount)	-	-
Operating transfers in (out):		
Special Revenue:		
Local Option Sales Tax Revenue	-	-
Local Option Sales Tax Revenue	-	-
Bond Sinking	-	-
Local Option Sales Tax Reserve	-	-
Fire Pension	-	-
Police Pension	-	-
Debt Service:		
General Obligation Bonds and Notes	(56,060)	-
Capital Projects:		
Street Improvement	(50,000)	-
Sunnyside Pool Renovation	-	(37,551)
Storm Water Improvement	-	-
Total other financing sources (uses)	(106,060)	(37,551)
 Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	 87,245	 -
 Balance beginning of year	 593,312	 -
 Balance end of year	 \$ 680,557	 -

Southwest Urban Renewal	Southeast Urban Renewal	Southeast Urban Renewal Reserve	Southwest Tax Increment Financing	North Urban Renewal	Economic Development Revolving Loan
-	-	-	-	-	-
189,659	-	-	-	-	-
190,677	21,590	-	62,607	-	-
-	-	-	-	-	-
190,677	21,590	-	62,607	-	-
(174,225)	10,961	-	(3,136)	26,360	18,140
196,000	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(14,644)	(31,165)	-	-	(25,505)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
181,356	(31,165)	-	-	(25,505)	-
7,131	(20,204)	-	(3,136)	855	18,140
6,505	39,985	16,000	3,829	3,554	182,027
13,636	19,781	16,000	693	4,409	200,167

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

	Employees' Benefits	Cafeteria Plan
Disbursements (continued):		
Home and Community Environment Program:		
Commodities	-	-
Capital outlay	-	-
	122,956	5,519
Policy and Administration Program:		
Personal services	66,924	-
Total disbursements	512,950	5,519
Excess (deficiency) of receipts over (under) disbursements	(97,245)	1,686
Other financing sources (uses):		
Urban renewal tax increment revenue bond proceeds (net of \$4,000 discount)	-	-
Operating transfers in (out):		
Special Revenue:		
Local Option Sales Tax Revenue	-	-
Local Option Sales Tax Revenue Bond Sinking	-	-
Local Option Sales Tax Reserve	-	-
Fire Pension	-	-
Police Pension	-	-
Debt service:		
General Obligation Bonds and Notes	-	-
Capital Projects:		
Street Improvement	-	-
Sunnyside Pool Renovation	-	-
Storm Water Improvement	-	-
Total other financing sources (uses)	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(97,245)	1,686
Balance beginning of year	76,579	938
Balance end of year	(20,666)	2,624

See accompanying independent auditor's report.

Fire Pension	Police Pension	Local Option Sales Tax Progress	Local Option Sales Tax Revenue	Local Option Sales Tax Revenue Bond Sinking	Local Option Sales Tax Reserve	Total
-	-	-	-	-	-	126,441
-	-	56,615	-	-	-	248,390
-	-	118,627	-	28,775	-	944,144
-	-	-	-	-	-	66,924
19,114	29,628	118,627	-	28,775	-	1,382,880
7,564	(10,596)	38,560	75,642	(28,775)	-	95,792
-	-	-	-	-	-	196,000
-	-	-	-	28,775	1,084	29,859
-	-	-	(28,775)	-	-	(28,775)
-	-	-	(1,084)	-	-	(1,084)
(10,596)	10,596	-	-	-	-	10,596
-	-	-	-	-	-	(10,596)
-	-	-	-	-	-	(127,374)
-	-	-	-	-	-	(50,000)
-	-	-	-	-	-	(37,551)
-	-	(5,000)	-	-	-	(5,000)
(10,596)	10,596	(5,000)	(29,859)	28,775	1,084	(23,925)
(3,032)	-	33,560	45,783	-	1,084	71,867
142,491	-	166,458	110,084	80,081	28,916	1,450,759
139,459	-	200,018	155,867	80,081	30,000	1,522,626

Schedule 3

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

	General Obligation Bonds and Notes	Special Assessment Notes	Total
Receipts:			
Property tax	\$ 422,615	-	422,615
Other city tax:			
Utility tax replacement excise tax	11,115	-	11,115
Use of money and property:			
Interest on investments	6,950	-	6,950
Special assessments	-	10,067	10,067
Miscellaneous	10	-	10
Total receipts	<u>440,690</u>	<u>10,067</u>	<u>450,757</u>
Disbursements:			
Community Protection Program:			
Principal redemption	15,000	-	15,000
Interest payments	5,070	-	5,070
Atlantic Municipal Utilities loan repayment	22,000	-	22,000
	<u>42,070</u>	<u>-</u>	<u>42,070</u>
Human Development Program:			
Principal redemption	58,500	-	58,500
Interest payments	58,896	-	58,896
Atlantic Municipal Utilities loan repayment	8,500	-	8,500
	<u>125,896</u>	<u>-</u>	<u>125,896</u>
Home and Community Environment Program:			
Principal redemption	431,500	15,000	446,500
Interest payments	131,675	3,397	135,072
Registrar fees	1,200	-	1,200
Atlantic Municipal Utilities loan repayment	20,000	-	20,000
	<u>584,375</u>	<u>18,397</u>	<u>602,772</u>
Total disbursements	<u>752,341</u>	<u>18,397</u>	<u>770,738</u>
Deficiency of receipts under disbursements	<u>(311,651)</u>	<u>(8,330)</u>	<u>(319,981)</u>

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

	General Obligation Bonds and Notes	Special Assessment Notes	Total
Other financing sources:			
Operating transfers in:			
Special Revenue:			
Road Use Tax	56,060	-	56,060
Southwest Urban Renewal	14,644	-	14,644
Southeast Urban Renewal	31,165	-	31,165
North Urban Renewal	25,505	-	25,505
Enterprise:			
Sewer Rental	206,306	-	206,306
Total other financing sources	<u>333,680</u>	<u>-</u>	<u>333,680</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements	22,029	(8,330)	13,699
Balance beginning of year	<u>34,468</u>	<u>11,349</u>	<u>45,817</u>
Balance end of year	<u>\$ 56,497</u>	<u>3,019</u>	<u>59,516</u>

See accompanying independent auditor's report.

City of Atlantic
Combining Schedule of Cash Transactions
Capital Projects Funds
Year ended June 30, 2002

	Downtown Revital- ization	Depot Improve- ment	Street Improve- ment	Hospital Drive Relocation	Airport Runway Overlay	Recreation Center
Receipts:						
Other city tax:						
Local option sales tax	\$ -	-	125,774	-	-	125,774
Use of money and property:						
Interest on investments	-	-	1,179	-	-	15,527
Intergovernmental:						
State airport improvement program grant	-	-	-	-	32,256	-
Urban state transportation enhancement program grant	-	-	-	8,290	-	-
State transportation safety improvement program grant	-	-	-	10,000	-	-
Community development block grant	-	-	-	-	-	-
	-	-	-	18,290	32,256	-
Special assessments	2,193	-	-	-	-	-
Miscellaneous:						
Accrued interest on notes sold	-	-	-	-	-	654
Refunds	-	-	2,459	-	2,462	2,440
	-	-	2,459	-	2,462	3,094
Total receipts	2,193	-	129,412	18,290	34,718	144,395
Disbursements:						
Human Development Program:						
Contractual services	-	-	-	-	-	273,599
Capital outlay	-	-	-	-	-	211,393
	-	-	-	-	-	484,992
Home and Community Environment Program:						
Contractual services	-	6,824	41,803	117	3,315	-
Capital outlay	2,870	-	249,275	2,000	36,916	-
	2,870	6,824	291,078	2,117	40,231	-
Total disbursements	2,870	6,824	291,078	2,117	40,231	484,992
Excess (deficiency) of receipts over (under) disbursements	(677)	(6,824)	(161,666)	16,173	(5,513)	(340,597)

Schedule 4

East Walnut Storm Water	Airport Hangar	10th and Walnut Street Overlay	7th and Olive Street Intersection	Sunnyside Pool Renovation	WWTP Pumps and Hemlock Street	Airport Runway 2/20 Project	Storm Water Improvements	Total
-	-	-	-	-	-	-	-	251,548
-	1,056	-	-	12,754	-	2,958	-	33,474
-	-	-	-	-	-	-	-	32,256
-	-	-	-	-	-	-	-	8,290
-	-	-	-	-	-	-	-	10,000
-	-	-	-	-	-	-	111,039	111,039
-	-	-	-	-	-	-	111,039	161,585
-	-	-	-	-	-	-	-	2,193
-	251	-	-	-	354	-	376	1,635
-	-	1,386	-	-	1,472	-	-	10,219
-	251	1,386	-	-	1,826	-	376	11,854
-	1,307	1,386	-	12,754	1,826	2,958	111,415	460,654
-	-	-	-	36,314	-	-	-	309,913
-	-	-	-	740,279	-	-	-	951,672
-	-	-	-	776,593	-	-	-	1,261,585
3,590	14,093	40,159	18,508	-	13,016	48,384	70,577	260,386
-	-	189,031	-	-	240,919	-	320,634	1,041,645
3,590	14,093	229,190	18,508	-	253,935	48,384	391,211	1,302,031
3,590	14,093	229,190	18,508	776,593	253,935	48,384	391,211	2,563,616
(3,590)	(12,786)	(227,804)	(18,508)	(763,839)	(252,109)	(45,426)	(279,796)	(2,102,962)

City of Atlantic
Combining Schedule of Cash Transactions
Capital Projects Funds
Year ended June 30, 2002

	Downtown Revital- ization	Depot Improve- ment	Street Improve- ment	Hospital Drive Relocation	Airport Runway Overlay	Recreation Center
Other financing sources (uses):						
General obligation note proceeds (net of \$25,650 discount)	-	-	-	-	-	700,000
General obligation project anticipation note proceeds (net of \$8,000 discount)	-	-	-	-	-	-
Operating transfers in (out):						
General:						
General	-	-	-	-	3,259	-
Special Revenue:						
Road Use Tax	-	-	50,000	-	-	-
Emergency	-	-	-	-	-	-
Local Option Sales Tax Progress	-	-	-	-	-	-
Capital Projects:						
Street Improvement	-	-	-	(2,805)	-	-
Hospital Drive Relocation	-	-	2,805	-	-	-
Total other financing sources (uses)	-	-	52,805	(2,805)	3,259	700,000
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(677)	(6,824)	(108,861)	13,368	(2,254)	359,403
Balance beginning of year	11,228	-	89,597	(13,368)	2,254	388,099
Balance end of year	\$ 10,551	(6,824)	(19,264)	-	-	747,502

See accompanying independent auditor's report.

East Walnut Storm Water	Airport Hangar	10th and Walnut Street Overlay	7th and Olive Street Intersection	Sunnyside Pool Renovation	WWTP Pumps and Hemlock Street	Airport Runway 2/20 Project	Storm Water Improvements	Total
-	250,000	-	-	-	360,000	-	374,350	1,684,350
-	-	-	-	-	-	792,000	-	792,000
-	-	-	-	-	-	-	-	3,259
-	-	-	-	-	-	-	-	50,000
-	-	-	-	37,551	-	-	-	37,551
-	-	-	-	-	-	-	5,000	5,000
-	-	-	-	-	-	-	-	(2,805)
-	-	-	-	-	-	-	-	2,805
-	250,000	-	-	37,551	360,000	792,000	379,350	2,572,160
(3,590)	237,214	(227,804)	(18,508)	(726,288)	107,891	746,574	99,554	469,198
-	-	-	(7,248)	630,248	(132,167)	(20,749)	(51,146)	896,748
(3,590)	237,214	(227,804)	(25,756)	(96,040)	(24,276)	725,825	48,408	1,365,946

City of Atlantic
Combining Schedule of Cash Transactions
Enterprise Funds
Year ended June 30, 2002

	Sewer Rental	Sewer Revenue Note Sinking
Receipts:		
Use of money and property:		
Interest on investments	\$ 7,647	-
Charges for service:		
Sewer rental fees	542,086	-
Sewer connections	300	-
Miscellaneous charges	13,937	-
	<u>556,323</u>	<u>-</u>
Miscellaneous:		
Refunds	9,815	-
Total receipts	<u>573,785</u>	<u>-</u>
Disbursements:		
Home and Community Environment Program:		
Debt service:		
Principal redemption	-	25,000
Interest payments	-	35,125
Personal services	130,393	-
Employee benefits	49,350	-
Contractual services	35,799	-
Commodities	28,901	-
Capital outlay	30,745	-
Total disbursements	<u>275,188</u>	<u>60,125</u>
Excess (deficiency) of receipts over (under) disbursements	<u>298,597</u>	<u>(60,125)</u>

Sewer Reserve	Sewer Surplus	Total
287	3,417	11,351
-	-	542,086
-	-	300
-	-	13,937
-	-	556,323
-	-	9,815
287	3,417	577,489
-	-	25,000
-	-	35,125
-	-	130,393
-	-	49,350
-	-	35,799
-	-	28,901
-	6,990	37,735
-	6,990	342,303
287	(3,573)	235,186

City of Atlantic
Combining Schedule of Cash Transactions
Enterprise Funds
Year ended June 30, 2002

	Sewer Rental	Sewer Revenue Note Sinking
Other financing sources (uses):		
Operating transfers in (out):		
General:		
General	(25,000)	-
Debt Service:		
General Obligation Bonds and Notes	(206,306)	-
Enterprise:		
Sewer Rental	-	60,125
Sewer Revenue Note Sinking	(60,125)	-
Total other financing sources (uses)	<u>(291,431)</u>	<u>60,125</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	7,166	-
Balance beginning of year	<u>322,370</u>	<u>2,444</u>
Balance end of year	<u>\$ 329,536</u>	<u>2,444</u>

See accompanying independent auditor's report.

Sewer Reserve	Sewer Surplus	Total
-	-	(25,000)
-	-	(206,306)
-	-	60,125
-	-	(60,125)
-	-	(231,306)
287	(3,573)	3,880
92,185	203,208	620,207
92,472	199,635	624,087

Schedule 6

City of Atlantic
Combining Schedule of Cash Transactions
Internal Service Funds
Year ended June 30, 2002

	Payroll Revolving	Medical Benefit Self Insurance	Total
Receipts:			
Use of money and property:			
Interest on investments	\$ -	491	491
Miscellaneous:			
Refunds	-	93,642	93,642
Personal service costs from operating funds	1,436,273	301,427	1,737,700
	<u>1,436,273</u>	<u>395,069</u>	<u>1,831,342</u>
Total receipts	<u>1,436,273</u>	<u>395,560</u>	<u>1,831,833</u>
Disbursements:			
Non-program:			
Personal services	1,436,273	-	1,436,273
Plan contributions and service fees	-	364,380	364,380
Total disbursements	<u>1,436,273</u>	<u>364,380</u>	<u>1,800,653</u>
Excess of receipts over disbursements	-	31,180	31,180
Balance beginning of year	-	(3,648)	(3,648)
Balance end of year	<u>\$ -</u>	<u>27,532</u>	<u>27,532</u>

See accompanying independent auditor's report.

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

	Library Gift
Receipts:	
Use of money and property:	
Interest on investments	\$ 2,708
Intergovernmental:	
Library open access	1,342
Other grants	5,265
	6,607
Miscellaneous:	
Gifts and donations	3,697
Total receipts	13,012
Disbursements:	
Human Development Program:	
Capital outlay	19,312
Deficiency of receipts under disbursements	(6,300)
Balance beginning of year	91,739
Balance end of year	\$ 85,439

See accompanying independent auditor's report.

City of Atlantic
Bond and Note Maturities
June 30, 2002

Year Ending June 30,	General Obligation Bonds		General Obligation Notes							
	General		Corporate Purpose		Economic		Refunding		Corporate Purpose	
	Issued Jun 1, 1995		Issued Feb 1, 1994		Issued Feb 1, 1994		Issued Sep 1, 1995		Issued Jun 1, 1997	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2003	4.80%	\$ 190,000	4.55%	\$ 30,000	6.50%	\$ 15,000	5.10%	\$ 110,000	4.95%	\$ 75,000
2004	4.80	200,000	4.70	30,000	6.70	15,000	5.20	115,000	5.05	80,000
2005	4.80	210,000	-	-	6.75	15,000	5.25	115,000	5.10	85,000
2006	4.80	220,000	-	-	6.80	15,000	-	-	5.15	90,000
2007	4.80	235,000	-	-	6.85	20,000	-	-	5.25	95,000
2008	-	-	-	-	6.90	20,000	-	-	-	-
2009	-	-	-	-	6.95	20,000	-	-	-	-
2010	-	-	-	-	7.00	20,000	-	-	-	-
2011	-	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-	-
Total		<u>\$ 1,055,000</u>		<u>\$ 60,000</u>		<u>\$ 140,000</u>		<u>\$ 340,000</u>		<u>\$ 425,000</u>

Year Ending June 30,	Tax Increment Financing Revenue Bonds									
	Skyjack (TIF)		Cargill (TIF)		Skyjack (TIF)		Skyjack (TIF)		Southeast Urban Renewal	
	Issued Dec 1, 1994		Issued Dec 1, 1994		Issued Dec 1, 1995		Issued Jun 1, 1997		Issued Feb 1, 1998	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2003	8.85%	\$ 10,000	8.85%	\$ 10,000	7.05%	\$ 5,000	7.90%	\$ 5,000	4.70%	\$ 15,000
2004	8.90	10,000	8.90	10,000	7.10	10,000	7.95	10,000	4.80	15,000
2005	8.95	10,000	8.95	10,000	7.15	10,000	8.00	10,000	4.85	20,000
2006	8.95	10,000	8.95	10,000	7.20	10,000	8.05	10,000	4.90	20,000
2007	9.05	15,000	9.05	15,000	7.20	10,000	8.05	10,000	4.95	20,000
2008	9.10	15,000	-	-	7.25	10,000	8.10	10,000	5.05	20,000
2009	9.10	15,000	-	-	7.30	10,000	8.15	10,000	5.15	20,000
2010	9.10	15,000	-	-	7.30	10,000	8.15	10,000	-	-
2011	-	-	-	-	7.30	15,000	-	-	-	-
2012	-	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-	-
Total		<u>\$ 100,000</u>		<u>\$ 55,000</u>		<u>\$ 90,000</u>		<u>\$ 75,000</u>		<u>\$ 130,000</u>

See accompanying independent auditor's report.

General Obligation Notes									Special Assessment Notes	
Economic Development		Capital Loan Note		Swimming Pool Improvement		Corporate Purpose		Total	Downtown Redevelopment	
Issued Sep 1, 1997		Issued Aug 1, 1999		Issued Mar 1, 2001		Issued Apr 1, 2002			Issued Jul 1, 1995	
Interest Rates		Interest Rates		Interest Rates		Interest Rates		Total	Interest Rates	
Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount		Amount	Amount
7.10%	\$ 20,000	4.70%	\$ 15,000	4.50%	\$ 20,000	3.00%	\$ 125,000	\$ 410,000	5.60%	\$ 15,000
7.15	20,000	4.75	15,000	4.60	20,000	3.50	145,000	440,000	5.75	15,000
7.20	20,000	4.85	15,000	4.70	25,000	3.75	145,000	420,000	5.85	15,000
7.25	25,000	4.90	15,000	4.80	25,000	4.00	150,000	320,000		-
7.30	25,000	4.95	15,000	4.85	45,000	4.20	160,000	360,000		-
7.35	25,000	5.00	15,000	4.90	50,000	4.40	165,000	275,000		-
-	-	5.10	15,000	4.95	50,000	4.60	180,000	265,000		-
-	-	5.20	20,000	5.00	55,000	4.70	180,000	275,000		-
-	-	-	-	5.05	60,000	4.80	150,000	210,000		-
-	-	-	-	5.10	60,000	4.90	165,000	225,000		-
-	-	-	-	5.20	65,000	5.00	70,000	135,000		-
-	-	-	-	5.25	65,000	5.10	75,000	140,000		-
-	-	-	-	5.30	70,000	-	-	70,000		-
-	-	-	-	5.40	75,000	-	-	75,000		-
<u>\$ 135,000</u>		<u>\$ 125,000</u>		<u>\$ 685,000</u>		<u>\$ 1,710,000</u>		<u>\$ 3,620,000</u>	<u>\$ 45,000</u>	

Country Oaks Addition			Revenue Bonds		Revenue Notes				
Issued Jul 1, 2001			Local Option Sales and Services Tax		Sewer		Road Use Tax		
Interest Rates			Interest Rates		Interest Rates		Interest Rates		
Amount	Amount	Total	Amount	Amount	Amount	Amount	Amount	Amount	Total
4.30%	\$ 15,000	60,000	5.10%	\$ 15,000	4.25%	\$ 35,000	5.35%	\$ 50,000	\$ 85,000
4.40	15,000	70,000	5.20	15,000	4.30	35,000	5.45	55,000	90,000
4.50	15,000	75,000	5.25	20,000	4.35	75,000	5.50	55,000	130,000
4.60	20,000	80,000	5.30	20,000	4.40	200,000	-	-	200,000
4.70	20,000	90,000	5.35	20,000	4.45	210,000	-	-	210,000
4.80	20,000	75,000	5.40	20,000	4.50	215,000	-	-	215,000
4.90	20,000	75,000	5.45	25,000	-	-	-	-	-
5.00	25,000	60,000	5.50	25,000	-	-	-	-	-
5.10	25,000	40,000	5.55	25,000	-	-	-	-	-
5.20	25,000	25,000	5.60	25,000	-	-	-	-	-
-	-	-	5.65	30,000	-	-	-	-	-
<u>\$ 200,000</u>		<u>\$ 650,000</u>	<u>\$ 240,000</u>		<u>\$ 770,000</u>		<u>\$ 160,000</u>		<u>\$ 930,000</u>

Schedule 9

City of Atlantic

Comparison of Taxes and Intergovernmental Receipts

	Years ended June 30,			
	2002	2001	2000	1999
Property tax	\$ 2,018,353	1,933,724	1,971,485	1,886,085
Tax increment financing collections	132,195	163,000	170,636	270,561
Other city tax:				
Local option sales tax	503,297	436,593	678,772	453,666
Utility tax replacement excise tax	54,166	60,631	-	-
Cable franchise fee	29,929	29,648	27,947	26,398
	587,392	526,872	706,719	480,064
Intergovernmental:				
Road use tax allocation	581,269	593,332	602,846	570,058
Library open access	1,342	7,036	4,623	2,348
State allocation	121,397	131,801	132,189	132,081
Grants	169,510	344,981	717,844	247,961
Bank franchise tax	23,819	19,107	19,543	15,469
County library contribution	9,000	9,000	9,000	5,029
	906,337	1,105,257	1,486,045	972,946
Total	\$ 3,644,277	3,728,853	4,334,885	3,609,656

See accompanying independent auditor's report.



OFFICE OF AUDITOR OF STATE
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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 primary government financial statements of the City of Atlantic, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated January 13, 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 Atlantic'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 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 year statutory comments have been resolved except for items (5) and (9).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Atlantic'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 a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 judgement, could adversely affect City of Atlantic's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is 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, we do not believe the reportable condition described above is a material weakness.

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

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 13, 2003

City of Atlantic
Schedule of Findings
Year ended June 30, 2002

Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITION:

- (A) Atlantic Municipal Utilities - The Utilities provides billing and collection services for the City's sewer fees. The City does not receive a reconciliation of utility billings, collections and delinquencies from the Utilities.

Recommendation - The City should obtain monthly utility reconciliations from the Utilities and review for propriety.

Response - We contacted the Utilities and they will provide this information to us.

Conclusion - Response accepted.

Other Findings Related to Required Statutory Reporting:

- (1) Official Depositories - A resolution naming official depositories has been approved by the Council. The maximum deposit amount stated in the resolution for First Whitney Bank & Trust was exceeded during the year ended June 30, 2002.

Recommendation - A new resolution in an amount sufficient to cover anticipated balances should be adopted by the Council.

Response - We increased the amounts at our January 2003 meeting.

Conclusion - Response accepted.

- (2) Certified Budget - Disbursements exceeded the amount budgeted in the Community Protection program during the year ended June 30, 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 - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - The addition of the volunteer fire department disbursements caused the budget to go over. We will amend the budget in the future if necessary.

Conclusion - Response accepted.

City of Atlantic

Schedule of Findings

Year ended June 30, 2002

- (3) Questionable Disbursements - No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (4) Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (5) Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Ken Moorman, Park Board Member, owner of Rex Pharmacy	Various supplies	\$ 1,740
John Hartkopf, Atlantic Municipal Utilities Board Member, owner of Allied Engineering	Recreation center project, per bid Concrete for sidewalk, not bid	211,212 10,831
Mike Henningsen, Airport Commissioner, Owner of Henningsen Construction	Airport and street projects, per bid Asphalt patch material, not bid	226,949 30,814

Recommendation - In accordance with Chapter 362.5(10) of the Code of Iowa, the transaction with the Park Board Member appears to represent a conflict of interest since the total transactions were more than \$1,500 during the fiscal year. In accordance with Chapter 362.5 of the Code of Iowa, the transactions with the Utilities Board Member and Airport Commissioner that were bid do not represent a conflict of interest. In accordance with Chapter 362.5(10) the transactions with the Utilities Board Member and the Airport Commissioner that were not bid appear to represent conflicts of interest since the total cumulative amount for each individual was greater than \$1,500 during the fiscal year. The City should consult legal counsel to determine the disposition of this matter.

Response - We will bid items with City officials in the future.

Conclusion - Response acknowledged. The City should consult legal counsel to determine the disposition of this matter.

- (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 - No transactions were found that we believe should have been approved in the Council minutes but were not.

City of Atlantic

Schedule of Findings

Year ended June 30, 2002

(8) Deposits and Investments - Except as noted above, 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 were noted.

(9) Financial Condition - The following accounts had deficit balances at June 30, 2002:

Special Revenue Fund:	
Employees' Benefits	\$ (20,666)
Capital Projects Funds:	
Depot Improvement	(6,824)
Street Improvement	(19,264)
East Walnut Storm Water	(3,590)
10 th and Walnut Street Overlay	(227,804)
7 th and Olive Intersection	(25,756)
Sunnyside Pool Renovation	(96,040)
WWTP Pumps/Hemlock	(24,276)

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

Response - State and federal grant moneys and local sources will eliminate the deficits in the Capital Project Fund Accounts and taxes levied will eliminate the deficit in the Special Revenue Fund account.

Conclusion - Response accepted.

(10) Revenue Bonds - No instances of non-compliance with the provisions of the City's revenue bond and note resolutions were noted.

(11) Accrued Interest on Sale of General Obligation Notes - Accrued interest of \$1,635 received from the sale of general obligation notes was credited to the various Capital Projects Funds. The resolution authorizing and providing for the issuance of the general obligation notes requires that the accrued interest be credited to the Debt Service Fund.

Recommendation - Transfers should be made from the various Capital Projects Funds to the Debt Service Fund in the total amount of \$1,635 to comply with the bond resolution.

Response - We will make the necessary transfers to correct this error.

Conclusion - Response accepted.

City of Atlantic

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Manager
Paul F. Kearney, CGFM, Senior Auditor
Matthew J. Anfinson, Assistant Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State