



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

June 30, 2011

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the City of Oakville, Iowa.

The City's receipts totaled \$2,235,294 for the year ended June 30, 2010. The receipts included \$68,604 in property tax, \$80,974 from charges for service, \$47,264 from operating grants, contributions and restricted interest, \$2,009,384 from capital grants, contributions and restricted interest, \$18,631 from local option sales tax, \$1,540 from unrestricted interest on investments and \$8,897 from other general receipts.

Disbursements for the year totaled \$2,581,066, and included \$2,018,284 for capital projects, \$271,919 for community and economic development and \$114,379 for general government. Also, disbursements for business type activities totaled \$95,283.

A copy of the audit report is available for review in the City Clerk's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1022-0561-B00F.pdf>.

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CITY OF OAKVILLE

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

JUNE 30, 2010

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City of Oakville

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2010)		
Benita Grooms	Mayor	Jan 2012
Daniel Crow	Mayor Pro Tem	Jan 2010
Gayla Harshaw	Council Member	Jan 2010
Kirk Swanson	Council Member	Jan 2010
Bill Freitag	Council Member	Jan 2012
Teresa Jennings	Council Member	Jan 2012
Joan Gerst	Clerk/Treasurer	Indefinite
William Matthews	Attorney	Indefinite
(After January 2010)		
Benita Grooms	Mayor	Jan 2012
Daniel Crow	Mayor Pro Tem	Jan 2014
Bill Freitag	Council Member	(Resigned)
Dale Whitaker (Appointed)	Council Member	Nov 2011
Teresa Jennings	Council Member	Jan 2012
Mary Lanz	Council Member	Jan 2014
Richard Petty	Council Member	Jan 2014
Joan Gerst	Clerk/Treasurer	(Retired)
Linda Avery	Clerk/Treasurer	Indefinite
William Matthews	Attorney	Indefinite

City of Oakville



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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Oakville, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Oakville's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards 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 our audit provides a reasonable basis for our opinions.

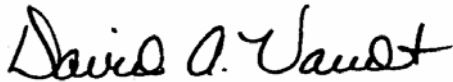
As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Also, as permitted by the Code of Iowa, the accounting records of the City have not been audited for all prior years. Accordingly, we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2009.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2009, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Oakville as of June 30, 2010, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

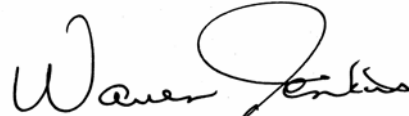
In accordance with Government Auditing Standards, we have also issued our report dated June 6, 2011 on our consideration of the City of Oakville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 11 and 26 through 28 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oakville's basic financial statements. Other supplementary information included in Schedules 1 through 3, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 6, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Oakville provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

Because the City is not required to be audited annually, much of the information is not easily comparable to prior years. Comparative data has been provided if available.

2010 FINANCIAL HIGHLIGHTS

- The cash basis net assets of the City's governmental activities decreased approximately \$311,600, due primarily to the City receiving Community Disaster Grant proceeds in fiscal year 2009 which was disbursed in fiscal year 2010.
- The cash basis net assets of the City's business type activities decreased approximately \$34,200, due primarily to a final project payment made from the Enterprise, Sewer Fund which were not reimbursed until fiscal year 2011.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

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

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison to the City's budget for the year.

Other Supplementary Information provides detailed information about the City's indebtedness. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the City.

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

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

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

Fund Financial Statements

The City has two kinds of funds:

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

The required financial statement for governmental funds is a statement of cash receipts, disbursements and changes in cash balances.

2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains two Enterprise Funds to provide separate information for Water and Sewer Funds, considered to be major funds of the City.

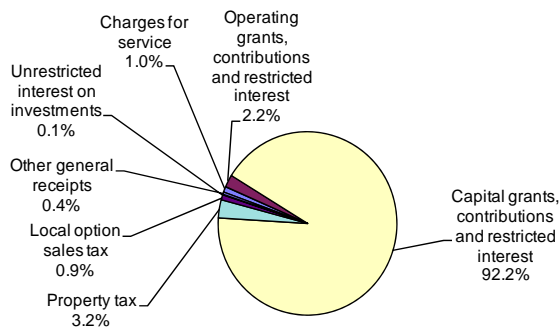
The required financial statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

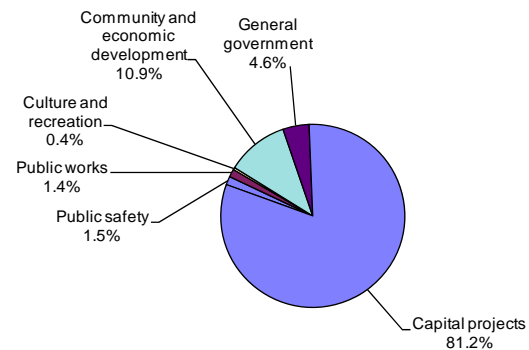
Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from \$700,828 to \$389,255. The analysis that follows focuses on the changes in cash basis net assets of governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities	
	Year ended June 30, 2010
Receipts:	
Program receipts:	
Charges for service	\$ 21,190
Operating grants, contributions and restricted interest	47,264
Capital grants, contributions and restricted interest	2,009,384
General receipts:	
Property tax	68,604
Local option sales tax	18,631
Unrestricted interest on investments	1,237
Other general receipts	8,267
Total receipts	<u>2,174,577</u>
Disbursements:	
Public safety	36,226
Public works	34,402
Culture and recreation	10,573
Community and economic development	271,919
General government	114,379
Capital projects	2,018,284
Total disbursements	<u>2,485,783</u>
Change in cash basis net assets before transfers	(311,206)
Transfers, net	<u>(367)</u>
Change in cash basis net assets	(311,573)
Cash basis net assets beginning of year	<u>700,828</u>
Cash basis net assets end of year	<u>\$ 389,255</u>

Receipts by Source



Disbursements by Function



The decrease in cash basis net assets is due primarily to the City receiving Community Disaster Grant proceeds in fiscal year 2009 which were disbursed in fiscal year 2010.

<u>Changes in Cash Basis Net Assets of Business Type Activities</u>	
	<u>Year ended June 30, 2010</u>
Receipts:	
Program receipts:	
Charges for service:	
Water	\$ 26,404
Sewer	33,380
General receipts:	
Intergovernmental	630
Unrestricted interest on investments	303
Total receipts	<u>60,717</u>
Disbursements :	
Water	29,032
Sewer	66,251
Total disbursements	<u>95,283</u>
Change in cash basis net assets before transfers	(34,566)
Transfers, net	<u>367</u>
Change in cash basis net assets	(34,199)
Cash basis net assets beginning of year	<u>124,054</u>
Cash basis net assets end of year	<u>\$ 89,855</u>

The City's cash balance for business type activities decreased 28% from a year ago, decreasing from \$124,054 at June 30, 2009 to \$89,855 at June 30, 2010. The decrease is due primarily to a final project payment made from the Enterprise, Sewer Fund which was not reimbursed until fiscal year 2011.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Oakville completed the year, its governmental funds reported a combined fund balance of \$389,255, a decrease of more than \$311,000 from last year's total of \$700,828. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance decreased \$10,367 from the prior year to a year-end balance of \$69,151. This decrease is due to final project payments made by the City which were not reimbursed until fiscal year 2011.
- The Special Revenue, Road Use Tax Fund cash balance increased \$23,003 to \$109,724 during the fiscal year. This increase was due to road use tax collected not being entirely spent during the year.
- The Special Revenue, Community Disaster Fund cash balance decreased \$271,919 to \$54,290 during the fiscal year. The decrease was due to grant proceeds received in fiscal year 2009 which were disbursed in fiscal year 2010.
- The Capital Projects Fund cash balance decreased \$46,443 to \$145,199 during the fiscal year. The decrease was due to the disbursement of federal funds received for disaster recovery.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Water Fund cash balance decreased \$1,443 to \$51,566, due primarily to refunds of deposits for customers who relocated after the flood of 2008.
- The Enterprise, Sewer Fund cash balance decreased \$32,756 to \$38,289, due primarily to a final project payment which was not reimbursed until fiscal year 2011 and refunds of deposits for customers who relocated after the flood of 2008.

BUDGETARY HIGHLIGHTS

The City's receipts were approximately \$2,014,000 more than budgeted, primarily due to the City not budgeting for the receipt of \$2,019,708 of federal funds.

Total disbursements were \$2,342,161 more than budgeted. This was primarily due to the City not properly budgeting for state and federal grant proceeds which were disbursed. However, disbursements in the debt service function were \$28,925 less than budgeted because the payment for the USDA loan was made from the Enterprise, Sewer Fund and charged to the business type activities function.

DEBT ADMINISTRATION

At June 30, 2010, the City had \$446,710 of sewer revenue capital loan notes outstanding, compared to \$454,885 at June 30, 2009.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City does not have any debt that applies against its constitutional debt limit of approximately \$641,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Oakville's elected and appointed officials and citizens considered many factors when setting the fiscal year 2011 budget, tax rates and fees charged for various City activities. The City's fiscal year 2011 taxable property valuation has decreased approximately \$2,247,000 from fiscal year 2010 due to the damage caused by the flood of 2008.

The fiscal year 2011 budget contains total receipts of \$116,799 and disbursements of \$183,585. This budget is lower than the fiscal year 2010 budget which contained total receipts of \$151,629 and disbursements of \$283,905. These budgets do not take into account several state and federal aid programs the City is receiving.

Under the budget, the levy for fiscal year 2011 will remain at \$8.10 per \$1,000 of taxable property valuation. The debt service levy also remained the same at \$3.00375 per \$1,000 of taxable property valuation for fiscal year 2011.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Linda Avery, City Clerk, P.O. Box 116, Oakville, IA 52646.

City of Oakville

Basic Financial Statements

City of Oakville

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2010

	Disbursements	Program Receipts	
		Charges for Service	Operating Grants, Contributions and Restricted Interest
Functions/Programs:			
Governmental activities:			
Public safety	\$ 36,226	-	-
Public works	34,402	9,931	47,264
Culture and recreation	10,573	512	-
Community and economic development	271,919	-	-
General government	114,379	10,747	-
Capital projects	2,018,284	-	-
Total governmental activities	2,485,783	21,190	47,264
Business type activities:			
Water	29,032	26,404	-
Sewer	66,251	33,380	-
Total business type activities	95,283	59,784	-
Total	\$ 2,581,066	80,974	47,264
General Receipts and Transfers:			
Property and other city tax levied for general purposes			
Local option sales tax			
Unrestricted interest on investments			
Miscellaneous			
Transfers			
Total general receipts and transfers			
Change in cash basis net assets			
Cash basis net assets beginning of year			
Cash basis net assets end of year			
Cash Basis Net Assets			
Restricted:			
Streets			
Drainage districts			
Capital projects			
Other purposes			
Unrestricted			
Total cash basis net assets			

See notes to financial statements.

Capital Grants, Contributions and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
	Governmental Activities	Business Type Activities	Total
-	(36,226)	-	(36,226)
-	22,793	-	22,793
-	(10,061)	-	(10,061)
-	(271,919)	-	(271,919)
-	(103,632)	-	(103,632)
2,009,384	(8,900)	-	(8,900)
2,009,384	(407,945)	-	(407,945)
-	-	(2,628)	(2,628)
-	-	(32,871)	(32,871)
-	-	(35,499)	(35,499)
2,009,384	(407,945)	(35,499)	(443,444)
	68,604	-	68,604
	18,631	-	18,631
	1,237	303	1,540
	8,267	630	8,897
	(367)	367	-
	96,372	1,300	97,672
	(311,573)	(34,199)	(345,772)
	700,828	124,054	824,882
	\$ 389,255	89,855	479,110
	\$ 109,724	-	109,724
	10,891	-	10,891
	145,199	-	145,199
	54,290	-	54,290
	69,151	89,855	159,006
	\$ 389,255	89,855	479,110

City of Oakville

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

As of and for the year ended June 30, 2010

	Special Revenue			
	General	Road Use Tax	Community Disaster	Capital Projects
Receipts:				
Property tax	\$ 68,604	-	-	-
Other city tax	18,631	-	-	-
Licenses and permits	25	-	-	-
Use of money and property	2,536	-	-	-
Intergovernmental	12,551	34,293	-	2,009,384
Charges for service	9,144	-	-	-
Miscellaneous	18,989	-	-	-
Total receipts	<u>130,480</u>	<u>34,293</u>	<u>-</u>	<u>2,009,384</u>
Disbursements:				
Operating:				
Public safety	36,226	-	-	-
Public works	16,845	11,290	-	-
Culture and recreation	10,573	-	-	-
Community and economic development	-	-	271,919	-
General government	114,379	-	-	-
Capital projects	-	-	-	2,018,284
Total disbursements	<u>178,023</u>	<u>11,290</u>	<u>271,919</u>	<u>2,018,284</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(47,543)</u>	<u>23,003</u>	<u>(271,919)</u>	<u>(8,900)</u>
Other financing sources (uses):				
Operating transfers in	37,843	-	-	300
Operating transfers out	(667)	-	-	(37,843)
Total other financing sources (uses)	<u>37,176</u>	<u>-</u>	<u>-</u>	<u>(37,543)</u>
Net change in cash balances	(10,367)	23,003	(271,919)	(46,443)
Cash balances beginning of year	79,518	86,721	326,209	191,642
Cash balances end of year	<u>\$ 69,151</u>	<u>109,724</u>	<u>54,290</u>	<u>145,199</u>
Cash Basis Fund Balances				
Unreserved:				
General fund	\$ 69,151	-	-	-
Special revenue funds	-	109,724	54,290	-
Capital projects fund	-	-	-	145,199
Total cash basis fund balances	<u>\$ 69,151</u>	<u>109,724</u>	<u>54,290</u>	<u>145,199</u>

See notes to financial statements.

<u>Nonmajor</u>	
<u>Special</u>	
<u>Revenue</u>	
<u>Drainage</u>	<u>Total</u>
-	68,604
-	18,631
-	25
167	2,703
253	2,056,481
-	9,144
-	18,989
<u>420</u>	<u>2,174,577</u>
-	36,226
6,267	34,402
-	10,573
-	271,919
-	114,379
-	2,018,284
<u>6,267</u>	<u>2,485,783</u>
<u>(5,847)</u>	<u>(311,206)</u>
-	38,143
-	(38,510)
-	(367)
<u>(5,847)</u>	<u>(311,573)</u>
<u>16,738</u>	<u>700,828</u>
<u>10,891</u>	<u>389,255</u>
-	69,151
10,891	174,905
-	145,199
<u>10,891</u>	<u>389,255</u>

City of Oakville

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

As of and for the year ended June 30, 2010

	Enterprise		
	Water	Sewer	Total
Operating receipts:			
Charges for service	\$ 21,679	22,399	44,078
Miscellaneous	4,725	10,981	15,706
Total operating receipts	26,404	33,380	59,784
Operating disbursements:			
Business type activities	29,032	37,326	66,358
Deficiency of operating receipts under operating disbursements	(2,628)	(3,946)	(6,574)
Non-operating receipts (disbursements):			
Intergovernmental	630	-	630
Interest on investments	188	115	303
Debt service	-	(28,925)	(28,925)
Total non-operating receipts (disbursements)	818	(28,810)	(27,992)
Deficiency of receipts under disbursements	(1,810)	(32,756)	(34,566)
Operating transfers in	367	-	367
Net change in cash balances	(1,443)	(32,756)	(34,199)
Cash balances beginning of year	53,009	71,045	124,054
Cash balances end of year	\$ 51,566	38,289	89,855
Cash Basis Fund Balances			
Unreserved	\$ 51,566	38,289	89,855

See notes to financial statements.

City of Oakville

Notes to Financial Statements

June 30, 2010

(1) Summary of Significant Accounting Policies

The City of Oakville is a political subdivision of the State of Iowa located in Louisa County. It was first incorporated in 1902 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 and recreation, community and economic development and general government services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Oakville 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 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: Louisa County Assessor's Conference Board, Louisa County Emergency Management Commission and Louisa County Joint E911 Board.

B. Basis of Presentation

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

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

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

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

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

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

The City reports the following major governmental funds:

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

Special Revenue:

The Road Use Tax Fund is used to account for road construction and maintenance.

The Community Disaster Fund is used to account for state aid received for disaster recovery and its uses.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The City reports the following major proprietary funds:

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

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

C. Measurement Focus and Basis of Accounting

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

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants

and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

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

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, disbursements exceeded the amounts budgeted in the public safety, public works, culture and recreation, community and economic development, general government, capital projects and business type activities functions.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Long-Term Debt

Annual debt service requirements to maturity for sewer revenue capital loan notes are as follows:

Year Ending June 30,	Sewer Revenue Capital Loan Notes		
	Principal	Interest	Total
2011	\$ 9,153	19,772	28,925
2012	9,235	19,690	28,925
2013	9,651	19,274	28,925
2014	10,085	18,840	28,925
2015	10,539	18,386	28,925
2016-2020	60,248	84,377	144,625
2021-2025	75,080	69,545	144,625
2026-2030	93,563	51,062	144,625
2031-2035	116,597	28,028	144,625
2036-2037	52,559	3,535	56,094
Total	\$ 446,710	332,509	779,219

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$522,000 of sewer revenue capital loan notes issued in August 1996. Proceeds from the notes provided financing for the establishment of a municipal sanitary sewer system. The notes are payable solely from sewer customer net receipts and are payable through 2037. Annual principal and interest payments on the notes are expected to require more than 100% of net receipts. The total principal and interest remaining to be paid on the notes is \$779,219. For the current year, principal and interest paid and total customer net receipts were \$28,925 and (\$3,946), respectively.

The resolution providing for the issuance of the notes includes the following provisions:

- a. The notes will only be redeemed from future earnings of the enterprise activity and the note holders hold a lien on future earnings of the funds.
- b. Sufficient monthly transfers shall be made to a separate sewer revenue note reserve account for the purpose of making the note principal and interest payments when due.
- c. An annual audit will be conducted at the end of each fiscal year.

The City had deficit net operating receipts of \$3,946 for the year ended June 30, 2010. Therefore, the earnings of the enterprise activity did not support the principal and interest paid. The City has not established the sewer revenue note reserve account in the amount required by the resolution. In addition, the City has not complied with the annual audit requirement.

(4) Community Disaster Loan

Community disaster loans are available through the Federal Emergency Management Agency to any local government or other eligible jurisdiction in a designated disaster area that has demonstrated a substantial tax loss and a need for financial assistance to perform its governmental functions. The City applied for and received a community disaster loan of up to \$51,588. During the year ended June 30, 2010, the City borrowed \$12,551 at 1.625% interest per annum. When applicable, part or all of the loan may be canceled if it is determined the receipts of the applicant in the three fiscal years following the financial year of the disaster are insufficient to meet the operations budget because of disaster related revenue losses and unreimbursed disaster related disbursements. Therefore, a final debt repayment schedule has not yet been adopted.

(5) 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.

Most regular plan members are required to contribute 4.30% of their annual covered salary and the City is required to contribute 6.65% of covered salary. Contribution requirements are established by state statute. The City's contributions to IPERS for the year ended June 30, 2010 was \$4,549, equal to the required contribution for the year.

(6) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Capital Projects	\$ 37,843
Capital Projects	General	300
Enterprise: Water	General	<u>367</u>
Total		<u>\$ 38,510</u>

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

(7) Risk Management

The City 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 any of the past three fiscal years.

(8) Subsequent Event

On July 1, 2010, the City defaulted on the payment of \$28,925 of principal and interest on the sewer revenue capital loan note issued August 1, 1996. The City owes \$446,710 on the loan as of July 1, 2010. The City entered into a Workout Agreement (Agreement) with the U.S. Department of Agriculture on February 8, 2011. The Agreement allows the City to work with Midwest Assistance Program to research alternatives for making debt service payments proportionate to the number of remaining customers and establish a financial tracking system. The Agreement established a deadline of June 30, 2011 for the City to complete these actions.

City of Oakville

Required Supplementary Information

City of Oakville
 Budgetary Comparison Schedule
 of Receipts, Disbursements, and Changes in Balances -
 Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2010

	Governmental Funds Actual	Proprietary Funds Actual	Total
Receipts:			
Property tax	\$ 68,604	-	68,604
Other city tax	18,631	-	18,631
Licenses and permits	25	-	25
Use of money and property	2,703	303	3,006
Intergovernmental	2,056,481	630	2,057,111
Charges for service	9,144	44,078	53,222
Miscellaneous	18,989	15,706	34,695
Total receipts	<u>2,174,577</u>	<u>60,717</u>	<u>2,235,294</u>
Disbursements:			
Public safety	36,226	-	36,226
Public works	34,402	-	34,402
Culture and recreation	10,573	-	10,573
Community and economic development	271,919	-	271,919
General government	114,379	-	114,379
Debt service	-	-	-
Capital projects	2,018,284	-	2,018,284
Business type activities	-	95,283	95,283
Total disbursements	<u>2,485,783</u>	<u>95,283</u>	<u>2,581,066</u>
Deficiency of receipts under disbursements	(311,206)	(34,566)	(345,772)
Other financing sources, net	(367)	367	-
Deficiency of receipts and other financing sources under disbursements and other financing uses	(311,573)	(34,199)	(345,772)
Balances beginning of year	700,828	124,054	824,882
Balances end of year	<u>\$ 389,255</u>	<u>89,855</u>	<u>479,110</u>

See accompanying independent auditor's report.

Original and Final Budget	Final to Total Variance
67,976	628
19,763	(1,132)
215	(190)
5,500	(2,494)
37,403	2,019,708
88,005	(34,783)
2,500	32,195
<u>221,362</u>	<u>2,013,932</u>
33,187	(3,039)
30,960	(3,442)
8,000	(2,573)
800	(271,119)
77,953	(36,426)
28,925	28,925
-	(2,018,284)
59,080	(36,203)
<u>238,905</u>	<u>(2,342,161)</u>
(17,543)	(328,229)
-	-
(17,543)	(328,229)
<u>352,519</u>	<u>472,363</u>
<u>334,976</u>	<u>144,134</u>

City of Oakville

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2010

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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 nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Capital Projects Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. The budget was not amended during the year.

During the year ended June 30, 2010, disbursements exceeded the amounts budgeted in the public safety, public works, culture and recreation, community and economic development, general government, capital projects and business type activities functions.

Other Supplementary Information

City of Oakville
Schedule of Indebtedness
Year ended June 30, 2010

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
Revenue notes: Sewer capital loan	Aug 1, 1996	4.50%	<u>\$ 522,000</u>

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
454,885	-	8,175	446,710	20,750

Schedule 2

City of Oakville

Note Maturities

June 30, 2010

Year Ending June 30,	Revenue Notes	
	Sewer Capital Loan	
	Issued Aug 1, 1996	
	Interest	
	Rates	Amount
2011	4.50%	\$ 9,153
2012	4.50	9,235
2013	4.50	9,651
2014	4.50	10,085
2015	4.50	10,539
2016	4.50	11,013
2017	4.50	11,508
2018	4.50	12,026
2019	4.50	12,567
2020	4.50	13,133
2021	4.50	13,724
2022	4.50	14,342
2023	4.50	14,987
2024	4.50	15,661
2025	4.50	16,366
2026	4.50	17,103
2027	4.50	17,872
2028	4.50	18,676
2029	4.50	19,517
2030	4.50	20,395
2031	4.50	21,313
2032	4.50	22,272
2033	4.50	23,274
2034	4.50	24,322
2035	4.50	25,416
2036	4.50	26,560
2037	4.50	26,000
Total		<u>\$ 446,710</u>

See accompanying independent auditor's report.

City of Oakville
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2010

Grantor/Program	CFDA Number	Agency Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Homeland Security: Community Disaster Loans	97.030		\$ 12,551
Indirect:			
U.S. Department of Homeland Security: Iowa Department of Public Defense: Iowa Homeland Security and Emergency Management Division: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1763-DR-IA	1,838,545
Hazard Mitigation Grant	97.039		27,115
Total indirect			<u>1,865,660</u>
Total			<u>\$ 1,878,211</u>

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

See accompanying independent auditor's report.

City of Oakville



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Oakville, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated June 6, 2011. Our report on the financial statements, which were prepared in conformity with an other comprehensive basis of accounting, expressed qualified opinions since we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2009. Except as noted in the Independent Auditor's Report, we conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Oakville's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Oakville's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Oakville's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Oakville's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-10 through II-G-10 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-H-10 through II-P-10 to be significant deficiencies.

Compliance and Other Matters

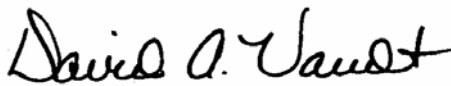
As part of obtaining reasonable assurance about whether the City of Oakville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material 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 or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2010 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.

The City of Oakville's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Oakville's responses and, accordingly, we express no opinion on them.

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 Oakville and other parties to whom the City of Oakville may report, including federal awarding agencies and pass-through entities, and 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 Oakville 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

June 6, 2011

**Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct and Material Effect
on Each Major Program and on Internal Control over Compliance in Accordance
with OMB Circular A-133**

City of Oakville



OFFICE OF AUDITOR OF STATE

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Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct and Material Effect
on Each Major Program and on Internal Control over Compliance in Accordance
with OMB Circular A-133

To the Honorable Mayor and
Members of the City Council:

Compliance

We have audited the City of Oakville, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on the City of Oakville's major federal program for the year ended June 30, 2010. The City of Oakville's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of the City of Oakville's management. Our responsibility is to express an opinion on the City of Oakville's compliance based on our audit.

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

In our opinion, the City of Oakville complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of non-compliance with those requirements which is required to be reported in accordance with OMB Circular A-133 and is described as item III-A-10 in the accompanying Schedule of Findings and Questioned Costs.

Internal Control Over Compliance

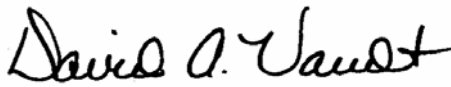
The management of the City of Oakville is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City of Oakville's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Oakville's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified deficiencies in internal control over compliance we consider to be material weaknesses.

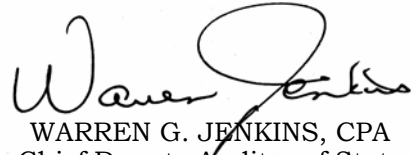
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items III-B-10 through III-I-10 to be material weaknesses.

The City of Oakville's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Oakville's responses and, accordingly, we express no opinion on them.

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 6, 2011

City of Oakville

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

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

- (a) Qualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Material weaknesses in internal control over the major program were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters).
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Oakville did not qualify as a low-risk auditee.

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-10 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 has control over each of the following areas:

- (1) Accounting system – record keeping for receipt cycle, disbursement cycle and reporting.
- (2) Cash – reconciling bank accounts, initiating cash receipt and disbursement transactions and handling and recording cash.
- (3) Investments – detailed record keeping, custody of investments and reconciling earnings.
- (4) Long-term debt – recording and reconciling.
- (5) Receipts – collecting, depositing, journalizing and posting.
- (6) Utility receipts – billing, collecting, depositing, posting and reconciling.
- (7) Disbursements – purchasing, check signing, recording and reconciling.
- (8) Payroll – preparing and distributing.
- (9) Transfers – preparing and approving.
- (10) Federal reporting – preparing, reconciling and approving.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available personnel, including elected officials. Evidence of review of reconciliations should be indicated by initials of the independent reviewer and the date of the review.

Response – With only one employee on the City’s payroll, as a general rule, the City Clerk is responsible for all clerical duties. Currently, the Mayor assists the City Clerk with reconciliations and basic control checks of all accounts as she has worked more than forty hours each week following the flood. The Council Members all have other jobs along with family responsibilities which makes it a hardship to rely on them for support in this issue. The City Clerk is working with the Mayor to implement a plan to incorporate more detailed electronic records than the previous manual records so there will be checks and balances for all records maintained.

Conclusion – Response acknowledged. As previously stated, we realize segregation of duties is difficult with a limited number of office employees. However, the City can utilize currently available personnel, including the City Council, to maximize internal control. In addition, the implementation of electronic records does not, by itself, increase the level of internal control. The City should ensure reconciliations are prepared and are independently reviewed for propriety.

City of Oakville

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

II-B-10 Bank Reconciliations – The Clerk’s balances were not reconciled to the bank accounts and investments monthly. In addition, a list of outstanding checks was not prepared each month.

Recommendation – To improve financial accountability and control, the book and bank balances should be reconciled monthly and the reconciliations should be retained. Any variances should be investigated and resolved in a timely manner. In addition, a listing of outstanding checks should be prepared each month and retained.

Response – The current City Clerk is reviewing City accounting records dating back to June 2008 for all three funds and has found outstanding checks, as well as deposits, which were never recorded in the check registers. The City Clerk has now created electronic check registers for all three funds which aids in the reconciliation process. She lists all outstanding checks in a separate column and adds them to the fund balance. The City Clerk has also made a detailed listing of all checks and/or deposits which need to be reconciled. The City Clerk and Mayor will work together to validate each entry prior to amending the check registers.

Conclusion – Response accepted.

II-C-10 Accounting System – The City does not maintain a double entry general ledger system. Although the City maintains ledgers, the ledgers are not accurate and do not include all transactions.

Recommendation – The City should develop and maintain a double entry general ledger system to ensure all financial transactions are properly recorded.

Response – The current City Clerk added a column to the electronic check register to record the number of the manual ledger to which each transaction is posted.

Conclusion – Response accepted.

II-D-10 Separately Maintained Accounts – The custody of the Community Disaster account, Federal Emergency Management Agency (FEMA) account and Hazard Mitigation Grant Program (HMGP) account are under the control of the City at City Hall. However, these accounts are not included with the remaining City accounts, are not budgeted for and are not included in the City’s monthly and annual financial reports.

The custody of the Fire Department account is under the control of the volunteer fire fighters. The Fire Department is a department of the City and is not a legally separate entity. This account was not reflected in the City’s accounting system and has not been included in the City’s annual budget or monthly and annual financial reports.

Recommendation – Chapter 384.20 of the Code of Iowa states, in part, “A city shall keep accounts which show an accurate and detailed statement of all public funds collected, received or expended for any city purpose.”

The City should include the Community Disaster, FEMA and HMGP accounts in the City’s ledgers, monthly reports and annual financial reports. Internal control should be strengthened and operating efficiency could be increased by integrating

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the Fire Department account receipts and disbursements with the City accounting records in the Clerk's office. The City should review this and consider combining this account with the City Clerk's records.

Response – The City Clerk did not realize these funds should be included in the budget until discussing the issue with the auditors. The City will be revising the fund balances at the end of fiscal year 2011, as well as revising the fiscal year 2012 budget to reflect all public funds in addition to the City's normal operating funds.

Conclusion – Response accepted.

- II-E-10 Local Option Sales Tax – City Resolution FY07-1 provides for 50 percent of local option sales tax collections to fund community capital improvements and 50 percent is to help fund the new county jail. Currently, local option sales tax collections are credited to the General Fund. In addition, local option sales tax disbursements are not monitored or separately identified to determine if the disbursements comply with City Resolution FY07-1.

Recommendation – The City should establish a Special Revenue Fund to account for local option sales tax receipts and disbursements and ensure disbursements comply with the City resolution.

Response – The City recognizes a better accounting is needed for local option sales tax collections. All City records prior to June 2008 were destroyed in the flood so determining fund activity prior to that date is next to impossible to ascertain. The City is going to contact the Louisa County Auditor's Office to determine if it maintained records of the 50 percent paid for the county jail in order to create a cumulative total for the monthly Clerk's report.

Conclusion – Response accepted.

- II-F-10 Monitoring – The City received a Community Disaster Grant from the State. The City subsequently passed through a portion of the grant money to a local non-profit organization. However, the City is not performing any monitoring procedures to ensure the money passed through is being spent in accordance with the scope of work identified in the grant agreement.

Recommendation – The City should implement policies and procedures to ensure the non-profit organization is spending pass-through money in accordance with the scope of work identified in the grant agreement.

Response – The local non-profit organization has monitored and reported the disbursement of the grant proceeds provided to them. The monitoring reports, as well as financial reports, will be accessible to the City to ensure the disbursement of grant proceeds is in compliance with the scope of work.

Conclusion – Response accepted.

- II-G-10 Reconciliation of Utility Billings, Collections and Delinquencies – Utility billings, collections and delinquent accounts were not reconciled.

In addition, the City was unable to locate the current refuse collection rates. The City charges senior citizens \$13 instead of \$14 for refuse collection, but the reduced rate is not provided for in the ordinance.

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Also, the late payment fee is not consistently applied in accordance with City ordinance and no records are maintained for utility deposits paid by customers when water service is initiated.

Recommendation – Procedures should be established to reconcile utility billings, collections and delinquencies. The City Council should review the reconciliation and monitor delinquencies. In addition, the City should maintain current City ordinances, consistently apply them and maintain a record of utility deposits.

Response – Current utility billings are done manually. The City lost a lot of records in the flood, specifically deposit information. The computer program being written by the City Clerk will incorporate delinquencies, meter installation dates and deposit records. At the end of the month, a report will be generated and presented to the City Council detailing the delinquent accounts and an aging of outstanding balances. The City is currently revising the Code of Ordinances and will address refuse collection at that time.

Conclusion – Response accepted.

II-H-10 Computer Systems – During our review of internal control, the existing control activities in the City's computer systems were evaluated in order to determine 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 systems were noted.

The City does not have written policies for:

- Requiring password changes every 60 to 90 days to maintain password privacy and confidentiality.
- Restricting access to computer systems through the use of unique user IDs.
- Requiring password length to be at least 8 characters.
- Requiring computers to have a log off function when not in use.
- Requiring a computer lockout function if passwords are incorrectly entered more than three times.
- Personal use of computer equipment.
- Use of the internet.

Also, the City does not have a policy for and does not backup computer files.

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

Response – Until September 2010, very little data was maintained on a computer system. The Mayor and City Clerk each have an individual user name and password so each employee’s data is protected. After the audit, the City has implemented weekly backups, which are taken off site, and data integrity is protected by establishing a log off function at fifteen minutes of a computer being inactive. In addition, passwords are being changed regularly. Regarding written policies, the City needs to determine key information before the employee manual can be finalized.

Conclusion – Response accepted.

II-I-10 Accounting Procedures Manual – We encourage the development of office procedures and standardized accounting manuals for the City. In addition, we encourage obtaining or developing user manuals/help guides for the accounting records the City utilizes. These manuals and guides should provide the following benefits:

- (1) Aid in training additional or replacement personnel.
- (2) Help achieve uniformity in accounting and in the application of policies and procedures.
- (3) Save supervisory time by recording decisions so they will not have to be made each time the same, or similar, situation arises.
- (4) Improve the efficiency and understanding of steps to perform for running monthly financial reports and retrieving management information.

Recommendation – Office procedures and accounting manuals should be developed for the City.

Response – The City is in the midst of re-evaluating and updating the accounting system. The City Clerk is writing several programs to computerize the accounting, payroll and water and sewer billings. When this process is completed, an accounting manual will be written addressing the new system and procedures.

Conclusion – Response accepted.

II-J-10 Federal Payroll Tax - The employer share of FICA does not reconcile to the amounts recorded in the City’s general ledger.

Recommendation – The City should develop procedures to ensure the proper amount for FICA is recorded in the City’s ledger.

Response – All Federal tax is now submitted electronically. Total hours are calculated for each fund, aggregated and submitted through the General Fund. Funds are then transferred from the Enterprise, Water and Sewer Funds to reimburse the General fund.

Conclusion – Response acknowledged. As part of the reconciliation process, the City should ensure the Federal tax paid has been properly recorded and reconciles to the amounts included on Federal reports.

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II-K-10 Initial Listing of Receipts – An initial listing of receipts is maintained for the General, Special Revenue, Road Use Tax and Enterprise, Water and Sewer Funds. However, the initial listing is not reviewed by an independent person.

Recommendation – The initial listing of receipts should be reviewed by an independent person.

Response – The Mayor and the City Clerk monitor incoming receipts on a daily basis on-line.

Conclusion – Response accepted.

II-L-10 Prenumbered Receipts – Although receipts were issued, they were not issued for all collections. Receipt numbers are handwritten by the City Clerk when recorded. Prenumbered receipts are not used. In addition, account coding is not placed on receipts to properly document which account the receipt should be credited to.

Recommendation – Receipts should be issued for all collections at the time of collection to provide additional control over the proper collection and recording of all money. The City should use prenumbered receipts and develop procedures to account for the numerical sequence of the receipts. In addition, account coding should be placed on each receipt.

Response – Most utility customers remit their payments through the drop box and do not come into City Hall. Of those who do pay their utility bills at City Hall, most refuse a receipt. However, a receipt is automatically issued for all cash payments. Once the new utility billing system is in place, each customer will receive a detailed summary including current payment information, along with payments year-to-date.

Conclusion – Response acknowledged. As previously stated, receipts should be prenumbered and the account coding should be placed on each receipt. Utility receipts should be completed for the City's records even if the customer does not ask for the carbon copy. These can be batched for ease of recording with appropriate supporting documentation.

II-M-10 Transfers – Transfers between accounts and between funds are not balanced monthly, adequately explained and classified as transfers rather than receipts or disbursements.

Recommendation – The City should balance transfers monthly and provide an explanation for each transfer. Transfers should be properly recorded as transfers in/out rather than as receipts and disbursements.

Response – The City is working to resolve this issue.

Conclusion – Response accepted.

II-N-10 Supporting Documentation – Three of fifteen disbursements tested did not have an invoice or supporting documentation available for review.

Recommendation – The City should ensure supporting documentation is maintained for all disbursements.

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Response – The Mayor and City Clerk are now trying to copy the issued checks along with the supporting documentation.

Conclusion – Response accepted.

- II-O-10 Disbursement Coding – One of fifteen disbursements tested appears to be coded to the wrong account. A Fire Department invoice was charged to the general government function and should have been charged to the public safety function.

Recommendation – The City should develop policies and procedures to ensure disbursements are properly coded.

Response – The current City Clerk added a column to the electronic check register to record the number of the manual ledger to which each transaction is posted.

Conclusion – Response acknowledged. The City should also implement procedures to ensure the proper account coding is recorded on the manual ledger.

- II-P-10 Timely Deposit – One state warrant tested was not deposited timely. The warrant was a FEMA reimbursement.

Recommendation – The City should develop policies and procedures to ensure all receipts are deposited timely.

Response – Prior to September 2010, the City did not know State funding had been deposited to the City's bank account unless either paperwork was issued by the State, which often lagged behind the receipt of the electronic funds transfer, or when the monthly bank statements were received. The City now tracks all funds on a daily basis on-line allowing all incoming funds to be transferred and disbursed as necessary.

Conclusion – Response acknowledged. However, the State payment identified was a State warrant and not an electronic funds transfer. As previously stated, the City should implement policies and procedures to ensure all receipts are deposited timely.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

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Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

CFDA Number 97.036: Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Pass-through Agency Number: FEMA-1763-DRIA

Federal Award Year: 2010

U.S. Department of Homeland Security

Passed through the Iowa Department of Public Defense – Iowa Homeland Security and Emergency Management Division

III-A-10 Federal Disbursements – One disbursement for \$3,190 did not appear to be within the scope of the project it was paid for.

Recommendation – The City should implement procedures to ensure disbursements are paid and reimbursed from the correct project.

Response – This payment related to the initial recovery of the sewer lift stations. The invoice from the vendor was not presented until the project worksheet had been completed and submitted for reimbursement. Therefore, this payment was included on a project worksheet for a larger project. During the close-out process for the projects, the City will work with Iowa Homeland Security and Emergency Management to determine the resolution of this matter.

Conclusion – Response accepted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 97.036: Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Pass-through Agency Number: FEMA-1763-DRIA

Federal Award Year: 2010

U.S. Department of Homeland Security

Passed through the Iowa Department of Public Defense – Iowa Homeland Security and Emergency Management Division

III-B-10 Segregation of Duties – The City did not properly segregate duties involving cash, receipts, disbursements, transfers and federal reporting. See item II-A-10.

III-C-10 Initial Listing of Federal Receipts – Receipts are not recorded on an initial receipts listing.

Recommendation – An initial listing of federal receipts should be prepared, maintained and reviewed by an independent person for propriety.

Response – The Mayor and the City Clerk monitor incoming receipts on a daily basis on-line.

Conclusion – Response accepted.

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- III-D-10 Federal Reports – The Mayor prepares all required federal reports, including applications for reimbursement, project completion reports and certification reports. However, the reports are not independently reviewed or approved by the City Council.

Recommendation – The City should implement policies and procedures to ensure federal reports are independently reviewed and approved.

Response – When the City had a Project Manager, he prepared all draw requests and quarterly reports, which were then reviewed and signed by the Mayor. After the Project Manager’s dismissal, the Mayor worked closely with the liaison from Iowa Homeland Security and Emergency Management Division in preparing all required reports.

Conclusion – Response acknowledged. However, the Mayor should have the City Council review and approve the reports prepared prior to their submission.

- III-E-10 Separately Maintained Accounts – The custody of the Federal Emergency Management Agency (FEMA) account and the Hazard Mitigation Grant Program (HMGP) account are under the control of the City at City Hall. However, ledgers are not maintained for these accounts, these accounts were not budgeted for and are not included in the City’s monthly and annual financial reports. See item II-D-10.

- III-F-10 Bank Reconciliations – The book and bank balances were not reconciled monthly for federal accounts. In addition, a list of outstanding checks was not prepared each month. See item II-B-10.

- III-G-10 Procurement, Suspension and Debarment – OMB Circular A-133 states the City is prohibited from contracting with or making subawards under covered transactions to parties who are suspended or debarred. The City has not established procedures to ensure parties the City contracts with have not been suspended or debarred.

Recommendation – The City should establish procedures to ensure parties the City contracts with have not been suspended or debarred.

Response – When the disaster started, the Local Council of Governments, the Southeast Iowa Regional Planning Commission, was under contract to act as a liaison between the City and FEMA. Until the Office of Auditor of State conducted the audit, the city was unaware it is the City’s responsibility to ensure contractors have not been suspended or debarred. The City now has a website, provided by the Office of Auditor of State, and will now look up all future contractors and print the findings for the City’s files.

Conclusion – Response accepted.

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III-H-10 Disbursement Approval – Federal disbursements are not on the list of bills approved by the City Council or on the paid check listing publication.

Recommendation – The City should implement policies and procedures to ensure all City disbursements, including Federal disbursements, are presented to the City Council for approval prior to payment. In addition, all City disbursements should be included on the paid check listing publication.

Response – The City was not aware the Federal disbursements were to be incorporated into the City accounting reports and approved by the Council. Approval of all Federal disbursements must be made by the State and FEMA and the disbursements are assessed and spent only on approved projects. Future Federal disbursements will be included in the listing of bills for Council approval.

Conclusion – Response accepted.

III-I-10 Timely Deposit – One state warrant tested was not deposited timely. The warrant was a FEMA reimbursement. See item II-P-10.

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Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-10 Certified Budget – Disbursements during the year ended June 30, 2010 exceeded the amounts budgeted in the public safety, public works, culture and recreation, community and economic development, general government, capital projects and business type activities functions. Certain functions were exceeded because the City did not budget for federal and state aid which were not included in the City’s ledgers. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – All receipts and disbursements, including federal and state aid, should be included in the budget. 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 City had never dealt with program funding prior to the flood. Therefore, it was not included in the initial budget or the annual financial report. Unfortunately, this will occur again in fiscal year 2011. However, the City intends to correct in the future.

Conclusion – Response accepted.

IV-B-10 Questionable Disbursements – Certain disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. These disbursements are detailed as follows:

Paid To	Purpose	Amount
IPERS	Late fees and penalties	\$167
Workforce Deveolopment	Late fees	35

According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Also, one payment for the purchase of rock included sales tax of \$11. Chapter 422.5(5) of the Code of Iowa exempts the City from the payment of sales tax.

Recommendation - The Council should determine and document the public purpose served by these disbursements before authorizing any further payments. If this practice is continued, the City should establish written policies and procedures, including the requirements for proper documentation.

The City should also implement procedures to ensure sales tax is not paid.

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Response – All payments to IPERS and Workforce Development are now done electronically by the 15th of each month to ensure no late fees are assessed. Many times supplies needed were purchased by individuals other than City employees who would not have had access to the tax exempt information. The rock was purchased for an emergency weekend repair. We now closely monitor all invoices for sales tax added.

Conclusion – Response accepted.

IV-C-10 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-10 Business Transactions – No business transactions between the City and City officials or employees were noted.

IV-E-10 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 the coverage is adequate for current operations.

IV-F-10 Council Minutes – Disbursements from the FEMA, Fire Department, Community Disaster and HMGP bank accounts were not included on the list of bills approved by the City Council or on the paid check listing publication. In addition, the following were noted during our review of minutes:

- Minutes of the City Council meetings were not signed in accordance with Chapter 380.7 of the Code of Iowa.
- The City did not publish annual gross salaries in accordance with an Attorney General's opinion dated April 12, 1978 and Chapter 372.13(6) of the Code of Iowa.
- One closed session was entered into during the year. However, the minutes record did not document the specific information regarding the closed session required by Chapter 21 of the Code of Iowa.
 - Bills are approved for payment by the City Council after they have been paid. The City does not have a resolution allowing the City Clerk to pay bills prior to City Council approval.

Recommendation – All invoices should be approved by the City Council. In addition, the City should document the information required by Chapter 21 of the Code of Iowa for closed sessions, the minutes record should be signed to authenticate the record in accordance with 380.7 of the Code of Iowa and the City should publish annual gross salaries as required by Chapter 372.13 of the Code of Iowa.

Bills should be approved for payment by the City Council prior to payment. Many cities pass a resolution to permit payment of certain disbursements prior to City Council approval. The resolution can and should specify dollar limits and types of disbursements, but should include provisions to require all disbursements paid prior to City Council approval be presented to the City Council at the next meeting for approval, publication and compliance with Chapter 372.13(6) of the Code of Iowa.

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Response – In the future, all disbursements will be presented to the Council for their approval. In addition, the City will strive to comply with all Code of Iowa requirements. The 1995 Code of Ordinances included a Chapter which authorized immediate payment of bills; however, this was inadvertently deleted from the 2000 and 2005 Code of Ordinances. Resolution FY11-31 was passed by the Council on June 1, 2011 reinstating the authorized immediate payment of bills.

Conclusion – Response accepted.

IV-G-10 Deposits and Investments – The City has not adopted a written investment policy as required by Chapter 12B.10B of the Code of Iowa

Recommendation – The City should adopt a written investment policy which complies with the provisions of Chapter 12B.10B of the Code of Iowa.

Response – It has been the practice of the City to seek the advice of the financial institution on allowable deposits within FDIC guidelines and adhere to their advice. Chapter 12B.10B of the Code will be included in the new 2011 Oakville Code of Ordinances.

Conclusion – Response accepted.

IV-H-10 Official Depository – A resolution naming the official depository was adopted by the City Council in the fiscal year ended June 30, 2004. However, the City has since opened accounts with another financial institution not listed in the approved resolution.

Recommendation – A new depository resolution should be approved by the City Council.

Response – The City is in the process of revising the Code of Ordinances and will address this issue during that process.

Conclusion – Response accepted.

IV-I-10 Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the City to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The City does not receive the back of each cancelled check for several bank accounts.

Recommendation – The City should obtain and retain images of both the front and back of cancelled checks as required by Chapter 554D.114 of the Code of Iowa.

Response – The City was not aware of this requirement. The City now has on-line access to all bank accounts, except the Enterprise, Water and Sewer Funds, and can view the backs of the checks electronically. To have on-line access to the Enterprise, Water and Sewer Funds, the City would have to pay a monthly fee, which is cost prohibitive to the City. The City will research alternate solutions for those bank accounts.

Conclusion – Response accepted.

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IV-J-10 Annual Financial Report – Chapter 384.22 of the Code of Iowa requires the City’s Annual Financial Report contain a “summary for the preceding fiscal year of all collections and receipts, all accounts due to the City, and all expenditures....” The City’s Annual Financial Report reported receipts, disbursements and fund balances do not materially agree with City records. The fund balances for governmental funds are not separated by fund. In addition, all City accounts are not included in the Annual Financial Report.

Recommendation – The Annual Financial Report should be amended to correct material errors and the amounts reported should be supported by the City’s records. In addition, fund balances should be separated by funds and all City accounts should be included in the Annual Financial Report.

Response – The financial records are being assessed for errors and are being reconciled. Necessary corrections will be made after approval by an independent review. The corrected records will also be presented to and reviewed by the Council for approval.

Conclusion – Response acknowledged. After the financial records have been corrected and approved, the City should consider whether the Annual Financial Report should be amended to correct material errors.

IV-K-10 Vehicle Allowance – The City employed a Demolition Monitor and a Demolition Supervisor for part of the year ended June 30, 2010. Rather than use the City’s vehicle, the City agreed to compensate these individuals \$20 per day for a vehicle allowance. This vehicle allowance should be reported as taxable income for the employee under Internal Revenue Service (IRS) regulations since the vehicle allowance does not appear to meet the IRS definition of an accountable plan.

Recommendation – City policies should be reviewed and modified to address compliance with IRS regulations.

Response – This was not a usual practice or situation. The City was not aware this would be taxable income. In the future, payments such as this will be handled in accordance with regulations.

Conclusion – Response accepted.

IV-L-10 Sewer Revenue Capital Loan Notes – The City has not established and made the required transfers to the Enterprise, Sewer Reserve Account as required by the sewer revenue capital loan note resolution. In addition, the City has not been audited annually as required.

The Enterprise, Sewer Fund had deficit net operating receipts of \$3,946 for the year ended June 30, 2010. This appears to violate provisions of the sewer revenue capital loan note resolution which states the bonds and interest are payable solely and only from the net earnings of the enterprise activities.

Recommendation – The City should review the sewer revenue capital loan note resolution and comply with its provisions. The City should consult with legal counsel on the disposition of the net earnings violation.

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Response – Prior to the flood of 2008, the required transfers to a Sewer Reserve Account were being made; however, they were not designated as such. A program audit is required for the Sewer Account; however, it has been difficult to retain the services of auditors in the area to limit the scope to less than a Single Audit which put a strain on the City's finances. The City worked with the U.S. Department of Agriculture on an agreement concerning the City's indebtedness and establishing a designated amount to be transferred to a specifically identified Sewer Reserve Account.

Conclusion – Response accepted.

- IV-M-10 Code of Ordinances – The City last had its Code of Ordinances recodified in 2005. Chapter 380.8 of the Code of Iowa states, in part, "At least once every five years, a city shall compile a code of ordinances containing all of the city ordinances in effect, except grade ordinances, bond ordinances, zoning ordinances and ordinances vacating streets and alleys."

Recommendation – The City should ensure the Code of Ordinances is recodified as required.

Response – The City was in a period of transition of Mayors and Council Members and instability for a number of years. In 2008, the flooding of the entire community reduced the City's functionality for an entire year. The present City Council was not aware the City had to adopt a Code of Ordinances every 5 years or maintain a yearly supplement. A new Code of Ordinances will be adopted before the end of December 2011.

Conclusion – Response accepted.

City of Oakville

Staff

This audit was performed by:

Jennifer Campbell, CPA, Manager
Brian P. Schenkelberg, CPA, Senior Auditor
Ryan A. Yeager, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA
Deputy Auditor of State