



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

David A. Vaudt, CPA  
Auditor of State

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Des Moines, Iowa 50319-0004

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**NEWS RELEASE**

FOR RELEASE

November 15, 2011

Contact: Andy Nielsen  
515/281-5834

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

The City's receipts totaled \$4,423,265 for the year ended June 30, 2011, a 32.5% decrease from the prior year. The receipts included \$1,564,113 in property tax, \$467,273 from tax increment financing, \$1,627,103 from charges for service, \$540,850 from operating grants, contributions and restricted interest, \$69,318 from capital grants, contributions and restricted interest, \$133,287 from local option sales tax, \$5,207 from unrestricted interest on investments and \$16,114 from other general receipts.

Disbursements for the year totaled \$6,350,045, a 46.2% increase over the prior year, and included \$2,365,269 for capital projects, \$855,855 for public safety and \$720,856 for debt service. Also, disbursements for business type activities totaled \$1,199,078.

The significant decrease in receipts is due to the issuance of \$2,555,000 of general obligation capital loan notes in fiscal year 2010. The significant increase in disbursements is due primarily to the City disbursing those note proceeds for the Brick Street project during fiscal year 2011.

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/1120-0228-B00F.pdf>.

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**CITY OF ADEL**

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

**JUNE 30, 2011**

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**City of Adel**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
James F. Peters	Mayor	Jan 2012
Mike Haynes	Council Member	Jan 2012
Art Kirk	Council Member	Jan 2012
Don Price	Council Member	Jan 2012
Jon McAvoy	Council Member	Jan 2014
Dale Swanson	Council Member	Jan 2014
Chad Bird	Administrator	(Resigned Sept 2011)
Audra Sorber	Finance Director	Indefinite
Mary Sue Hibbs	Clerk	Indefinite
John Reich	Attorney	Indefinite

**City of Adel**



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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, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Adel, Iowa, as of and for the year ended June 30, 2011, 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 Adel'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.

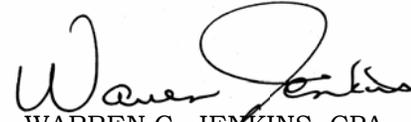
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Adel as of June 30, 2011, 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 October 17, 2011 on our consideration of the City of Adel'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 12 and 32 through 34 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 Adel's basic financial statements. The financial statements for the seven years ended June 30, 2010 (which are not presented herein) were audited by another auditor who expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 5 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

October 17, 2011

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Adel 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, 2011. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### 2011 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities decreased 41.7%, or approximately \$2,218,000, from fiscal year 2010 to fiscal year 2011. In a special election on August 3, 2010, a public measure passed for the City to collect local sales and services tax, effective January 1, 2011. The City collected \$133,287 during the fiscal year. During fiscal year 2010, the City received \$2,534,588 in note proceeds for the Brick Street project.
- Disbursements of the City's governmental activities increased 55.4%, or approximately \$1,837,000, in fiscal year 2011 over fiscal year 2010. The capital projects function increased approximately \$1,761,000 due to disbursements for the Brick Street project.
- The City's total cash basis net assets decreased 60.6%, or approximately \$1,927,000, from June 30, 2010 to June 30, 2011. Of this amount, the assets of the governmental activities decreased approximately \$2,027,000 and the assets of the business type activities increased approximately \$100,000. The decrease for the governmental activities is due to using prior year note proceeds in the current year for the Brick Street project.

### 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 financial 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 of the City's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds, the individual Internal Service Funds and the City's indebtedness.

## **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. 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, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks, the sanitary sewer system, garbage/recycling and storm sewer. 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, Urban Renewal Tax Increment and Local Sales and Services Tax, 3) the Debt Service Fund and 4) 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 and the Internal Service Funds. Enterprise Funds are used to report business type activities. The City maintains four Enterprise Funds to provide separate information for the Water, Sewer and Garbage/Recycling and Funds, considered to be major funds of the City and the Storm Water Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

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

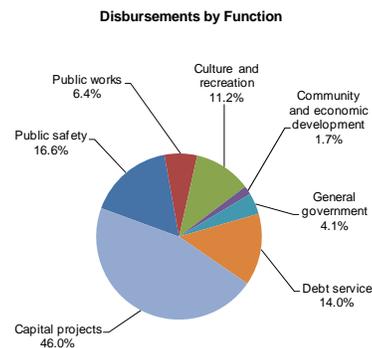
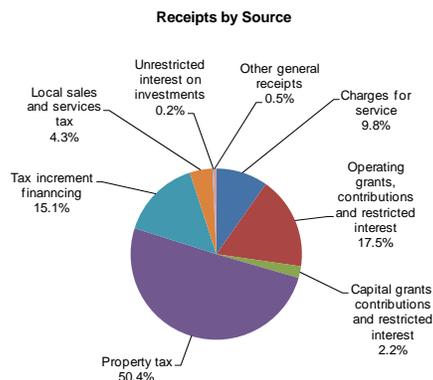
Reconciliations between the government-wide financial statement and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As described in Note 12 on page 30, Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during fiscal year 2011 and, accordingly, beginning net assets for governmental activities and business type activities were restated for the effect of fund type reclassifications. Due to the nature and number of the fund type reclassifications, amounts presented for fiscal year 2010 in this discussion and analysis were not restated.

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased sharply from a year ago, decreasing from a restated balance of approximately \$2.048 million to approximately \$21,000. 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 (Expressed in Thousands)		
	Year ended June 30,	
	2011	2010
Receipts:		
Program receipts:		
Charges for service	\$ 305	285
Operating grants, contributions and restricted interest	541	401
Capital grants, contributions and restricted interest	69	-
General receipts:		
Property tax	1,564	1,553
Tax increment financing	467	474
Local sales and services tax	133	-
Unrestricted interest on investments	5	3
Note proceeds	-	2,535
Other general receipts	16	67
Total receipts	3,100	5,318
Disbursements:		
Public safety	856	775
Public works	330	346
Culture and recreation	577	532
Community and economic development	90	121
General government	212	230
Debt service	721	706
Capital projects	2,365	604
Total disbursements	5,151	3,314
Change in cash basis net assets before transfers	(2,051)	2,004
Transfers, net	24	77
Change in cash basis net assets	(2,027)	2,081
Cash basis net assets beginning of year, as restated July 1, 2010	2,048	183
Cash basis net assets end of year	\$ 21	2,264



The City's total receipts for governmental activities decreased 41.7%, or approximately \$2,218,000. The total cost of all programs and services increased approximately \$1,837,000, or 55.4%, with no new programs added this year. The significant decrease in receipts was primarily the result of note proceeds received in fiscal year 2010 for the Brick Street project. The proceeds were then disbursed in fiscal year 2011, accounting for the increase in disbursements.

The City increased property tax rates for fiscal year 2011 overall by .2%. This increase raised the City's property tax receipts approximately \$11,000 in fiscal year 2011. Based on increases in the total assessed valuation, property tax receipts are budgeted to increase an additional \$47,000 next year.

The cost of all governmental activities this year was approximately \$5.2 million compared to approximately \$3.3 million last year. However, as shown in the Statement of Activities and Net Assets on pages 14-15, the amount taxpayers ultimately financed for these activities was only \$4.236 million because some of the cost was paid by those directly benefited from the programs (\$305,000) or by other governments and organizations which subsidized certain programs with grants, contributions and restricted interest (\$610,000). Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for service, decreased approximately \$2,218,000 in fiscal year 2011, principally due to receiving note proceeds in fiscal year 2010 to complete the Brick Street project.

Changes in Cash Basis Net Assets of Business Type Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2011	2010
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 534	526
Sewer	464	459
Garbage/recycling	222	215
Storm water	103	25
General receipts:		
Other general receipts	-	7
Total receipts	<u>1,323</u>	<u>1,232</u>
Disbursements:		
Water	520	461
Sewer	418	373
Garbage/recycling	202	196
Storm water	59	-
Total disbursements	<u>1,199</u>	<u>1,030</u>
Change in cash basis net assets before transfers	124	202
Transfers, net	<u>(24)</u>	<u>(77)</u>
Change in cash basis net assets	100	125
Cash basis net assets beginning of year, as restated July 1, 2010	1,133	791
Cash basis net assets end of year	<u>\$ 1,233</u>	<u>916</u>

Total business type activities receipts for the fiscal year were approximately \$1.323 million compared to approximately \$1.232 million last year. This significant increase was due primarily to the receipt of approximately \$78,000 in storm water charges for service. The cash balance increased approximately \$100,000 over the prior year, primarily due to the increase in charges for service received for storm water services. Total disbursements for the fiscal year increased 16.4% to approximately \$1.2 million.

## **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Adel completed the year, its governmental funds reported a combined fund balance of (\$14,960), a decrease of \$1,974,913 from last year's total of \$1,959,953. 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 increased \$11,601 over the prior year to \$80,463, due primarily to an increase in property tax collections.
- The Special Revenue, Road Use Tax Fund cash balance increased \$46,301 to \$45,652. This increase was due primarily to an increase of approximately \$59,000 in intergovernmental receipts. The City intends to use this money to upgrade the condition of all City roads.
- The Special Revenue, Urban Renewal Tax Increment Fund was established to account for a major urban renewal project within the City's business district. At the end of the fiscal year, the cash balance was \$1,303, an increase of \$5,719 over the previous year. The increase was due primarily to the disbursements and transfers out being less than tax increment financing collections. The City budgets and requests only the approximate amount of receipts needed during the year.
- The Special Revenue, Local Sales and Services Tax Fund cash balance increased \$132,654 to \$143,015. This increase was attributable to the passage of local sales and services tax in fiscal year 2011. The City disbursed few funds in fiscal year 2011 and intends to use this money to build and maintain an aquatic center, according to the approved ballot.
- The Debt Service Fund cash balance increased \$2,279 to \$(36,378).
- The Capital Projects Fund cash balance decreased \$2,124,447 to \$(292,289). This decrease is attributed to the increase in capital project disbursements as the City works to complete the Brick Street project and other street projects for which general obligation notes were issued in fiscal year 2010. Project costs incurred were larger than expected, which resulted in a negative fund balance.

## **INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The Enterprise, Water Fund cash balance decreased \$15,398 to \$431,529, due primarily to a decrease in miscellaneous receipts and an increase in operating disbursements and debt service payments over the prior year.
- The Enterprise, Sewer Fund cash balance increased \$30,631 to \$527,891, due primarily to the operating disbursements being less than operating receipts.
- The Enterprise, Garbage/Recycling Fund cash balance increased \$14,954 to \$119,318, due primarily to the operating disbursements being less than operating receipts.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget one time. The amendment was approved on May 10, 2011 and resulted in an increase in operating disbursements of approximately \$2,447,000 to various functions, with the main increase to capital projects for the Brick Street project for which the City issued notes in fiscal year 2010.

The City's receipts were \$265,023 more than budgeted. This was primarily due to the City receiving more local sales and services tax than anticipated.

Total disbursements were \$37,444 less than the amended budget. Actual disbursements for the public safety and capital projects functions were \$52,798 and \$122,343, respectively, less than the amended budget. This was primarily due to the City spending less on projects than expected during the year.

The City exceeded the amounts budgeted in the public works, general government, debt service and business type activities functions for the year ended June 30, 2011 due to higher costs for streets, debt payments and operating costs not budgeted.

**DEBT ADMINISTRATION**

At June 30, 2011, the City had \$7,872,000 in notes outstanding, compared to \$8,465,000 last year, as shown below.

	Outstanding Debt at Year-End (Expressed in Thousands)	
	June 30,	
	2011	2010
General obligation notes	\$ 7,640	8,095
Revenue notes	232	370
Total	\$ 7,872	8,465

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’s outstanding general obligation, including TIF debt of \$81,280, is \$7,721,280 and is significantly below its constitutional debt limit of approximately \$10.6 million.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES**

The City of Adel’s elected and appointed officials and citizens considered many factors when setting the fiscal year 2012 budget, tax rates and fees charged for various City activities. One of those factors is the economy. Unemployment in the County as of August 2011 stands at 5.3% versus 5.0% at August 2010. This compares with the State’s unemployment rate of 6.0% and the national rate of 9.0%.

These indicators were taken into account when adopting the budget for fiscal year 2012. Amounts available for appropriation in the operating budget are approximately \$4.8 million, a decrease of approximately \$12,000 from the fiscal year 2011 budget. Property tax (benefiting from the fiscal year 2011 rate increases and increases in assessed valuations) is expected to increase and charges for service is expected to decrease approximately \$70,000. Budgeted disbursements are expected to decrease approximately \$2,397,000 from the final fiscal year 2011 budget. This is primarily due to the decrease in budgeted capital projects function disbursements. In addition, debt service disbursements are expected to increase approximately \$41,000. The City has added no major new programs or initiatives to the fiscal year 2012 budget.

If these estimates are realized, the City’s budgeted cash balance is expected to increase approximately \$180,000 by the close of fiscal year 2012.

**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 Audra Sorber, Finance Officer/Treasurer, 301 S. 10<sup>th</sup> Street, City of Adel, Iowa 50003.

## **Basic Financial Statements**

City of Adel

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2011

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety	\$ 855,855	77,139	48,270	-
Public works	329,590	-	371,957	18,255
Culture and recreation	577,434	131,648	64,304	-
Community and economic development	89,977	-	-	-
Non-program	-	-	-	-
General government	211,986	51,949	1,531	-
Debt service	720,856	14,145	-	-
Capital projects	2,365,269	29,674	54,788	51,063
Total governmental activities	5,150,967	304,555	540,850	69,318
Business type activities:				
Water	520,607	534,378	-	-
Sewer	418,075	464,071	-	-
Garbage/Recycling	201,701	221,633	-	-
Storm Water	58,695	102,466	-	-
Total business type activities	1,199,078	1,322,548	-	-
Total	\$ 6,350,045	1,627,103	540,850	69,318
Component units:				
South Dallas County Landfill Agency	\$ 776,718	583,842	-	-
Adel Library Foundation	5,695	-	7,596	-
Total component units	\$ 782,413	583,842	7,596	-
<b>General Receipts and Transfers:</b>				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local sales and services 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, as restated				
Cash basis net assets end of year				
<b>Cash Basis Net Assets</b>				
Restricted:				
Streets				
Urban renewal purposes				
Debt service				
Local option sales tax				
Library Foundation				
Other purposes				
Unrestricted				
<b>Total cash basis net assets</b>				

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets			Component Units	
Governmental Activities	Business Type Activities	Total	South Dallas County Landfill Agency	Adel Library Foundation
(730,446)	-	(730,446)	-	-
60,622	-	60,622	-	-
(381,482)	-	(381,482)	-	-
(89,977)	-	(89,977)	-	-
-	-	-	-	-
(158,506)	-	(158,506)	-	-
(706,711)	-	(706,711)	-	-
(2,229,744)	-	(2,229,744)	-	-
(4,236,244)	-	(4,236,244)	-	-
-	13,771	13,771	-	-
-	45,996	45,996	-	-
-	19,932	19,932	-	-
-	43,771	43,771	-	-
-	123,470	123,470	-	-
(4,236,244)	123,470	(4,112,774)	-	-
-	-	-	(192,876)	-
-	-	-	-	1,901
-	-	-	(192,876)	1,901
1,184,544	-	1,184,544	-	-
379,569	-	379,569	-	-
467,273	-	467,273	-	-
133,287	-	133,287	-	-
5,048	159	5,207	107,483	4,760
16,114	-	16,114	6,716	-
23,698	(23,698)	-	-	-
2,209,533	(23,539)	2,185,994	114,199	4,760
(2,026,711)	99,931	(1,926,780)	(78,677)	6,661
2,047,391	1,133,108	3,180,499	5,325,205	231,428
\$ 20,680	1,233,039	1,253,719	5,246,528	238,089
\$ 45,652	-	45,652	-	-
11,303	-	11,303	-	-
-	116,357	116,357	-	-
143,015	-	143,015	-	-
-	-	-	-	238,089
44,650	-	44,650	1,231,158	-
(223,940)	1,116,682	892,742	4,015,370	-
\$ 20,680	1,233,039	1,253,719	5,246,528	238,089

City of Adel

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

As of and for the year ended June 30, 2011

	Special Revenue		
	General	Road Use Tax	Urban Renewal Tax Increment
<b>Receipts:</b>			
Property tax	\$ 911,861	-	-
Tax increment financing	-	-	467,273
Other city tax	2,969	-	-
Licenses and permits	35,522	-	-
Use of money and property	56,996	-	-
Intergovernmental	97,442	371,957	-
Charges for service	110,955	-	-
Special assessments	-	-	-
Miscellaneous	61,879	-	-
Total receipts	1,277,624	371,957	467,273
<b>Disbursements:</b>			
<b>Operating:</b>			
Public safety	596,314	-	-
Public works	40,368	325,656	-
Culture and recreation	477,527	-	-
Community and economic development	-	-	89,977
General government	164,614	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total disbursements	1,278,823	325,656	89,977
Excess (deficiency) of receipts over (under) disbursements	(1,199)	46,301	377,296
<b>Other financing sources (uses):</b>			
Operating transfers in	12,800	-	-
Operating transfers out	-	-	(371,577)
Total other financing sources (uses)	12,800	-	(371,577)
Net change in cash balances	11,601	46,301	5,719
Cash balances beginning of year, as restated	68,862	(649)	(4,416)
Cash balances end of year	\$ 80,463	45,652	1,303
<b>Cash Basis Fund Balances</b>			
<b>Restricted for:</b>			
Urban renewal purposes	\$ 10,000	-	1,303
Streets	-	45,652	-
Local option sales tax	-	-	-
Other purposes	-	-	-
Unassigned	70,463	-	-
Total cash basis fund balances	\$ 80,463	45,652	1,303

See notes to financial statements.

Local Sales and Services Tax	Debt Service	Capital Projects	Nonmajor	Total
-	379,569	-	269,714	1,561,144
-	-	-	-	467,273
133,287	-	-	-	136,256
-	-	-	-	35,522
-	-	-	-	56,996
-	-	54,788	18,255	542,442
2,212	-	-	19,718	132,885
-	-	43,819	-	43,819
-	-	51,063	11,279	124,221
135,499	379,569	149,670	318,966	3,100,558
-	-	-	186,549	782,863
-	-	-	-	366,024
-	-	-	100,130	577,657
-	-	-	-	89,977
-	-	-	48,049	212,663
-	681,067	23,649	-	704,716
2,845	-	2,329,166	33,258	2,365,269
2,845	681,067	2,352,815	367,986	5,099,169
132,654	(301,498)	(2,203,145)	(49,020)	(1,998,611)
-	303,777	93,698	-	410,275
-	-	(15,000)	-	(386,577)
-	303,777	78,698	-	23,698
132,654	2,279	(2,124,447)	(49,020)	(1,974,913)
10,361	(38,657)	1,832,158	92,294	1,959,953
143,015	(36,378)	(292,289)	43,274	(14,960)
-	-	-	-	11,303
-	-	-	-	45,652
143,015	-	-	-	143,015
-	-	-	44,650	44,650
-	(36,378)	(292,289)	(1,376)	(259,580)
143,015	(36,378)	(292,289)	43,274	(14,960)

**City of Adel**

City of Adel

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

As of and for the year ended June 30, 2011

**Total governmental funds cash balances (page 17)** \$ (14,960)

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

The Internal Service Funds are used by management to charge the costs of equipment replacement, building replacement and partial self funding of the City's flexible benefits plan to individual funds. A portion of the assets of the Internal Service Funds are included in governmental activities in the Statement of Activities and Net Assets.

35,640

**Cash basis net assets of governmental activities (page 15)**

\$ 20,680

**Net change in cash balances (page 17)**

\$ (1,974,913)

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

The Internal Service Funds are used by management to charge the costs of equipment replacement, building replacement and partial self funding of the City's flexible benefits plan to individual funds. A portion of the change in net assets of the Internal Service Funds is reported in governmental activities in the Statement of Activities and Net Assets.

(51,798)

**Change in cash basis net assets of governmental activities (page 15)**

\$ (2,026,711)

See notes to financial statements.

City of Adel

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

As of and for the year ended June 30, 2011

	Enterprise			
	Water	Sewer	Garbage/ Recycling	Nonmajor Storm Water
Operating receipts:				
Charges for service	\$ 534,378	464,071	221,633	102,466
Miscellaneous	-	-	-	-
Total operating receipts	534,378	464,071	221,633	102,466
Operating disbursements:				
Governmental activities:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Debt service	-	-	-	-
Business type activities	478,033	319,509	201,701	68,743
Total operating disbursements	478,033	319,509	201,701	68,743
Excess (deficiency) of operating receipts over (under) operating disbursements	56,345	144,562	19,932	33,723
Non-operating receipts (disbursements):				
Interest on investments	63	74	22	-
Debt service	(53,108)	(98,850)	-	-
Capital projects	-	(15,155)	-	-
Net non-operating receipts (disbursements)	(53,045)	(113,931)	22	-
Excess (deficiency) of receipts over (under) disbursements	3,300	30,631	19,954	33,723
Operating transfers out	(18,698)	-	(5,000)	-
Net change in cash balances	(15,398)	30,631	14,954	33,723
Cash balances beginning of year, as restated	446,927	497,260	104,364	25,335
Cash balances end of year	\$ 431,529	527,891	119,318	59,058
<b>Cash Basis Fund Balances</b>				
Restricted for debt service	\$ 58,500	57,857	-	-
Unrestricted	373,029	470,034	119,318	59,058
Total cash basis fund balances	\$ 431,529	527,891	119,318	59,058

See notes to financial statements.

Total	Internal Service
1,322,548	118,223
-	2,932
<u>1,322,548</u>	<u>121,155</u>
-	74,928
-	1,599
-	2,801
-	8,498
-	16,140
<u>1,067,986</u>	<u>32,966</u>
<u>1,067,986</u>	<u>136,932</u>
<u>254,562</u>	<u>(15,777)</u>
159	-
(151,958)	-
(15,155)	-
<u>(166,954)</u>	<u>-</u>
87,608	(15,777)
<u>(23,698)</u>	<u>-</u>
63,910	(15,777)
<u>1,073,886</u>	<u>146,660</u>
<u>1,137,796</u>	<u>130,883</u>
116,357	-
<u>1,021,439</u>	<u>130,883</u>
<u>1,137,796</u>	<u>130,883</u>

City of Adel

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

As of and for the year ended June 30, 2011

**Total enterprise funds cash balances (page 21)** \$ 1,137,796

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

The Internal Service Funds are used by management to charge the costs of equipment replacement, building replacement and partial self funding of the City's flexible benefits plan to individual funds. A portion of the assets of the Internal Service Funds are included in business type activities in the Statement of Activities and Net Assets.

95,243

**Cash basis net assets of business type activities (page 17)**

\$ 1,233,039

**Net change in cash balances (page 21)**

\$ 63,910

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

The Internal Service Funds are used by management to charge the costs of equipment replacement, building replacement and partial self funding of the City's flexible benefits plan to individual funds. A portion of the change in net assets of the Internal Service Funds is reported with business type activities.

36,021

**Change in cash basis net assets of business type activities (page 17)**

\$ 99,931

See notes to financial statements.

City of Adel

Notes to Financial Statements

June 30, 2011

**(1) Summary of Significant Accounting Policies**

City of Adel is a political subdivision of the State of Iowa located in Dallas County. It was first incorporated in 1848 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, health and social services, culture and recreation, community and economic development and general government services. The City also provides water, sewer, garbage/recycling and storm water utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Adel has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Adel (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Discretely Presented Component Units

The South Dallas County Landfill Agency and Adel Library Foundation are presented in separate columns to emphasize they are legally separate from the City, but are financially accountable to the City or their relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete.

The South Dallas County Landfill Agency is governed by a one member board appointed by the City Council. A financial benefit/burden relationship exists between the City and the South Dallas County Landfill Agency in that the Landfill's operating budget is subject to the approval of the City Council.

The Adel Library Foundation is an entity which is legally separate from the City but is so intertwined with the City it is, in substance, the same as the City.

### 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: Dallas County Assessor's Conference Board, Dallas County Emergency Management Commission, Dallas County Joint E911 Service Board, Central Iowa Regional Transportation and Planning Alliance (CIRTPA), Adel Enterprises, Adel Partners, Metropolitan Advisory Council and the Greater Dallas County Development Alliance.

### 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 from general and emergency levies 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 the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

The Local Option Sales and Services Tax Fund is used to account for the collection and use of the local option sales and services tax.

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

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.

The Enterprise, Garbage/Recycling Fund accounts for operation and maintenance of the City's solid waste collection and recycling system.

The City also reports the following additional proprietary funds:

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

C. Measurement Focus and Basis of Accounting

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

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.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

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. Governmental Cash Basis Fund Balances:

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

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

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2011 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.

At June 30, 2011, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$362,409 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The City's investment in the Iowa Public Agency Investment Trust is unrated.

### (3) Notes Payable

Annual debt service requirements to maturity for general obligation notes and revenue notes are as follows:

Year Ending June 30,	General Obligation Notes		Revenue Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 2,935,000	223,220	58,000	8,850	2,993,000	232,070
2013	490,000	205,063	64,000	6,570	554,000	211,633
2014	505,000	185,823	64,000	4,000	569,000	189,823
2015	520,000	165,508	15,000	1,380	535,000	166,888
2016	520,000	144,098	15,000	930	535,000	145,028
2017-2021	2,155,000	400,514	16,000	480	2,171,000	400,994
2022-2024	515,000	54,698	-	-	515,000	54,698
Total	\$ 7,640,000	1,378,924	232,000	22,210	7,872,000	1,401,134

The Code of Iowa requires principal and interest on general obligation bonds be paid from the Debt Service Fund. However, during the year ended June 30, 2011, \$16,140 and \$23,649 of general obligation bond principal and interest were paid from the Internal Service, Equipment Replacement Fund and the Capital Projects Fund, respectively.

#### Revenue Notes

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$310,000 of water revenue notes issued in June 2006. Proceeds from the notes provided financing for water capital project construction. The notes are payable solely from water customer net receipts and are payable through 2014. Annual principal and interest payments on the notes are expected to require less than 95% of net receipts. The total principal and interest remaining to be paid on the notes is \$157,790. For the current year, principal and interest paid and total customer net receipts were \$53,108 and \$56,345, respectively.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$309,000 and \$575,000 of sewer revenue notes issued in June 1997 and May 2003, respectively. Proceeds from the notes provided financing for the construction of improvements to the sewer plant. The notes are payable solely from sewer customer net receipts and are payable through 2017. Annual principal and interest payments on the notes are expected to require less than 69% of net receipts. The total principal and interest remaining to be paid on the notes is \$96,420. For the current year, principal and interest paid and total customer net receipts were \$98,800 and \$144,562, respectively.

The resolutions providing for the issuance of the revenue notes include the following provisions:

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to separate water and sewer revenue note sinking accounts within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- (c) Additional monthly transfers to a water reserve account and a sewer revenue reserve account within the Enterprise Funds shall be made until

specific minimum balances have been accumulated. These accounts are restricted for the purpose of paying for any additional improvements, extensions or repairs to the system.

- (d) User rates shall be established at a level which produces and maintains net receipts at a level not less than 100% for water and 110% for sewer of the amount of principal and interest on the notes falling due in the same year for sewer and water revenue notes.
- (e) Sufficient monthly transfers shall be made to a separate water improvement account within the Enterprise Funds until a balance of \$50,000 has been accumulated.

**(4) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 4.50% of their annual covered salary and the City is required to contribute 6.95% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$85,688, \$75,902 and \$68,611, respectively, equal to the required contributions for each year.

**(5) Other Postemployment Benefits (OPEB)**

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug and dental benefits for employees and retirees and their spouses. There are 22 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug and dental benefits are provided through a fully-insured plan with Wellmark and Delta Dental, respectively. Retirees under age 65 would pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$509 to \$563 for single coverage and \$963 to \$1,729 for family coverage for medical/prescription drug benefits and \$32 for single coverage and \$65 to \$112 for family coverage for dental benefits. The same monthly premiums would apply to retirees. For the year ended June 30, 2011, the City contributed \$263,160 and plan members eligible for benefits contributed \$24,915 to the plan.

**(6) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation and compensatory time hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and compensatory time payable to employees at June 30, 2011, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 60,000
Compensatory time	11,000
Total	<u>\$ 71,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2011.

**(7) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Urban Renewal Tax Increment	\$ 7,800
	Enterprise:	
	Garbage/Recycling	5,000
		<u>12,800</u>
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment	288,777
	Capital Projects	15,000
		<u>303,777</u>
Capital Projects	Special Revenue:	
	Urban Renewal Tax Increment	75,000
	Enterprise:	
	Water	18,698
		<u>93,698</u>
Total		<u>\$ 410,275</u>

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

**(8) 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.

**(9) Rebate Agreements**

The City has entered into three rebate agreements to assist in certain urban renewal projects. The City agreed to rebate incremental property tax paid by the participating companies with respect to the improvements set forth in the urban renewal plan. The incremental property tax to be received by the City under Chapter 403.19 of the Code of Iowa from the participating companies will be rebated for a period of up to five years beginning with the tax year in which the property tax on the completed value of the improvements are first paid. During the year ended June 30, 2011, the City rebated \$66,716 of incremental property tax to the participating companies.

**(10) Deficit Balances**

The Special Revenue, Short Term Projects Fund, the Debt Service Fund and the Capital Projects Fund had deficit balances of \$1,376, \$36,378 and \$292,289, respectively, at June 30, 2011.

**(11) Subsequent Events**

In September 2011, the City approved the issuance of general obligation refunding capital loan notes of \$2,325,000, \$1,740,000 and \$2,165,000.

**(12) Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	Balances June 30, 2010, as previously reported	Change in fund type classification per implementation of GASB Statement No. 54	Balances July 1, 2010, as restated
Governmental activities	\$ 2,263,929	(216,538)	2,047,391
Business type activities	916,570	216,538	1,133,108
General Fund	(75,643)	144,505	68,862
Special Revenue Funds:			
Flex Plan	6,750	(6,750)	-
Island Park Improvements	1,673	(1,673)	-
Fire	(477)	477	-
Police	10	(10)	-
Police Academy	484	(484)	-
Police Equipment	2,796	(2,796)	-
Park Impact Fees	1,440	(1,440)	-
Emergency Levy	5,920	(5,920)	-
Refunds	20,296	(20,296)	-
Local Option Sales and Services Tax	-	10,361	10,361
I-Jobs	-	15,003	15,003
Debt Service Fund	64,227	(102,884)	(38,657)
Capital Projects Fund	2,164,227	(332,069)	1,832,158
Enterprise Funds:			
Water	392,845	54,082	446,927
Sewer	394,026	103,234	497,260
Internal Service Funds:			
Equipment Replacement	-	109,943	109,943
Building Replacement	-	29,967	29,967
Flex Benefits	-	6,750	6,750

**Required Supplementary Information**

City of Adel  
 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, 2011

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 1,561,144	-	-
Tax increment financing	467,273	-	-
Other city tax	136,256	-	-
Licenses and permits	35,522	-	-
Use of money and property	56,996	159	-
Intergovernmental	542,442	-	-
Charges for service	132,885	1,440,771	118,223
Special assessments	43,819	-	-
Miscellaneous	124,221	2,932	2,932
Total receipts	<u>3,100,558</u>	<u>1,443,862</u>	<u>121,155</u>
Disbursements:			
Public safety	782,863	74,928	74,928
Public works	366,024	1,599	1,599
Culture and recreation	577,657	2,801	2,801
Community and economic development	89,977	-	-
General government	212,663	8,498	8,498
Debt service	704,716	16,140	16,140
Capital projects	2,365,269	-	-
Business type activities	-	1,268,065	32,966
Total disbursements	<u>5,099,169</u>	<u>1,372,031</u>	<u>136,932</u>
Excess (deficiency) of receipts over (under) disbursements	(1,998,611)	71,831	(15,777)
Other financing sources, net	23,698	(23,698)	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(1,974,913)	48,133	(15,777)
Balances beginning of year, as restated	1,959,953	1,220,546	146,660
Balances end of year	<u>\$ (14,960)</u>	<u>1,268,679</u>	<u>130,883</u>

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
1,561,144	1,522,206	1,522,206	38,938
467,273	467,356	467,356	(83)
136,256	41,918	41,918	94,338
35,522	39,275	20,905	14,617
57,155	83,423	104,097	(46,942)
542,442	396,445	426,035	116,407
1,455,433	1,496,696	1,473,235	(17,802)
43,819	61,500	48,800	(4,981)
124,221	70,853	53,690	70,531
4,423,265	4,179,672	4,158,242	265,023
782,863	828,668	835,661	52,798
366,024	324,395	348,874	(17,150)
577,657	496,591	578,365	708
89,977	115,814	117,492	27,515
212,663	148,783	144,542	(68,121)
704,716	681,918	681,918	(22,798)
2,365,269	144,500	2,487,612	122,343
1,235,099	1,183,750	1,177,248	(57,851)
6,334,268	3,924,419	6,371,712	37,444
(1,911,003)	255,253	(2,213,470)	302,467
-	-	453,061	(453,061)
(1,911,003)	255,253	(1,760,409)	(150,594)
3,033,839	1,159,053	1,159,053	1,874,786
1,122,836	1,414,306	(601,356)	1,724,192

City of Adel

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2011

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 except the discretely presented component units and the Internal Service Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon 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 Debt Service Fund, 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. During the year, one budget amendment increased budgeted disbursements by \$2,447,293. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2011, disbursements exceeded the amounts budgeted in the public works, general government, debt service and business type activities functions.

**Other Supplementary Information**

City of Adel

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

As of and for the year ended June 30, 2011

	Library Memorial	Employee Benefits	Special Police DARE
Receipts:			
Property tax	\$ -	269,714	-
Intergovernmental	-	-	-
Charges for service	-	-	-
Miscellaneous	7,044	-	779
Total receipts	7,044	269,714	779
Disbursements:			
Operating:			
Public safety	-	185,792	757
Culture and recreation	5,810	86,489	-
General government	-	48,049	-
Capital projects	-	-	-
Total disbursements	5,810	320,330	757
Net change in cash balances	1,234	(50,616)	22
Cash balances beginning of year, as restated	13,435	62,255	1,573
Cash balances end of year	\$ 14,669	11,639	1,595
<b>Cash Basis Fund Balances</b>			
Restricted for other purposes	\$ 14,669	11,639	1,595
Unassigned	-	-	-
Total cash basis fund balances	\$ 14,669	11,639	1,595

See accompanying independent auditor's report.

Revenue				
I-Jobs	Short Term Projects	Historical Museum	Police Forfeiture	Total
-	-	-	-	269,714
18,255	-	-	-	18,255
-	4,718	-	15,000	19,718
-	1,820	1,636	-	11,279
18,255	6,538	1,636	15,000	318,966
-	-	-	-	186,549
-	6,059	1,772	-	100,130
-	-	-	-	48,049
33,258	-	-	-	33,258
33,258	6,059	1,772	-	367,986
(15,003)	479	(136)	15,000	(49,020)
15,003	(1,855)	1,883	-	92,294
-	(1,376)	1,747	15,000	43,274
-	-	1,747	15,000	44,650
-	(1,376)	-	-	(1,376)
-	(1,376)	1,747	15,000	43,274

**City of Adel**

## City of Adel

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Internal Service Funds

Year ended June 30, 2011

	Equipment Replacement	Building Replacement	Flex Benefits	Total
Operating receipts:				
Charges for service	\$ 82,995	21,005	14,223	118,223
Miscellaneous	2,412	407	113	2,932
Total operating receipts	<u>85,407</u>	<u>21,412</u>	<u>14,336</u>	<u>121,155</u>
Operating disbursements:				
Governmental activities:				
Public safety	73,135	-	1,793	74,928
Public works	-	1,599	-	1,599
Culture and recreation	-	-	2,801	2,801
General government	-	-	8,498	8,498
Debt service	16,140	-	-	16,140
Business type activities:				
Water	30,038	1,371	186	31,595
Sewer	-	1,371	-	1,371
Total operating disbursements	<u>119,313</u>	<u>4,341</u>	<u>13,278</u>	<u>136,932</u>
Net change in cash balances	(33,906)	17,071	1,058	(15,777)
Cash balances beginning of year, as restated	109,943	29,967	6,750	146,660
Cash balances end of year	<u>\$ 76,037</u>	<u>47,038</u>	<u>7,808</u>	<u>130,883</u>
<b>Cash Basis Fund Balances</b>				
Unrestricted	<u>\$ 76,037</u>	<u>47,038</u>	<u>7,808</u>	<u>130,883</u>

See accompanying independent auditor's report.

City of Adel  
 Schedule of Indebtedness  
 Year ended June 30, 2011

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes:			
Capital loan notes	Oct 1, 2002	3.00-5.00%	\$ 1,000,000
Capital loan notes	Jun 1, 2004	2.25-5.30	2,600,000
Capital loan notes	Apr 15, 2005	3.10-4.15	1,610,000
Capital loan notes	Feb 28, 2007	3.65-4.15	1,800,000
Capital loan notes	Jun 29, 2010	2.40	2,555,000
Total			
Revenue notes:			
Sewer	Jun 26, 1997	3.00% *	\$ 309,000
Sewer	May 1, 2003	1.50-3.50	575,000
Water	Jun 15, 2006	3.95-4.40	310,000
Total			

\* The agreement also requires the City to annually pay a .05% servicing fee on the outstanding principal balance.

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
605,000	-	80,000	525,000	28,465
2,070,000	-	120,000	1,950,000	97,242
1,315,000	-	145,000	1,170,000	50,790
1,550,000	-	95,000	1,455,000	61,420
2,555,000	-	15,000	2,540,000	24,789
<b>\$ 8,095,000</b>	-	<b>455,000</b>	<b>7,640,000</b>	<b>262,706</b>
100,000	-	13,000	87,000	3,000
80,000	-	80,000	-	2,800
190,000	-	45,000	145,000	8,108
<b>\$ 370,000</b>	-	<b>138,000</b>	<b>232,000</b>	<b>13,908</b>

City of Adel  
Note Maturities  
June 30, 2011

Year Ending June 30,	Capital Loan Notes		Capital Loan Notes		General Obligation Notes	
	Issued Oct 1, 2002		Issued Jun 1, 2004		Capital Loan Notes	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2012	4.50%	\$ 80,000	3.95%	\$ 120,000	3.60%	\$ 150,000
2013	4.60	85,000	4.10	125,000	3.70	155,000
2014	4.70	85,000	4.25	130,000	3.80	160,000
2015	4.80	90,000	4.40	135,000	3.90	165,000
2016	4.90	90,000	4.55	140,000	4.00	170,000
2017	5.00	95,000	4.65	150,000	4.10	180,000
2018	-	-	4.75	160,000	4.15	190,000
2019	-	-	4.85	165,000	-	-
2020	-	-	4.95	150,000	-	-
2021	-	-	5.05	160,000	-	-
2022	-	-	5.15	165,000	-	-
2023	-	-	5.25	175,000	-	-
2024	-	-	5.30	175,000	-	-
Total		<u>\$ 525,000</u>		<u>\$ 1,950,000</u>		<u>\$ 1,170,000</u>

Year Ending June 30,	Revenue Notes				
	Sewer		Water		Total
	Interest Rates	Amount	Interest Rates	Amount	
2012	3.92%	\$ 13,000	4.20%	\$ 45,000	58,000
2013	3.92	14,000	4.30	50,000	64,000
2014	3.92	14,000	4.40	50,000	64,000
2015	3.92	15,000	-	-	15,000
2016	3.92	15,000	-	-	15,000
2017	3.92	16,000	-	-	16,000
Total		<u>\$ 87,000</u>		<u>\$ 145,000</u>	<u>232,000</u>

See accompanying independent auditor's report.

Capital Loan Notes			Capital Loan Notes			
Issued Feb 28, 2007			Issued Jun 29, 2010			
Interest Rates	Amount		Interest Rates	Amount	Total	
3.75%	\$ 105,000		2.40%	\$ 2,480,000	2,935,000	
3.80	105,000		2.40	20,000	490,000	
3.85	110,000		2.40	20,000	505,000	
3.85	110,000		2.40	20,000	520,000	
3.90	120,000			-	520,000	
3.95	120,000			-	545,000	
4.00	155,000			-	505,000	
4.05	200,000			-	365,000	
4.10	210,000			-	360,000	
4.15	220,000			-	380,000	
	-			-	165,000	
	-			-	175,000	
	-			-	175,000	
	<u>\$ 1,455,000</u>			<u>\$ 2,540,000</u>	<u>7,640,000</u>	

City of Adel

Schedule of Receipts By Source and Disbursements By Function -  
All Governmental Funds

For the Last Eight Years

	2011	2010	2009	2008
<b>Receipts:</b>				
Property tax	\$ 1,561,144	1,539,578	1,483,628	1,462,337
Tax increment financing	467,273	473,457	445,748	357,449
Other city tax	136,256	5,301	6,439	6,191
Licenses and permits	35,522	20,082	30,964	29,059
Use of money and property	56,996	48,251	49,501	122,458
Intergovernmental	542,442	425,202	459,541	342,075
Charges for service	132,885	130,725	153,382	129,482
Special assessments	43,819	8,553	28,936	36,679
Miscellaneous	124,221	131,813	152,889	202,769
<b>Total</b>	<b>\$ 3,100,558</b>	<b>2,782,962</b>	<b>2,811,028</b>	<b>2,688,499</b>
<b>Disbursements:</b>				
<b>Operating:</b>				
Public safety	\$ 782,863	775,402	780,846	676,871
Public works	366,024	345,804	371,991	318,469
Culture and recreation	577,657	531,748	523,375	470,579
Community and economic development	89,977	120,609	145,513	129,666
General government	212,663	230,178	252,274	184,558
Debt service	704,716	705,798	700,572	717,810
Capital projects	2,365,269	604,318	548,770	119,581
<b>Total</b>	<b>\$ 5,099,169</b>	<b>3,313,857</b>	<b>3,323,341</b>	<b>2,617,534</b>

See accompanying independent auditor's report.

2007	2006	2005	2004
1,306,736	1,214,167	1,231,889	1,209,994
335,343	338,005	334,406	308,734
6,355	51,698	9,622	6,174
57,008	84,249	99,610	29,476
127,168	101,573	58,328	26,892
326,922	329,448	345,590	341,249
129,033	105,163	164,373	119,810
206,648	50,291	22,553	47,615
125,962	432,106	151,494	740,112
2,621,175	2,706,700	2,417,865	2,830,056
613,718	550,119	527,147	602,796
346,757	291,767	338,276	382,280
408,423	435,096	345,241	359,094
58,476	94,236	56,238	81,218
187,673	215,456	255,105	187,818
3,844,998	821,609	515,837	667,377
2,410,874	977,057	2,393,528	1,002,337
7,870,919	3,385,340	4,431,372	3,282,920

**City of Adel**



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

David A. Vaudt, CPA  
Auditor of State

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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, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Adel, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated October 17, 2011. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The financial statements of the South Dallas County Landfill Agency are included in these financial statements as a discretely presented component unit. This report does not include the results of the testing of internal control over financial reporting or compliance and other matters reported on in the financial statements of the South Dallas County Landfill Agency.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Adel'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 Adel's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Adel'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, 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 Adel's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items (A) and (B) 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 the accompanying Schedule of Findings as items (C), (D), (E) and (F) to be significant deficiencies.

## Compliance and Other Matters

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

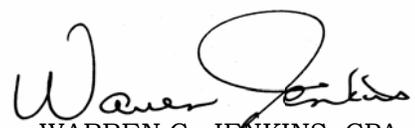
Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions 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 Adel's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City of Adel'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 Adel and other parties to whom the City of Adel may report 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 Adel 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

October 17, 2011

City of Adel

Schedule of Findings

Year ended June 30, 2011

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Generally, one individual has control over each of the following areas:
- (1) Cash – handling, reconciling and recording.
  - (2) Investments – recordkeeping, investing and reconciling earnings.
  - (3) Long-term debt – recordkeeping, compliance and debt payment processing.
  - (4) Receipts – collecting, depositing, journalizing, reconciling and posting.
  - (5) Utility – billing, collecting, depositing and posting.
  - (6) Disbursements – invoice processing, check writing, reconciling and recording.
  - (7) Payroll – recordkeeping, preparation and distribution.
  - (8) Information system (computer usage) – performing all general accounting functions, journal entries and controlling all data input and output.

In addition, for reconciliations prepared, independent reviews are not performed.

For the Adel Library Foundation, one individual has control over each of the following areas:

- (1) Cash – handling, reconciling and recording.
- (2) Receipts – collecting, depositing, posting and reconciling.
- (3) Disbursements - preparing, recording and reconciling.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City and Library Foundation should review their control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Independent reviews of reconciliations prepared should be performed and the review should be documented by the initials or signature of the reviewer and the date of the review.

Response – The City will work with the City Council to establish and implement a policy regarding internal controls for all financial transactions. We will also have someone from the City Council do random reviews of financial transactions throughout the year.

Conclusion – Response accepted.

City of Adel

Schedule of Findings

Year ended June 30, 2011

- (B) Financial Reporting – During the audit, we identified material amounts of receipts, disbursements and journal entries not posted correctly. Adjustments were subsequently made by the City to properly report the amounts in the City's financial statements.

Recommendation – The City should implement procedures to ensure receipts, disbursements and journal entries are properly recorded in the City's financial statements.

Response – The City will work with the City Council to establish and implement a policy regarding internal controls for all financial transactions. We will also have someone from the City Council do random reviews of financial transactions throughout the year.

Conclusion – Response accepted.

- (C) Information Systems – The following weaknesses in the City's computer based system were noted:

The City does not have written policies for:

- Requiring time out/log off or screen saver passwords to protect computer terminals when not in use.
- Requiring use of passwords and requiring passwords be changed at least every 60 to 90 days.

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

Response – The City will work with the City Council to establish and implement a policy addressing time out/log off when the computer is not in use. We will also work with Mainstay to set up the computers to require password changes every 60 to 90 days.

Conclusion – Response accepted.

- (D) Journal Entries - Supporting documentation was not available to support certain entries. In addition, journal entries were not reviewed and approved by an independent person.

Recommendation – To strengthen controls, journal entries should be supported, reviewed and approved by an independent person.

Response – The City will work with the City Council to establish and implement policies and procedures for input and independent review of all journal entries.

Conclusion – Response accepted.

City of Adel

Schedule of Findings

Year ended June 30, 2011

- (E) Parks and Recreation Receipts Process – Generally, one individual has control over collecting, depositing and reconciling parks and recreation receipts for which no compensating controls exist.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the operating procedures should be reviewed to obtain the maximum internal control possible under the circumstances. Currently available staff, including elected officials, should be utilized to provide additional control through review of financial transactions and reconciliations.

Response – The City will work with the City Council to establish and implement a policy regarding internal controls for all financial transactions. We will also have someone on the City Council do random reviews of financial transactions throughout the year.

Conclusion – Response accepted.

- (F) Library Change Fund – The Library collects fees for copy and fax services, along with donations or gifts for Library operations and improvements. Periodically, these receipts are given to the City Clerk for inclusion in the accounting records. The Library withholds approximately \$30 in bills and coins to continue to make change, as necessary, from these receipts. The City Council has not approved a change fund for the Library and the change fund is not maintained on an imprest basis.

Recommendation – If the City Council determines a change fund is necessary at the Library, a specific amount should be established and approved. This change fund should then be maintained on an imprest basis to improve the accountability for cash and provide for the reconciliation of receipts and deposits.

Response – The City and Library staff will work with the City Council to determine if a change fund is necessary and will then be put into place should the City Council find the need. It will also then be operated under an imprest system.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

City of Adel

Schedule of Findings

Year ended June 30, 2011

**Other Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Disbursements during the year ended June 30, 2011 exceeded the amounts budgeted in the public works, general government, debt service and business type activities functions. 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 – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The City will work to amend the budget before disbursements exceed the budget.

Conclusion – Response accepted.

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

Name, Title and Business Connection	Transaction Description	Amount
Doug Cook, Public Works Employee, Owner of Cooks Construction	Well repair	\$300

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, these transactions do not appear to represent conflicts of interest since total transactions were less than \$1,500 during the fiscal year.

- (5) 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.
- (6) Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.
- (8) Revenue Notes – No instances of non-compliance with revenue note requirements for the year ended June 30, 2011 were noted.

City of Adel

Schedule of Findings

Year ended June 30, 2011

- (9) Payment of General Obligation Bonds – Certain general obligation bonds were paid from the Internal Service, Equipment Replacement Fund and the Capital Projects Fund. Chapter 384.4 of the Code of Iowa states, in part, “Moneys pledged or available to service general obligation bonds, and received from sources other than property tax, must be deposited in the debt service fund.”

Recommendation – The City should transfer to the Debt Service Fund for future funding contributions. Payment of the notes should then be disbursed from the Debt Service Fund.

Response – The City will ensure resources are transferred to the Debt Service Fund before making payments on notes.

Conclusion – Response accepted.

- (10) Tax Increment Financing (TIF) – Chapter 403.19 of the Code of Iowa provides a municipality shall certify indebtedness to the County Auditor. Such certification makes it a duty of the County Auditor to provide for the division of taxes to repay the certified indebtedness. Chapter 403.19 of the Code of Iowa does not allow a municipality to set aside taxes divided for tax increment purposes for future urban renewal projects. Indebtedness incurred is to be certified to the County Auditor and the divided taxes are to be used to pay the principal of and interest on the certified indebtedness. In addition, Chapter 403.19(5)(b) requires the City to certify the amount of reductions resulting from reduction in debt or for any other reason to the County Auditor.

The City has used TIF receipts to pay general obligation debt, legal and other fees and economic development grants, but has not certified these costs as TIF debt.

Recommendation – The City should consult TIF legal counsel to determine the disposition of the City’s TIF certifications and the amount of TIF debt to be certified.

Response – The City is working with legal counsel regarding TIF certification and the amount of TIF debt to be certified. We will also specify in greater detail the purpose of the TIF asking.

Conclusion – Response accepted.

- (11) Unclaimed Property – Chapter 556.11 of the Code of Iowa requires each City to report and remit obligations, including checks, outstanding for more than two years to the State Treasurer’s Office annually. The City did not remit these obligations as required.

Recommendation – Outstanding checks should be reviewed annually and items over two years old should be remitted to the State Treasurer’s Office as required.

Response – The City will have the City Clerk follow through with an annual review and submittal of outstanding obligations and checks to the State Treasurer’s Office.

Conclusion – Response accepted.

City of Adel

Schedule of Findings

Year ended June 30, 2011

- (12) Financial Condition – The Special Revenue, Short Term Projects Fund, the Debt Service Fund and the Capital Projects Fund had deficit balances of \$1,376, \$36,378 and \$292,289, respectively, at June 30, 2011.

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

Response – The City will work with staff and the City Council to eliminate the deficits in the funds.

Conclusion – Response accepted.

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City of Adel

Staff

This audit was performed by:

Pamela J. Bormann, CPA, Manager  
Brett M. Zeller, Senior Auditor  
Chad W. Baker, Assistant Auditor  
Ryan T. Jelsma, Assistant Auditor



Andrew E. Nielsen, CPA  
Deputy Auditor of State