



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

March 7, 2012

Contact: Andy Nielsen
515/281-5834

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

The City's receipts totaled \$9,342,479 for the year ended June 30, 2011, a 7% decrease from the prior year. The receipts included \$2,125,700 in property tax, \$170,716 from tax increment financing, \$2,464,444 from charges for service, \$798,709 from operating grants, contributions and restricted interest, \$723,367 from capital grants, contributions and restricted interest, \$544,659 from local option sales tax, \$2,305,875 in bond proceeds, \$55,230 from unrestricted interest on investments and \$153,779 from other general receipts.

Disbursements for the year totaled \$9,462,149, a 16% decrease from the prior year, and included \$2,451,691 for public safety, \$787,651 for public works and \$683,139 for culture and recreation. Also, disbursements for business type activities totaled \$3,849,692.

The significant decrease in disbursements was due to \$1,665,000 of bonds refunded in the prior year.

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/1120-0647-B00F.pdf>.

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CITY OF RED OAK

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

JUNE 30, 2011

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City of Red Oak

Officials

<u>Name</u>	<u>Title</u>	<u>Expires</u>
Ted A. Schoonover	Mayor	Jan 2012
Tom Pratt	Mayor Pro Tem	Jan 2014
Larry Brandstetter	Council Member	Jan 2012
Ivan Craig	Council Member	(Resigned)
Larry Barnett (Appointed)	Council Member	Nov 2011
Roger Waggener	Council Member	Jan 2012
Mark Gregg	Council Member	Jan 2014
Brad Wright	Administrator	Indefinite
Mary Bolton	Clerk	Indefinite
Stephen Hays	Treasurer	Indefinite
Tom Stamets	Attorney	Indefinite

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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Red Oak, 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 Red Oak'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.

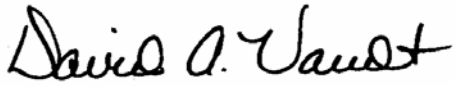
As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

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, each major fund and the aggregate remaining fund information of the City of Red Oak 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.

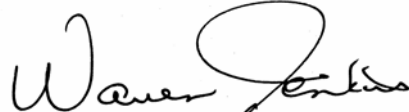
In accordance with Government Auditing Standards, we have also issued our report dated February 21, 2012 on our consideration of the City of Red Oak's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements 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 30 through 32 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 Red Oak's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2010 (which are not presented herein) and 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

February 21, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Red Oak 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 37.0%, or approximately \$3,193,000, from fiscal year 2010 to fiscal year 2011. The decrease was primarily due to the City receiving bond proceeds of \$2,550,700 in fiscal year 2010.
- Disbursements for governmental activities decreased 40.3%, or approximately \$3,791,000, from fiscal year 2010 to fiscal year 2011. Capital projects disbursements decreased approximately \$2,596,000 during fiscal year 2011 and \$1,665,000 of general obligation notes were refunded during fiscal year 2010.
- The City's total cash basis net assets decreased 1.8%, or approximately \$120,000, from June 30, 2010 to June 30, 2011. Of this amount, the cash basis net assets of the governmental activities decreased approximately \$183,000 and the cash basis net assets of the business type activities increased approximately \$64,000.

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 and proprietary 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 and landfill activities. 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, Employee Benefits and Local Option Sales Tax, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Funds. 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.

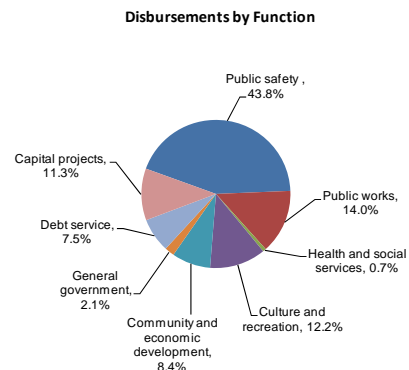
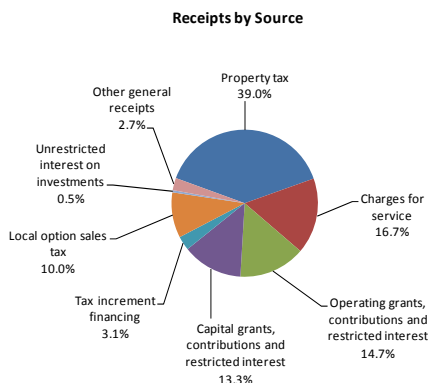
2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains three Enterprise Funds to provide separate information for the Water, Sewer and Landfill Funds. The Water and Sewer Funds are considered to be major funds of 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 approximately \$3.9 million to approximately \$3.7 million. 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,	
	2011	2010
Receipts:		
Program receipts:		
Charges for service	\$ 906,477	713,409
Operating grants, contributions and restricted interest	798,709	838,523
Capital grants, contributions and restricted interest	723,367	1,464,533
General receipts:		
Property tax	2,125,700	2,252,666
Tax increment financing	170,716	91,392
Local option sales tax	544,659	484,199
Unrestricted interest on investments	24,953	63,789
Bond proceeds	-	2,550,700
Other general receipts	148,511	177,057
Total receipts	5,443,092	8,636,268
Disbursements:		
Public safety	2,451,691	2,167,493
Public works	787,651	802,415
Health and social services	39,595	10,006
Culture and recreation	683,139	655,112
Community and economic development	471,518	279,102
General government	119,821	123,141
Debt service	423,037	468,832
Capital projects	636,005	3,231,951
General obligation notes refunded	-	1,665,000
Total disbursements	5,612,457	9,403,052
Change in cash basis net assets before transfers	(169,365)	(766,784)
Operating transfers, net	(14,000)	71,851
Decrease in cash basis net assets	(183,365)	(694,933)
Cash basis net assets beginning of year	3,884,946	4,579,879
Cash basis net assets end of year	\$ 3,701,581	3,884,946



The City's total receipts for governmental activities decreased 37.0%, or approximately \$3,193,000. The total cost of all programs and services decreased approximately \$3,791,000, or 40.3%. The decrease in receipts was primarily the result of bond proceeds of \$2,550,700 received during fiscal year 2010. The decrease in disbursements was primarily the result of a decrease in capital projects disbursements of approximately \$2,596,000 during fiscal year 2011 and \$1,665,000 of general obligation notes refunded during fiscal year 2010.

The cost of all governmental activities this year was approximately \$5.6 million, compared to approximately \$9.4 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 approximately \$3.2 million because some of the cost was paid by those who directly benefited from the programs (\$906,000) or by other governments and organizations which subsidized certain programs with grants, contributions and restricted interest (\$1,522,000). The City paid for the remaining "public benefit" portion of governmental activities with approximately \$3,001,000 in property tax (some of which could only be used for certain programs) and with other receipts, such as interest, local option sales tax and miscellaneous receipts.

Changes in Cash Basis Net Assets of Business Type Activities		
	Year ended June 30,	
	2011	2010
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 922,019	845,415
Sewer	564,940	502,867
Landfill	71,008	72,121
General receipts:		
Unrestricted interest on investments	30,277	29,592
Other general receipts	5,268	8,422
General obligation sewer bond proceeds	2,305,875	-
Total receipts	<u>3,899,387</u>	<u>1,458,417</u>
Disbursements:		
Water	897,657	892,403
Sewer	2,915,119	989,097
Landfill	36,916	36,677
Total disbursements	<u>3,849,692</u>	<u>1,918,177</u>
Change in cash basis net assets before transfers	49,695	(459,760)
Operating transfers, net	14,000	(71,851)
Change in cash basis net assets	63,695	(531,611)
Cash basis net assets beginning of year	2,657,555	3,189,166
Cash basis net assets end of year	<u>\$ 2,721,250</u>	<u>2,657,555</u>

Total business type activities receipts increased \$2,440,970, or 167%. Total disbursements for the fiscal year increased 101%, or \$1,931,515. The increase in disbursements is primarily due to a sewer capital project in fiscal year 2011. The increase in receipts is due to receiving bond proceeds of \$2,305,875. The cash balance increased \$63,695 from the prior year.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Red Oak completed the year, its governmental funds reported a combined fund balance of \$ 3,701,581, a decrease of approximately \$183,000 compared to last year's total of \$3,884,946. 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 \$211,965 from the prior year to \$1,447,115. Receipts increased \$200,569, disbursements increased \$98,358 and transfers out increased \$94,672. The increase in receipts was primarily the result of \$105,386 more ambulance receipts due to the operation of a second ambulance in the current year. The increase in transfers out was primarily the result of closing deficit balances in the Capital Projects Fund.
- The Special Revenue, Road Use Tax Fund cash balance increased \$132,188 to \$675,558. This increase was primarily due to a decrease in public works disbursements due to weather conditions from the prior year.
- The Special Revenue, Employee Benefits Fund cash balance decreased \$45,116 during the fiscal year to \$724,680 at June 30, 2011. The decrease is attributable to increases in insurance costs.
- The Special Revenue, Local Option Sales Tax Fund was established to account for special sales tax collected. At the end of the fiscal year, the cash balance was \$374,504, a decrease of \$313,385 from the prior year. Total disbursements increased \$206,931, due primarily to the purchase of two fire trucks in fiscal year 2011, and transfers out increased \$57,263 for debt service requirements.
- The Debt Service Fund cash balance increased \$77,406 during the fiscal year to \$342,318 at June 30, 2011. This increase was primarily due to a decrease in debt service requirements and an increase in transfers in.
- The Capital Projects Fund cash balance increased \$289,895 during the fiscal year to (\$382,171) at June 30, 2011. The City spent a total of \$636,005 on construction projects in the current year, compared to \$3,227,325 in the prior year. The decrease in disbursements is primarily due to the completion of airport and library projects. Intergovernmental receipts decreased \$805,088 from the prior year, primarily due to decreases in airport and library grants.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Water Fund cash balance increased \$50,584 to \$1,055,686 at June 30, 2011. Total receipts increased \$75,588 while disbursements increased \$5,254 during the year.
- The Enterprise, Sewer Fund cash balance decreased \$20,981 to \$1,322,030 at June 30, 2011. Total receipts increased \$2,366,495 while disbursements increased \$1,926,022 during the year. The increase in receipts was primarily due to the City receiving sewer bond proceeds of \$2,305,875 during fiscal year 2011. The increase in disbursements is primarily due to the wastewater treatment improvement project.

BUDGETARY HIGHLIGHTS

The City's receipts were \$6,328,789 less than budgeted. This was primarily due to the City budgeting for approved grant receipts and bond proceeds for the wastewater treatment improvement project which were not received during the fiscal year.

Total disbursements were \$4,600,836 less than budgeted. Actual disbursements for the public safety, health and social services and community and economic development functions were \$232,171, \$25,095 and \$85,513 more than budgeted, respectively. Disbursements were \$1,076,495 less than budgeted in the capital projects function due to delays in the airport project and \$3,674,393 less than budgeted in business type activities due to delays in the wastewater treatment improvement project.

DEBT ADMINISTRATION

At June 30, 2011, the City had \$4,253,500 in bonds outstanding, compared to \$2,230,000 last year. Debt increased as a result of issuing \$2,350,000 of general obligation sewer improvement bonds and \$28,500 of sewer revenue bonds during the year.

	Outstanding Debt at Year-End	
	June 30,	
	2011	2010
General obligation bonds	\$ 4,225,000	2,230,000
Sewer revenue bonds	28,500	-
Total	\$ 4,253,500	2,230,000

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 property within the City’s corporate limits. The City’s outstanding general obligation debt of \$5,345,643, including tax increment financing rebate agreements of \$1,120,643, is significantly below its constitutional debt limit of approximately \$10,463,000. Additional information about the City’s debt is presented in Notes 3 and 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

The City of Red Oak’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 City as of June 30, 2011 stood at 6.6%, versus 8.2% a year ago. This compares with the State’s unemployment rate of 6.0% and the national rate of 9.2%.

These factors were taken into account when adopting the budget for fiscal year 2012. Property tax revenues available for appropriation in the fiscal year 2012 operating budget are approximately \$2.124 million, an increase of 5.1% over the fiscal year 2011 budget. Budgeted disbursements of \$14,013,699 remain fairly steady compared to the fiscal year 2011 budget. The City has added no major new programs or initiatives.

If these estimates are realized, the City’s June 30, 2012 budgeted cash balance is expected to decrease \$4,626,488 during the year.

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 Mary Bolton, City Clerk, 601 N. 6th Street, City of Red Oak, Iowa 51566.

Basic Financial Statements

City of Red Oak

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
Functions/Programs:				
Governmental activities:				
Public safety	\$ 2,451,691	552,665	60,606	-
Public works	787,651	225,792	586,144	-
Health and social services	39,595	3,100	-	-
Culture and recreation	683,139	103,685	101,959	-
Community and economic development	471,518	3,802	50,000	-
General government	119,821	17,433	-	-
Debt service	423,037	-	-	-
Capital projects	636,005	-	-	723,367
Total governmental activities	5,612,457	906,477	798,709	723,367
Business type activities:				
Water	897,657	922,019	-	-
Sewer	2,915,119	564,940	-	-
Landfill	36,916	71,008	-	-
Total business type activities	3,849,692	1,557,967	-	-
Total	\$ 9,462,149	2,464,444	798,709	723,367
General Receipts and Transfers:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Unrestricted interest on investments				
Bond proceeds, net of \$44,125 discount				
Sale of capital assets				
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:				
Nonexpendable:				
Permanent funds				
Expendable:				
Streets				
Employee benefits				
Debt service				
Local option sales tax				
Fire department				
Urban renewal purposes				
Library				
Other purposes				
Landfill purposes				
Unrestricted				
Total cash basis net assets				

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(1,838,420)	-	(1,838,420)
24,285	-	24,285
(36,495)	-	(36,495)
(477,495)	-	(477,495)
(417,716)	-	(417,716)
(102,388)	-	(102,388)
(423,037)	-	(423,037)
87,362	-	87,362
(3,183,904)	-	(3,183,904)
-	24,362	24,362
-	(2,350,179)	(2,350,179)
-	34,092	34,092
-	(2,291,725)	(2,291,725)
(3,183,904)	(2,291,725)	(5,475,629)
1,914,068	-	1,914,068
211,632	-	211,632
170,716	-	170,716
544,659	-	544,659
24,953	30,277	55,230
-	2,305,875	2,305,875
17,017	-	17,017
131,494	5,268	136,762
(14,000)	14,000	-
3,000,539	2,355,420	5,355,959
(183,365)	63,695	(119,670)
3,884,946	2,657,555	6,542,501
\$ 3,701,581	2,721,250	6,422,831
\$ 250,920	-	250,920
735,558	-	735,558
724,680	-	724,680
342,318	-	342,318
374,504	-	374,504
33,469	-	33,469
103,074	-	103,074
119,969	-	119,969
24,078	-	24,078
-	295,425	295,425
993,011	2,425,825	3,418,836
\$ 3,701,581	2,721,250	6,422,831

City of Red Oak

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	Employee Benefits	Local Option Sales Tax
Receipts:				
Property tax	\$ 1,082,998	-	749,089	-
Tax increment financing	-	-	-	-
Other city tax	61,368	-	20,613	544,659
Licenses and permits	60,593	-	-	-
Use of money and property	24,953	-	-	-
Intergovernmental	118,295	551,863	-	-
Charges for service	640,212	-	-	-
Special assessments	-	-	-	-
Miscellaneous	303,654	-	14,382	-
Total receipts	2,292,073	551,863	784,084	544,659
Disbursements:				
Operating:				
Public safety	1,292,935	-	581,985	527,143
Public works	239,680	441,804	106,167	-
Health and social services	39,595	-	-	-
Culture and recreation	539,233	-	126,156	82
Community and economic development	-	-	-	42,008
General government	104,929	-	14,892	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	2,216,372	441,804	829,200	569,233
Excess (deficiency) of receipts over (under) disbursements	75,701	110,059	(45,116)	(24,574)
Other financing sources (uses):				
Sale of capital assets	17,017	-	-	-
Operating transfers in	8,047	22,129	-	-
Operating transfers out	(312,730)	-	-	(288,811)
Total other financing sources (uses)	(287,666)	22,129	-	(288,811)
Net change in cash balances	(211,965)	132,188	(45,116)	(313,385)
Cash balances beginning of year	1,659,080	543,370	769,796	687,889
Cash balances end of year	\$ 1,447,115	675,558	724,680	374,504
Cash Basis Fund Balances				
Nonspendable:				
Cemetery perpetual care	\$ -	-	-	-
Library bequest	-	-	-	-
Restricted for:				
Streets	-	675,558	-	-
Employee benefits	-	-	724,680	-
Debt service	-	-	-	-
Local option sales tax	-	-	-	374,504
Fire department	-	-	-	-
Urban renewal purposes	-	-	-	-
Library	64,957	-	-	-
Other purposes	6,976	-	-	-
Assigned for:				
Sewer wastewater treatment plant	500,000	-	-	-
Historic preservation	5,694	-	-	-
Unassigned	869,488	-	-	-
Total cash basis fund balances	\$ 1,447,115	675,558	724,680	374,504

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
200,739	-	-	2,032,826
	-	170,716	170,716
10,893	-	-	637,533
	-	-	60,593
	4,385	1,248	30,586
	619,269	82,933	1,372,360
	-	-	640,212
	3,433	-	3,433
	96,279	63,501	477,816
211,632	723,366	318,398	5,426,075
-	-	49,628	2,451,691
-	-	-	787,651
-	-	-	39,595
-	-	17,668	683,139
-	-	429,510	471,518
-	-	-	119,821
423,037	-	-	423,037
-	636,005	-	636,005
423,037	636,005	496,806	5,612,457
(211,405)	87,361	(178,408)	(186,382)
	-	-	17,017
288,811	231,710	66,020	616,717
-	(29,176)	-	(630,717)
288,811	202,534	66,020	3,017
77,406	289,895	(112,388)	(183,365)
264,912	(672,066)	631,965	3,884,946
342,318	(382,171)	519,577	3,701,581
-	-	209,920	209,920
-	-	41,000	41,000
-	-	60,000	735,558
-	-	-	724,680
342,318	-	-	342,318
-	-	-	374,504
-	-	33,469	33,469
-	-	103,074	103,074
-	-	55,012	119,969
-	-	17,102	24,078
-	-	-	500,000
-	-	-	5,694
-	(382,171)	-	487,317
342,318	(382,171)	519,577	3,701,581

Exhibit C

City of Red Oak

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

As of and for the year ended June 30, 2011

	Enterprise			Total
	Water	Sewer	Nonmajor Landfill	
Operating receipts:				
Charges for service	\$ 909,247	564,940	71,008	1,545,195
Miscellaneous	12,772	-	-	12,772
Total operating receipts	922,019	564,940	71,008	1,557,967
Operating disbursements:				
Business type activities	768,362	446,554	36,916	1,251,832
Excess of operating receipts over operating disbursements	153,657	118,386	34,092	306,135
Non-operating receipts (disbursements):				
Interest on investments	15,449	14,828	-	30,277
Miscellaneous	3,773	1,495	-	5,268
Capital projects	(129,295)	(2,461,013)	-	(2,590,308)
Debt service	-	(7,552)	-	(7,552)
General obligation sewer bond proceeds, net of \$44,125 discount	-	2,305,875	-	2,305,875
Total non-operating receipts (disbursements)	(110,073)	(146,367)	-	(256,440)
Excess (deficiency) of receipts over (under) disbursements	43,584	(27,981)	34,092	49,695
Transfers:				
Operating transfers in	7,000	7,000	-	14,000
Net change in cash balances	50,584	(20,981)	34,092	63,695
Cash balances beginning of year	1,005,102	1,343,011	309,442	2,657,555
Cash balances end of year	\$ 1,055,686	1,322,030	343,534	2,721,250
Cash Basis Fund Balances				
Restricted for landfill purposes	\$ -	-	295,425	295,425
Unrestricted	1,055,686	1,322,030	48,109	2,425,825
Total cash basis fund balances	\$ 1,055,686	1,322,030	343,534	2,721,250

See notes to financial statements.

City of Red Oak

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies

The City of Red Oak is a political subdivision of the State of Iowa located in Montgomery County. It was first incorporated in 1901 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 and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Red Oak 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 Red Oak (the primary government) and its blended component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended Component Unit

The following component unit is legally separate from the City, but is so intertwined with the City it is, in substance, the same as the City. It is reported as part of the City and blended into the appropriate fund.

The Red Oak Volunteer Fire and Rescue Association, Inc. has been incorporated under the provisions of the Iowa Nonprofit Corporation Act for the purpose of supporting the Red Oak Fire Department. In accordance with criteria set by the Governmental Accounting Standards Board, the Red Oak Volunteer Fire and Rescue Association, Inc. meets the definition of a component unit which should be blended. The financial activity of the component unit has been blended as a Special Revenue Fund of the City.

Jointly Governed Organizations

The City participates in several jointly governed organizations for which the City is not financially accountable or the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following boards and commissions: Montgomery County Assessor's

Conference Board, Montgomery County Emergency Management Commission, Montgomery County Joint E911 Service Board and the Southwest Iowa Planning Council (SWIPCO) Regional Planning Commission.

The City also participates in the Montgomery County Landfill Association, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa.

Related Organizations

The City is responsible for appointing a majority of the voting members of the Low Rent Housing Board, but the City's accountability for this organization does not extend beyond making the appointments.

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/components:

Nonexpendable restricted net assets are subject to externally imposed stipulations which require them to be maintained permanently by the City, including the City's Permanent Funds.

Expendable 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 categories. 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 and proprietary funds are aggregated and reported as nonmajor governmental and proprietary 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 Employee Benefits Fund is used to account for property tax levied to finance the payment of employee benefits.

The Local Option Sales Tax Fund is used to account for receipts from the tax authorized by referendum and used for public safety and property tax relief.

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.

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:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

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.

Assigned – Amounts the City intends to use for specific purposes as determined by the City Council, City Administrator or City Clerk.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, disbursements exceeded the amounts budgeted in the public safety, health and social services and community and economic development functions.

(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.

The City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$55,772 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

(3) Long-Term Debt

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 305,000	130,103	435,103
2013	360,000	97,155	457,155
2014	365,000	92,925	457,925
2015	365,000	87,320	452,320
2016	380,000	80,508	460,508
2017-2021	1,670,000	256,583	1,926,583
2022-2025	780,000	64,993	844,993
Total	\$ 4,225,000	809,587	5,034,587

Sewer Revenue Bonds

On October 29, 2010, the City entered into a State Revolving Fund loan and disbursement agreement with the Iowa Finance Authority, the Iowa Department of Natural Resources and Wells Fargo Bank Iowa, N.A. (Trustee) for the issuance of \$2,850,000 of sewer revenue bonds with interest at 3.0% per annum. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. The bonds were issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa to pay the cost of constructing improvements and extensions to the City's sewer system. The funds are to be drawn down by the City from the Trustee upon request to reimburse the City for costs as they were incurred. At June 30, 2011, the City had not drawn down any of the funds authorized, but the City was assessed a 1% loan initiation fee of \$28,500. The loan initiation fee will be withheld from the first proceeds of the sewer revenue bonds drawn by the City. Wells Fargo Bank Iowa, N.A., has the funds in trust, which the City will request as the project progresses. A formal repayment schedule has not yet been adopted.

(4) Development Agreements

Rebate Agreements

The City has entered into various development agreements to assist in certain urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developer in exchange for the construction of buildings and certain infrastructure improvements by the developers. Certain agreements also require the developer to certify specific employment requirements are met.

The total to be paid by the City under the agreements is not to exceed \$1,753,850. The total amount rebated during the year ended June 30, 2011 was \$179,953. The City has rebated a total of \$503,207 of incremental property tax under the agreements. The outstanding balance of the agreements at June 30, 2011 was \$1,250,643.

These agreements are not a general obligation of the City. However, the agreements are subject to the constitutional debt limitation of the City, except for the portion requiring an annual appropriation by the Council (\$130,000 at June 30, 2011).

Development Agreement

The City entered into a development agreement in March 2010 for renovation and redevelopment of property owned by the developer. In addition to rebate payments required to be paid under the agreement, the City also agrees to provide three economic development loans totaling \$260,000 to be paid to the developer at various phases of the project. The loans shall be evidenced by the execution of promissory notes. The loans bear interest at 6% and the principal and interest on the loans are due on March 1, 2015. The City agrees to fully forgive the principal and interest on the loans upon the successful completion of the project, including meeting certain residential unit occupancy requirements by specified dates. During the year ended June 30, 2011, the City loaned \$175,000 to the developer. At June 30, 2011, the balance of the forgivable loans was \$260,000, of which no portion has been forgiven by the City.

(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 4.50% 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 \$155,128, \$143,803 and \$135,573, respectively, equal to the required contributions for each year.

(6) 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 47 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 fully-insured plans with Wellmark and Delta Dental. Retirees under age 65 would pay the same premium for the medical/prescription drug and dental benefits as active employees.

Funding Policy – The contribution requirement 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 \$540 for single coverage and \$1,670 for family coverage. The same monthly premiums would apply to retirees. For the year ended June 30, 2011, the City contributed \$590,887 and plan members eligible for benefits contributed \$34,687 to the plan.

(7) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation, compensatory time and sick leave 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, compensatory time and sick leave payable to employees at June 30, 2011, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 74,000
Compensatory time	47,000
Sick leave	<u>84,000</u>
Total	<u>\$205,000</u>

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

(8) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Capital Projects	\$ 8,047
Special Revenue:		
Road Use Tax	General	15,000
	Capital Projects	7,129
Tax Increment Financing	General	65,000
CDBG Nishna Productions	General	595
Cemetery Kiosk	General	425
		<u>88,149</u>
Debt Service	Special Revenue:	
	Local Option Sales Tax	<u>288,811</u>
Capital Projects	General	<u>231,710</u>
Enterprise:		
Water	Capital Projects	7,000
Sewer		<u>7,000</u>
Total		<u>\$ 630,717</u>

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

(9) Interfund Loan

The detail of the interfund loan at June 30, 2011 is as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Special Revenue:		
Tax Increment Financing	General	<u>\$ 65,000</u>

An advance was made from the General Fund to the Special Revenue, Tax Increment Financing Fund to provide an economic development grant for an urban renewal project. The loan will be repaid through transfers from the Special Revenue, Tax Increment Financing Fund as receipts of the fund become available.

(10) Risk Management

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 645 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150% of the total current

members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2011 were \$117,265.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000 such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

The City also carries commercial insurance purchased from other insurers for coverage associated with the airport liability, employee blanket bond and workers compensation in the amount of \$2,000,000, \$100,000 and \$500,000 respectively. The City assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Industrial Development Revenue Bonds

The City has issued a total of \$1,050,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$640,000 is outstanding at June 30, 2011. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the City.

(12) Library Bequests

The Library has received various restricted bequests. At June 30, 2011, the Library Bequest Fund included a total of \$41,000 of memorials, as follows:

Name of Memorial	Amount	Purpose
Julia Lane	\$ 10,000	Interest to be used for the purchase of reference books.
Darwin Merritt	1,000	Interest to be used for the purchase of books and furniture.
Mary Windle	1,000	Interest to be used for the purchase of "standard authors" to be placed in a separate "Mary Windle Collection."
Herbert C. Lane	1,000	Interest to be used for the purchase of reference books for the "Lane Memorial Collection."
Virginia A. Petty	25,000	Interest to be used to purchase library materials.
Hazel Lusk	<u>3,000</u>	Interest to be used at Board's discretion.
Total	<u>\$ 41,000</u>	

(13) Komarek Trust

The City receives \$600 annually from the trustee of the Komarek Trust to be used for maintenance of cemetery chapel grounds and roadways and for placement of flowers on certain graves. During the year ended June 30, 2011, the City spent \$18 of these funds for flowers. At June 30, 2011, the balance in the Special Revenue, Komarek Trust Fund totaled \$12,672.

(14) Contingent Liability

The City entered into a joint agreement with the U.S. Environmental Protection Agency (EPA) with respect to contamination at the former site of the Red Oak Landfill. Under the terms of the settlement agreement, the City and Magna International are jointly responsible for the operation and maintenance of the remedy for a period of 30 years. The City and Magna International are required to establish and maintain financial security in the amount of \$735,100, for which both the City and Magna International are jointly responsible only if they fail to carry out the program in making the necessary reports to the EPA. At June 30, 2011, all monitoring and maintenance activities were completed.

(15) Commitments

The City entered into contracts for water treatment plant improvements and a trail project totaling \$7,805,732, of which \$2,980,790 has been paid at June 30, 2011. The balance of \$4,824,942 will be paid as work on the projects progresses.

(16) Deficit Balance

At June 30, 2011, the Capital Projects Fund had a deficit balance of \$382,171. The deficit balance in the Capital Projects Fund will be eliminated through future transfers from other funds.

City of Red Oak

Required Supplementary Information

City of Red Oak

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	\$ 2,032,826	-	-
Tax increment financing	170,716	-	-
Other city tax	637,533	-	-
Licenses and permits	60,593	-	-
Use of money and property	30,586	30,277	344
Intergovernmental	1,372,360	-	-
Charges for service	640,212	1,545,195	-
Special assessments	3,433	-	-
Miscellaneous	477,816	18,040	60,261
Total receipts	<u>5,426,075</u>	<u>1,593,512</u>	<u>60,605</u>
Disbursements:			
Public safety	2,451,691	-	49,628
Public works	787,651	-	-
Health and social services	39,595	-	-
Culture and recreation	683,139	-	-
Community and economic development	471,518	-	-
General government	119,821	-	-
Debt service	423,037	-	-
Capital projects	636,005	-	-
Business type activities	-	3,849,692	-
Total disbursements	<u>5,612,457</u>	<u>3,849,692</u>	<u>49,628</u>
Excess (deficiency) of receipts over (under) disbursements	(186,382)	(2,256,180)	10,977
Other financing sources, net	3,017	2,319,875	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(183,365)	63,695	10,977
Balances beginning of year	3,884,946	2,657,555	22,492
Balances end of year	<u>\$ 3,701,581</u>	<u>2,721,250</u>	<u>33,469</u>

See accompanying independent auditor's report.

Total	Budgeted Amounts Original/Final	Final to Total Variance
2,032,826	2,021,022	11,804
170,716	172,494	(1,778)
637,533	573,437	64,096
60,593	52,500	8,093
60,519	70,800	(10,281)
1,372,360	1,967,456	(595,096)
2,185,407	2,114,959	70,448
3,433	3,433	-
435,595	6,311,670	(5,876,075)
<u>6,958,982</u>	<u>13,287,771</u>	<u>(6,328,789)</u>
2,402,063	2,169,892	(232,171)
787,651	903,117	115,466
39,595	14,500	(25,095)
683,139	725,193	42,054
471,518	386,005	(85,513)
119,821	137,710	17,889
423,037	440,355	17,318
636,005	1,712,500	1,076,495
3,849,692	7,524,085	3,674,393
<u>9,412,521</u>	<u>14,013,357</u>	<u>4,600,836</u>
(2,453,539)	(725,586)	(1,727,953)
<u>2,322,892</u>	-	<u>2,322,892</u>
(130,647)	(725,586)	594,939
<u>6,520,009</u>	<u>4,515,221</u>	<u>2,004,788</u>
<u><u>6,389,362</u></u>	<u><u>3,789,635</u></u>	<u><u>2,599,727</u></u>

City of Red Oak

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 blended component unit. 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, the Permanent Funds 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 ended June 30, 2011, disbursements exceeded the amounts budgeted in the public safety, health and social services and community and economic development functions.

Other Supplementary Information

City of Red Oak

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

As of and for the year ended June 30, 2011

	Volunteer Fire and Rescue Association	I-Jobs Acorn Acres	I-Jobs	Special Tax Increment Financing
Receipts:				
Tax increment financing	\$ -	-	-	170,716
Use of money and property	344	-	-	-
Intergovernmental	-	50,000	32,933	-
Miscellaneous	60,261	-	-	-
Total receipts	60,605	50,000	32,933	170,716
Disbursements:				
Operating:				
Public safety	49,628	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	50,000	-	379,510
Total disbursements	49,628	50,000	-	379,510
Excess (deficiency) of receipts over (under) disbursements	10,977	-	32,933	(208,794)
Other financing sources:				
Operating transfers in	-	-	-	65,000
Net change in cash balances	10,977	-	32,933	(143,794)
Cash balances beginning of year	22,492	-	27,067	246,868
Cash balances end of year	\$ 33,469	-	60,000	103,074
Cash Basis Fund Balances				
Nonspendable:				
Cemetery perpetual care	\$ -	-	-	-
Library Bequest	-	-	-	-
Restricted for:				
Streets	-	-	60,000	-
Fire department	33,469	-	-	-
Urban renewal purposes	-	-	-	103,074
Library	-	-	-	-
Other purposes	-	-	-	-
Total cash basis fund balances	\$ 33,469	-	60,000	103,074

See accompanying independent auditor's report.

Revenue						Permanent			
Low-Moderate Income	CDBG Nishna Productions	Komarek Trust	Cemetery Kiosk	Library Bequest	Library People's Art Projects	Cemetery Perpetual Care	Library Bequest	Total	
-	-	-	-	-	-	-	-	170,716	
-	-	-	-	900	4	-	-	1,248	
-	-	-	-	-	-	-	-	82,933	
-	-	600	-	-	-	2,640	-	63,501	
-	-	600	-	900	4	2,640	-	318,398	
-	-	-	-	-	-	-	-	49,628	
-	-	18	-	17,650	-	-	-	17,668	
-	-	-	-	-	-	-	-	429,510	
-	-	18	-	17,650	-	-	-	496,806	
-	-	582	-	(16,750)	4	2,640	-	(178,408)	
-	595	-	425	-	-	-	-	66,020	
-	595	582	425	(16,750)	4	2,640	-	(112,388)	
4,430	(595)	12,090	(425)	66,542	5,216	207,280	41,000	631,965	
4,430	-	12,672	-	49,792	5,220	209,920	41,000	519,577	
-	-	-	-	-	-	209,920	-	209,920	
-	-	-	-	-	-	-	41,000	41,000	
-	-	-	-	-	-	-	-	60,000	
-	-	-	-	-	-	-	-	33,469	
-	-	-	-	-	-	-	-	103,074	
-	-	-	-	49,792	5,220	-	-	55,012	
4,430	-	12,672	-	-	-	-	-	17,102	
4,430	-	12,672	-	49,792	5,220	209,920	41,000	519,577	

City of Red Oak

City of Red Oak

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

As of and for the year ended June 30, 2011

	Enterprise - Landfill		Total
	Recycling	Superfund	
Operating receipts:			
Charges for service	\$ 39,454	31,554	71,008
Operating disbursements:			
Business type activities	35,500	1,416	36,916
Excess of operating receipts over disbursements	3,954	30,138	34,092
Cash balances beginning of year	44,155	265,287	309,442
Cash balances end of year	\$ 48,109	295,425	343,534
Cash Basis Fund Balances			
Restricted for landfill purposes	\$ -	295,425	295,425
Unrestricted	48,109	-	48,109
	\$ 48,109	295,425	343,534

See accompanying independent auditor's report.

City of Red Oak
 Schedule of Indebtedness
 Year ended June 30, 2011

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Corporate purpose and refunding	Mar 25, 2010	0.5-3.45%	\$ 2,600,000
Sewer improvement	Nov 17, 2010	0.75-3.40	2,350,000
Total			
Revenue bonds:			
Sewer	Oct 29, 2010	* 3.00%	\$ 2,850,000

* The City is required to annually pay a .25% 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
2,230,000	-	355,000	1,875,000	46,638
-	2,350,000	-	2,350,000	-
<u>\$ 2,230,000</u>	<u>2,350,000</u>	<u>355,000</u>	<u>4,225,000</u>	<u>46,638</u>
-	28,500	-	28,500	427

City of Red Oak

City of Red Oak

Bond Maturities

June 30, 2011

Year Ending June 30,	General Obligation Bonds					
	Corporate Purpose and Refunding			Sewer Improvement		
	Issued March 25, 2010			Issued Nov 17, 2010		
	Interest Rates	Amount		Interest Rates	Amount	Total
2012	1.00%	\$ 200,000		0.75%	\$ 105,000	\$ 305,000
2013	1.30	210,000		1.00	150,000	360,000
2014	1.70	215,000		1.30	150,000	365,000
2015	2.10	210,000		1.55	155,000	365,000
2016	2.50	220,000		1.80	160,000	380,000
2017	2.80	230,000		2.10	160,000	390,000
2018	3.10	235,000		2.30	165,000	400,000
2019	3.30	195,000		2.50	170,000	365,000
2020	3.45	160,000		2.70	175,000	335,000
2021		-		2.90	180,000	180,000
2022		-		3.05	185,000	185,000
2023		-		3.15	190,000	190,000
2024		-		3.25	200,000	200,000
2025		-		3.40	205,000	205,000
Total		<u>\$ 1,875,000</u>			<u>\$ 2,350,000</u>	<u>4,225,000</u>

See accompanying independent auditor's report.

City of Red Oak
 Schedule of Receipts by Source and Disbursements By Function –
 All Governmental Funds

For the Last Nine Years

	2011	2010	2009
Receipts:			
Property tax	\$ 2,032,826	2,128,623	2,050,552
Tax increment financing	170,716	91,392	82,158
Other city tax	637,533	608,242	668,751
Licenses and permits	60,593	51,523	61,636
Use of money and property	30,586	81,969	124,911
Intergovernmental	1,372,360	2,283,841	2,020,983
Charges for service	640,212	495,287	548,744
Special assessments	3,433	3,695	3,957
Miscellaneous	477,816	316,029	595,485
Total	<u>\$ 5,426,075</u>	<u>6,060,601</u>	<u>6,157,177</u>
Disbursements:			
Operating:			
Public safety	\$ 2,451,691	2,167,493	2,490,460
Public works	787,651	802,415	796,214
Health and social services	39,595	10,006	8,123
Culture and recreation	683,139	655,112	577,789
Community and economic development	471,518	279,102	164,443
General government	119,821	123,141	157,026
Debt service	423,037	468,832	696,778
Capital projects	636,005	3,231,951	850,782
Total	<u>\$ 5,612,457</u>	<u>7,738,052</u>	<u>5,741,615</u>

See accompanying independent auditor's report.

2008	2007	2006	2005	2004	2003
2,051,128	1,987,915	1,977,212	1,971,911	2,083,572	2,010,066
81,447	201,129	90,136	89,074	259,745	388,647
557,592	646,708	528,603	584,980	547,700	527,394
51,073	49,585	53,302	80,412	16,097	16,188
239,731	251,362	156,388	99,670	76,739	99,181
1,705,840	915,512	576,171	1,546,851	876,268	955,452
580,372	590,031	550,830	558,132	424,815	407,150
4,219	4,481	26,667	9,947	7,867	44,611
452,226	396,528	535,457	263,518	280,962	285,603
5,723,628	5,043,251	4,494,766	5,204,495	4,573,765	4,734,292
1,885,490	1,842,324	1,684,050	1,731,635	1,702,066	1,605,572
800,133	497,363	531,830	576,699	514,779	907,959
29,080	13,591	15,263	16,098	13,339	3,175
580,009	547,171	585,723	690,502	492,602	584,342
298,823	134,446	70,045	76,827	328,252	295,120
112,603	102,300	108,125	115,442	118,595	122,687
699,977	694,634	700,026	1,462,758	936,457	678,723
2,891,634	202,061	449,924	1,916,596	646,885	744,121
7,297,749	4,033,890	4,144,986	6,586,557	4,752,975	4,941,699

City of Red Oak



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David A. Vaudt, CPA
Auditor of State

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 Red Oak, 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 February 21, 2012. 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.

Internal Control Over Financial Reporting

The management of the City of Red Oak is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Red Oak'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 our opinion on the effectiveness of the City of Red Oak's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Red Oak'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 Red Oak's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal controls described in the accompanying Schedule of Findings as items (A) through (D) 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 (E) through (H) to be significant deficiencies.

Compliance and Other Matters

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

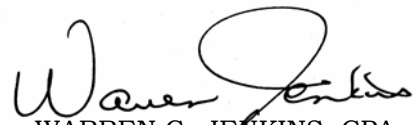
Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions 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 Red Oak'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 Red Oak'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 Red Oak and other parties to whom the City of Red Oak may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Red Oak 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

February 21, 2012

City of Red Oak

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 performing duties which are incompatible. Generally, one or two individuals may have control over the following areas for the City:

- (1) Incoming mail is not opened by an individual not authorized to make entries to the accounting records. A listing of cash and checks received in the mail is not prepared for all receipts, forwarded to accounting personnel and later compared to the cash receipt records by an independent person.
- (2) Receipts – collecting, depositing, journalizing and posting.
- (3) Utility receipts – billing, collecting and posting functions.
- (4) Disbursements – purchasing, recording, reconciling and posting.
- (5) Payroll – preparing, approving and disbursing.

For the Library and the Fire and Rescue Association, one individual has control over each of the following areas:

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

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City, the Library and the Fire and Rescue Association should review their operating procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Evidence of reviews should be indicated by initials of the independent reviewer and the date of the review.

Response – The City will continue to do everything possible to segregate duties to the degree possible with the staff available.

Conclusion – Response accepted.

(B) Financial Reporting – During the audit, we identified material amounts of misclassified receipts. Utility excise tax collections were posted as property tax rather than other city tax. In addition, sewer general obligation bond proceeds were coded as a reimbursement rather than an other financing source. Adjustments were subsequently made to properly record these amounts in the financial statements.

City of Red Oak

Schedule of Findings

Year ended June 30, 2011

Recommendation – The City should implement procedures to ensure all receipts are properly classified and recorded in the City’s financial statements.

Response – An effort will be made in future to ensure funds are going to the correct accounts.

Conclusion – Response accepted.

- (C) Reconciliation of Utility Billings, Collections and Delinquent Accounts – Utility billings, collections and delinquent accounts were not properly reconciled throughout the year. Although the computer system generates a reconciliation report, the amounts on the report are not compared to the utility records to ensure accuracy. In addition, an independent person does not review and approve the reconciliation.

Recommendation – Procedures should be established to compare amounts on the computer generated reconciliation report to utility records for accuracy. An independent person should review the reconciliations and monitor delinquent accounts.

Response – An effort will be made to reconcile in the future.

Conclusion – Response accepted.

- (D) Cemetery Receipts – The City did not record or deposit collections for cemetery lot sales and grave opening fees timely. During the fiscal year ended June 30, 2011, the City deposited \$19,683 of cemetery receipts which had been collected during the two prior fiscal years.

Recommendation – All collections received by the City should be posted and deposited timely.

Response – This situation has been corrected.

Conclusion – Response accepted.

- (E) Information Systems – During our review of internal control, the existing control activities in the City’s computer-based 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 based systems were noted.

The City does not have written policies for:

- Logging off unattended computers.
- A disaster recovery plan for the computer system.
- Requiring employees to periodically change passwords.

City of Red Oak

Schedule of Findings

Year ended June 30, 2011

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

Response – The City does not have a policy about log off and passwords but all office staff have been directed of such requirements. The City will consider options for disaster recovery plan.

Conclusion – Response accepted.

- (F) Separately Maintained Records – The Red Oak Library maintains separate accounting records for certain operations. These transactions and resulting balances are not included in the City’s accounting records. The financial reports prepared by the Library and submitted to the Library Board materially overstated the Library balances at June 30, 2011.

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.” For better accountability, financial and budgetary control, the financial activity and balances of all City accounts should be included in the City’s accounting records and reported to the City Council on a monthly basis. The Library should ensure balances reported on monthly financial reports are accurate.

Response – The City will provide direction to the Library Board outlining the appropriate procedures and requiring compliance with the recommendations.

Conclusion – Response accepted.

- (G) Reconciliation of Ambulance Billings, Collections and Delinquent Accounts – The City contracts with an outside company to perform billing procedures for ambulance services. However, the City does not perform an independent review of the reconciliation of ambulance billings, collections and delinquent accounts.

Recommendation – Procedures should be established for the City to review the reconciliation of ambulance billings, collections and delinquent accounts for each billing period.

Response – These procedures will be adopted.

Conclusion – Response accepted.

- (H) Compensatory Time – During the fiscal year ended June 30, 2011, the City enacted a new employee policy requiring employee compensatory time balances be no more than 40 hours. Employees were given until September 1, 2011 to reduce their balances to 40 hours or less. For 13 of 49 employees reviewed, the balance at September 1, 2011 exceeded 40 hours, with one employee having a balance in excess of 600 hours.

Recommendation – The City should monitor the balances to ensure compliance with the City’s policy.

City of Red Oak

Schedule of Findings

Year ended June 30, 2011

Response – A transitional time period has been allowed for employees to comply with the new limits.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Red Oak

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 safety, health and social services and community and economic development 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 sufficient amounts in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The City will amend future budgets as needed.

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
Tom Pratt, Council Member, Employee of Orscheln’s	Supplies	\$ 5,141
Drue Powers, Police Chief, Owner of Powers Lock	Keys	165
Mike Wise, Spouse of Diane Wise, Utility Clerk, Owner of American Fire Protection	Extinguisher inspections and supplies	1,968

In the opinion of the City Attorney, the transactions with Orscheln’s do not represent a conflict of interest since Mr. Pratt does not own the store and does not profit, directly or indirectly, from store sales. In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with the Police Chief do not appear to represent a conflict of interest since total transactions were less than \$1,500 during the fiscal year. In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with American Fire Protection may represent a conflict of interest since the total transactions exceed \$1,500 during the year.

Recommendation – The City should consult legal counsel to determine the disposition of this matter.

City of Red Oak

Schedule of Findings

Year ended June 30, 2011

Response – We will consult legal counsel. We will ensure we stay within the \$1,500 limitation in the future.

Conclusion – Response accepted.

- (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, except transfers between funds were not always approved by the City Council prior to the actual transfer.

Recommendation – The City Council should approve all transfers and document the approval as part of the minutes record.

Response – These are now approved by Council prior to the transfer being made.

Conclusion – Response accepted.

- (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) Financial Condition – The Capital Projects Fund had a deficit balance at June 30, 2011 of \$382,171.

Recommendation – The City should investigate alternatives to eliminate this deficit to return the fund to a sound financial position.

Response – Transfers will be made upon the completion of the projects.

Conclusion – Response accepted.

- (9) Excessive Balances – The Special Revenue, Employee Benefits Fund cash balance at June 30, 2011 was \$724,680, or 87% of the total disbursements of \$829,200 during the fiscal year. The Debt Service Fund cash balance at June 30, 2011 was \$342,318, or 81% of the total disbursements of \$423,037 during the year ended June 30, 2011.

Recommendation – The City should reduce the balances of the Special Revenue, Employee Benefits and Debt Service Funds to reasonable amounts through reductions in future tax askings.

Response – The City has been reducing the tax asking each year to reduce the Special Revenue, Employee Benefits Fund cash balance. Future bonding will be taking place and this will be taken into consideration for future tax askings for the Debt Service Fund.

Conclusion – Response accepted.

City of Red Oak

Schedule of Findings

Year ended June 30, 2011

- (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 Library does not properly retain electronic images of cancelled checks

Recommendation – The City Library should retain an image of both the front and back of each cancelled check as required.

Response – The Library will be directed to obtain images of all cancelled checks.

Conclusion – Response accepted.

City of Red Oak

Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager
Dorothy O. Stover, Staff Auditor
Ann C. McMinimee, Assistant Auditor
Jason R. Ropte, Auditor Intern

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