



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

June 11, 2010

Contact: Andy Nielsen
515/281-5834

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

The City's receipts totaled \$824,960 for the year ended June 30, 2009. The receipts included \$113,869 in property and other city tax, \$287,813 from tax increment financing, \$233,086 from charges for service, \$121,350 from operating grants, contributions and restricted interest, \$11,557 from capital grants, contributions and restricted interest, \$50,000 from note proceeds and \$7,285 from unrestricted interest on investments.

Disbursements for the year totaled \$804,148, and included \$157,777 for capital projects, \$142,124 for debt service, \$100,474 for public safety and \$98,148 for public works. Also, disbursements for business type activities totaled \$239,978.

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/index.html>.

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

JUNE 30, 2009

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City of Oxford

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Donald H. Saxton	Mayor	Jan 2012
Lynn Crow	Council Member	Jan 2010
Darrell Ealy	Council Member	Jan 2010
Edward Kasper	Council Member	Jan 2012
Twyla Morlan	Council Member	Jan 2012
Gary Wilkinson	Council Member	Jan 2012
Penny K. Jenn	City Clerk	Indefinite
Stephen Greenleaf	City Attorney	Indefinite

City of Oxford



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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 Oxford, Iowa, as of and for the year ended June 30, 2009, 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 Oxford's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Also, as permitted by the Code of Iowa, the accounting records of the City have not been audited for all prior years. Accordingly, we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2008.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2008, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Oxford as of June 30, 2009, 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.

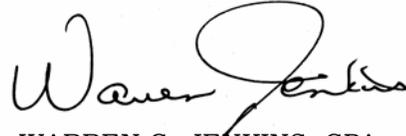
In accordance with Government Auditing Standards, we have also issued our report dated May 5, 2010 on our consideration of the City of Oxford's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other 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 28 through 30 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 Oxford's basic financial statements. Other supplementary information included in Schedules 1 and 2 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

May 5, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Oxford 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, 2009. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

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

2009 FINANCIAL HIGHLIGHTS

- The City's total cash basis net assets increased 4.4%, or approximately \$21,000, from June 30, 2008 to June 30, 2009. Of this amount, the assets of the governmental activities increased approximately \$31,000 and the assets of the business type activities decreased approximately \$10,000.

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 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 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 City water, sewer and garbage systems. 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 and 2) the Special Revenue Funds, such as Urban Renewal Tax Increment, Employee Benefits and Road Use Tax. 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.

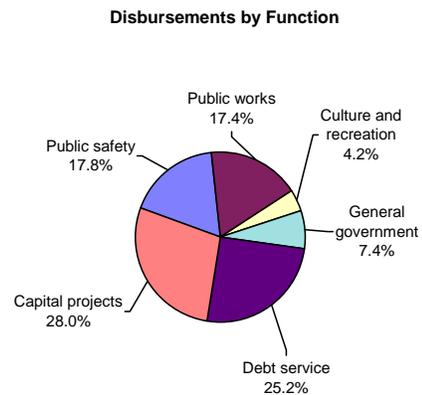
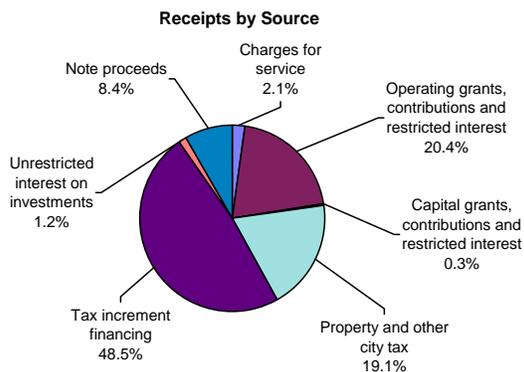
2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains three Enterprise Funds to provide separate information for the Water and Sewer Funds, considered to be major funds of the City and the Garbage Fund considered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

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 increased from a year ago, increasing from approximately \$279,000 to approximately \$310,000. 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	
	Year ended June 30, 2009
Receipts:	
Program receipts:	
Charges for service	\$ 12,519
Operating grants, contributions and restricted interest	121,350
Capital grants, contributions and restricted interest	2,033
General receipts:	
Property and other city tax	113,869
Tax increment financing	287,813
Unrestricted interest on investments	7,285
Note proceeds	50,000
Total receipts	594,869
Disbursements:	
Public safety	100,474
Public works	98,148
Culture and recreation	23,976
General government	41,671
Debt service	142,124
Capital projects	157,777
Total disbursements	564,170
Change in cash basis net assets	30,699
Cash basis net assets beginning of year	278,846
Cash basis net assets end of year	\$ 309,545



The increase in cash basis net assets is due primarily to an increase in property tax valuation, intergovernmental receipts and TIF collections along with a delay in several projects and a reduction of certain expenses.

Changes in Cash Basis Net Assets of Business Type Activities	
	Year ended June 30, 2009
Receipts:	
Program receipts:	
Charges for service:	
Water	\$ 118,172
Sewer	71,976
Garbage	30,419
General receipts:	
Intergovernmental	9,524
Total receipts	<u>230,091</u>
Disbursements:	
Water	137,823
Sewer	71,215
Garbage	30,940
Total disbursements	<u>239,978</u>
Change in cash basis net assets	(9,887)
Cash basis net assets beginning of year	<u>197,391</u>
Cash basis net assets end of year	<u>\$ 187,504</u>

Total business type activities cash balance decreased from a year ago, from \$197,391 to \$187,504. The decrease was primarily due to water main project costs, offset partially by increased water sales and FEMA grant funds received during the year.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Oxford completed the year, its governmental funds reported a combined fund balance of \$309,545, an increase of \$30,699 over last year's total of \$278,846. 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 \$14,961 over the prior year to \$138,917. The increase was primarily due to an increase in property tax valuation over the prior year, receipt of a Volunteer Fire Assistance grant, a reduction in City Hall maintenance expenses and no election expense in the current year.
- The Special Revenue, Urban Renewal Tax Increment Fund cash balance was \$166,020 at the end of the fiscal year, an increase of \$10,942, or 7.1%, over the previous year, primarily due to increased TIF collections and the delay of several projects which will begin in the near future.
- The Special Revenue, Road Use Tax Fund cash balance increased \$3,640 over the prior year to \$4,010 at the end of the fiscal year. This increase was primarily due to a decrease in spending on roads, sidewalk and street lighting repairs.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance decreased \$10,127, or 7.6%, to \$122,293 during the fiscal year. The decrease was due to water main project costs, offset partially by an increase in water sales and FEMA money received during the year.
- The Sewer Fund cash balance increased \$761, or 1.3%, to \$60,419 during the fiscal year.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget once. The amendment was approved on June 9, 2009 and resulted in an increase in disbursements of \$232,300, primarily due to the City's street construction projects.

The City's receipts were \$42,901 more than budgeted. This was primarily due to the use of a fiscally conservative estimate in preparing receipt forecasts.

The City exceeded the amounts budgeted in the public safety, culture and recreation, debt service and capital projects functions during the year ended June 30, 2009.

DEBT ADMINISTRATION

At June 30, 2009, the City had \$924,000 in notes, bonds and revenue bonds outstanding compared to \$1,003,000 last year. This represents a decrease of 7.9% from last year.

	Outstanding Debt at Year-End	
	June 30,	
	2009	2008
General obligation bonds	\$ 204,000	219,000
General obligation notes	508,000	549,000
Revenue bonds	212,000	235,000
Total	\$ 924,000	1,003,000

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 taxable property within the City's corporate limits. The City's outstanding general obligation debt totals \$712,000 which is below its constitutional debt limit of approximately \$1,950,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Oxford's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 budget, tax rates and fees charged for various City activities. One of those factors is the economy. The Oxford City Council believes the future of Oxford will continue to improve and growth will be slow. The growth of Johnson County is gradually moving westward in relation to the Iowa City/Coralville area and Oxford is in the western part of Johnson County.

Oxford is in the final stage of completing the total replacement of 100 year-old water mains. The City is now starting a program of lining the collector system of the wastewater treatment system to reduce infiltration.

There is a potential housing development, Whitetail Estates Subdivision, with 89 lots which have been platted. The project has been on hold due to the current state of the economy.

The upgrading of our water and wastewater utility systems and Whitetail Estates Subdivision will enhance our economic future.

The estimated total tax levy rate per \$1,000 valuation for fiscal year 2009 was slightly more than for fiscal year 2010.

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 Penny K. Jenn, City Clerk, P.O. Box 481, Oxford, Iowa 52332.

Basic Financial Statements

City of Oxford

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2009

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 100,474	250	38,346	-
Public works	98,148	-	63,588	2,033
Culture and recreation	23,976	4,229	19,416	-
Community and economic development	-	2,224	-	-
General government	41,671	5,816	-	-
Debt service	142,124	-	-	-
Capital projects	157,777	-	-	-
Total governmental activities	564,170	12,519	121,350	2,033
Business type activities:				
Water	137,823	118,172	-	9,524
Sewer	71,215	71,976	-	-
Garbage	30,940	30,419	-	-
Total business type activities	239,978	220,567	-	9,524
Total	\$ 804,148	233,086	121,350	11,557

General Receipts:

Property and other city tax levied for:
 General purposes
 Tax increment financing
 Unrestricted interest on investments
 Note proceeds

Total general receipts

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:

Urban renewal purposes
 Debt service
 Other 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
(61,878)	-	(61,878)
(32,527)	-	(32,527)
(331)	-	(331)
2,224	-	2,224
(35,855)	-	(35,855)
(142,124)	-	(142,124)
(157,777)	-	(157,777)
(428,268)	-	(428,268)
-	(10,127)	(10,127)
-	761	761
-	(521)	(521)
-	(9,887)	(9,887)
(428,268)	(9,887)	(438,155)
113,869	-	113,869
287,813	-	287,813
7,285	-	7,285
50,000	-	50,000
458,967	-	458,967
30,699	(9,887)	20,812
278,846	197,391	476,237
\$ 309,545	187,504	497,049
\$ 166,020	-	166,020
-	30,893	30,893
4,608	-	4,608
138,917	156,611	295,528
\$ 309,545	187,504	497,049

City of Oxford

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

As of and for the year ended June 30, 2009

	Special Revenue		
	General	Urban Renewal Tax Increment	Road Use Tax
Receipts:			
Property tax	\$ 97,069	-	-
Tax increment financing	-	287,813	-
Other city tax	4,641	-	-
Licenses and permits	7,398	-	-
Use of money and property	7,285	-	-
Intergovernmental	48,005	-	63,588
Miscellaneous	16,911	-	-
Total receipts	181,309	287,813	63,588
Disbursements:			
Operating:			
Public safety	100,474	-	-
Public works	28,517	-	59,948
Culture and recreation	23,756	-	-
General government	40,571	-	-
Debt service	23,030	119,094	-
Capital projects	-	157,777	-
Total disbursements	216,348	276,871	59,948
Excess (deficiency) of receipts over (under) disbursements	(35,039)	10,942	3,640
Other financing sources:			
Note proceeds	50,000	-	-
Net change in cash balances	14,961	10,942	3,640
Cash balances beginning of year	123,956	155,078	370
Cash balances end of year	\$ 138,917	166,020	4,010
Cash Basis Fund Balances			
Unreserved, undesignated:			
General fund	\$ 138,917	-	-
Special revenue funds	-	166,020	4,010
Total cash basis fund balances	\$ 138,917	166,020	4,010

See notes to financial statements.

<u>Nonmajor</u> <u>Employee</u> <u>Benefits</u>	<u>Total</u>
11,618	108,687
	287,813
541	5,182
-	7,398
-	7,285
-	111,593
-	16,911
<u>12,159</u>	<u>544,869</u>
-	100,474
9,683	98,148
220	23,976
1,100	41,671
-	142,124
-	157,777
<u>11,003</u>	<u>564,170</u>
1,156	(19,301)
-	50,000
<u>1,156</u>	<u>30,699</u>
<u>(558)</u>	<u>278,846</u>
<u>598</u>	<u>309,545</u>
-	138,917
<u>598</u>	<u>170,628</u>
<u>598</u>	<u>309,545</u>

Exhibit C

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

As of and for the year ended June 30, 2009

	Enterprise			Total
	Water	Sewer	Nonmajor Garbage	
Operating receipts:				
Charges for service	\$ 118,172	71,976	30,419	220,567
Operating disbursements:				
Business type activities	84,247	52,646	30,940	167,833
Excess (deficiency) of operating receipts over (under) operating disbursements	33,925	19,330	(521)	52,734
Non-operating receipts (disbursements):				
Intergovernmental	9,524	-	-	9,524
Capital outlay	(41,352)	-	-	(41,352)
Debt service	(12,224)	(18,569)	-	(30,793)
Total non-operating receipts (disbursements)	(44,052)	(18,569)	-	(62,621)
Net change in cash balances	(10,127)	761	(521)	(9,887)
Cash balances beginning of year	132,420	59,658	5,313	197,391
Cash balances end of year	\$ 122,293	60,419	4,792	187,504
Cash Basis Fund Balances				
Reserved for debt service	\$ 11,833	19,060	-	30,893
Unreserved	110,460	41,359	4,792	156,611
Total cash basis fund balances	\$ 122,293	60,419	4,792	187,504

See notes to financial statements.

City of Oxford

City of Oxford

Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies

The City of Oxford is a political subdivision of the State of Iowa located in Johnson County. It was first incorporated in 1868 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides water, sewer and garbage utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Oxford has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

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

B. Basis of Presentation

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

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two 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 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 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 Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the payment of debt for urban renewal projects.

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

The City reports the following major proprietary funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements exceeded the amounts budgeted in the public safety, culture and recreation, debt service and capital projects functions.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

(3) Long-Term Debt

Bonds and Notes Payable

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

Year Ending June 30,	General Obligation Bonds/Notes		
	Principal	Interest	Total
2010	\$ 107,000	30,933	137,933
2011	107,000	26,948	133,948
2012	108,000	21,997	129,997
2013	108,000	16,950	124,950
2014	109,000	11,933	120,933
2015 - 2019	151,000	20,250	171,250
2020	22,000	776	22,776
Total	\$ 712,000	129,787	841,787

Year Ending June 30,	Revenue Bonds		
	Principal	Interest	Total
2010	\$ 24,000	6,944	30,944
2011	25,000	6,180	31,180
2012	25,000	5,382	30,382
2013	26,000	4,586	30,586
2014	28,000	3,758	31,758
2015 - 2019	72,000	8,406	80,406
2020	12,000	424	12,424
Total	\$ 212,000	35,680	247,680

General Obligation Notes

On July 9, 2008, the City issued general obligation notes for \$50,000 to purchase a fire truck. The agreement requires ten annual payments, including interest at 4.55% per annum, with the first payment due on June 1, 2009 and the final payment due June 1, 2018. The principal balance at June 30, 2009 was \$45,000.

Revenue Bonds

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$266,000 of sewer revenue bonds issued May 10, 1995. The bonds were issued for the purpose of paying the costs of improvements and extensions to the sewer system. The bonds are payable solely from sewer customer net receipts and are payable through 2015. The total principal and interest remaining to be paid on the bonds is \$113,040. For the current year, principal and interest paid and total customer net receipts were \$18,510 and \$19,330, respectively. Annual principal and interest payments on these sewer revenue notes are expected to require approximately 96 percent of net receipts.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$173,000 of water revenue bonds issued July 21, 2000. The bonds were issued for the purpose of paying the costs of improvements and extensions to the water system. The bonds are payable solely from water customer net receipts and are payable through 2020. The total principal and interest remaining to be paid on the bonds is \$134,640. For the current year, principal and interest paid and total customer net receipts were \$12,165 and \$33,925, respectively. Annual principal and interest payments on these water revenue bonds are expected to require approximately 36% of net receipts.

The resolutions providing for the issuance of the water and sewer revenue bonds issued under loan agreements between the City, the Iowa Finance Authority, the Iowa Department of Natural Resources and Norwest Bank Iowa, N.A. include the following provision:

Per Rule 15c2-12 of the Securities and Exchange Commission, the City is required to have a comprehensive audit report prepared and certified by an independent auditor or the State Auditor not later than 180 days after the end of each fiscal year for which the report was prepared.

The resolution providing for the issuance of the sewer revenue bonds also includes the following provision:

User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the bonds falling due in the same year.

The City did not comply with the audit provisions and the net revenue provision.

(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 4.10% of their annual covered salary and the City is required to contribute 6.35% 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 contribution to IPERS for the year ended June 30, 2009 was \$4,938, equal to the required contribution for the year.

(5) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation 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 payable to employees at June 30, 2009, primarily relating to the General Fund was \$1,190. This liability has been computed based on rates of pay in effect at June 30, 2009.

(6) 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.

(7) Subsequent Events

In July 2009, the City issued \$275,000 of general obligation corporate purpose notes for the purpose of constructing waterworks system and sanitary sewer system improvements.

In August 2009, the City issued \$60,000 of general obligation street equipment acquisition notes.

City of Oxford

Required Supplementary Information

City of Oxford

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, 2009

	Governmental Funds Actual	Proprietary Funds Actual	Total
Receipts:			
Property tax	\$ 108,687	-	108,687
Tax increment financing	287,813	-	287,813
Other city tax	5,182	-	5,182
Licenses and permits	7,398	-	7,398
Use of money and property	7,285	-	7,285
Intergovernmental	111,593	9,524	121,117
Charges for service	-	220,567	220,567
Miscellaneous	16,911	-	16,911
Total receipts	<u>544,869</u>	<u>230,091</u>	<u>774,960</u>
Disbursements:			
Public safety	100,474	-	100,474
Public works	98,148	-	98,148
Culture and recreation	23,976	-	23,976
Community and economic development	-	-	-
General government	41,671	-	41,671
Debt service	142,124	30,793	172,917
Capital projects	157,777	41,352	199,129
Business type activities	-	167,833	167,833
Total disbursements	<u>564,170</u>	<u>239,978</u>	<u>804,148</u>
Excess (deficiency) of receipts over (under) disbursements	(19,301)	(9,887)	(29,188)
Other financing sources, net	50,000	-	50,000
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	30,699	(9,887)	20,812
Balances beginning of year	<u>278,846</u>	<u>197,391</u>	<u>476,237</u>
Balances end of year	<u>\$ 309,545</u>	<u>187,504</u>	<u>497,049</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Total
		Variance
107,864	107,864	823
278,426	285,426	2,387
5,169	5,169	13
2,000	2,000	5,398
5,000	7,000	285
96,000	96,000	25,117
217,600	220,600	(33)
8,000	8,000	8,911
<u>720,059</u>	<u>732,059</u>	<u>42,901</u>
80,060	97,060	(3,414)
83,500	158,800	60,652
23,300	23,300	(676)
500	500	500
62,900	62,900	21,229
135,713	142,713	(30,204)
-	91,000	(108,129)
<u>341,395</u>	<u>383,395</u>	<u>215,562</u>
<u>727,368</u>	<u>959,668</u>	<u>155,520</u>
(7,309)	(227,609)	198,421
<u>185,000</u>	<u>185,000</u>	<u>(135,000)</u>
177,691	(42,609)	63,421
<u>433,739</u>	<u>433,739</u>	<u>42,498</u>
<u>611,430</u>	<u>391,130</u>	<u>105,919</u>

City of Oxford

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2009

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds 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 \$232,300. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2009, disbursements exceeded the amounts budgeted in the public safety, culture and recreation, debt service and capital projects functions.

Other Supplementary Information

City of Oxford
Schedule of Indebtedness
Year ended June 30, 2009

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Drinking water	Jul 1, 2000	3.53%	\$ 322,000
General obligation notes:			
Fire truck	Jul 1, 2002	5.25%	\$ 165,000
Water improvement	Jun 16, 2004	4.45	250,000
Water improvement	Jul 2, 2007	5.00	350,000
Fire truck	Jul 9, 2008	4.55	50,000
Total			
Revenue bonds:			
Sewer	May 10, 1995	3.00 - 4.54%	\$ 266,000
Water	Jul 21, 2000	3.53	173,000
Total			

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
219,000		15,000	204,000	7,731
99,000	-	11,000	88,000	5,096
150,000	-	25,000	125,000	6,545
300,000	-	50,000	250,000	14,708
-	50,000	5,000	45,000	1,934
\$ 549,000	\$ 50,000	91,000	508,000	28,283
117,000	-	15,000	102,000	3,510
118,000	-	8,000	110,000	4,165
\$ 235,000	-	23,000	212,000	7,675

City of Oxford
Bond and Note Maturities
June 30, 2009

Year Ending June 30,	General Obligation Bonds		General Obligation Notes			
	Drinking Water		Fire Truck		Water Improvement	
	Issued Jul 1, 2000		Issued July 1, 2002		Issued June 16, 2004	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2010	3.53%	\$ 16,000	5.25%	\$ 11,000	4.45%	\$ 25,000
2011	3.53	16,000	5.25	11,000	4.45	25,000
2012	3.53	17,000	5.25	11,000	4.45	25,000
2013	3.53	17,000	5.25	11,000	4.45	25,000
2014	3.53	18,000	5.25	11,000	4.45	25,000
2015	3.53	18,000	5.25	11,000		-
2016	3.53	19,000	5.25	11,000		-
2017	3.53	20,000	5.25	11,000		-
2018	3.53	20,000		-		-
2019	3.53	21,000		-		-
2020	3.53	22,000		-		-
Total		<u>\$ 204,000</u>		<u>\$ 88,000</u>		<u>\$ 125,000</u>

Year Ending June 30,	Revenue Bonds				
	Sewer		Water		Total
	Interest Rates	Amount	Interest Rates	Amount	
2010	3.00%	\$ 16,000	3.53%	\$ 8,000	24,000
2011	3.00	16,000	3.53	9,000	25,000
2012	3.00	16,000	3.53	9,000	25,000
2013	3.00	17,000	3.53	9,000	26,000
2014	3.00	18,000	3.53	10,000	28,000
2015	3.00	19,000	3.53	10,000	29,000
2016		-	3.53	10,000	10,000
2017		-	3.53	11,000	11,000
2018		-	3.53	11,000	11,000
2019		-	3.53	11,000	11,000
2020		-	3.53	12,000	12,000
Total		<u>\$ 102,000</u>		<u>\$ 110,000</u>	<u>212,000</u>

See accompanying independent auditor's report.

General Obligation Notes						
Water Improvement			Fire Truck			
Issued July 2, 2007			Issued July 9, 2008			
Interest Rates		Amount	Interest Rates		Amount	Total
5.00%	\$	50,000	4.55%	\$	5,000	91,000
5.00		50,000	4.55		5,000	91,000
5.00		50,000	4.55		5,000	91,000
5.00		50,000	4.55		5,000	91,000
5.00		50,000	4.55		5,000	91,000
		-	4.55		5,000	16,000
		-	4.55		5,000	16,000
		-	4.55		5,000	16,000
		-	4.55		5,000	5,000
		-			-	-
		-			-	-
		<u>\$ 250,000</u>			<u>\$ 45,000</u>	<u>508,000</u>

City of Oxford



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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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, each major fund and the aggregate remaining fund information of the City of Oxford, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated May 5, 2010. Our report on the financial statements, which were prepared in conformity with an other comprehensive basis of accounting, expressed qualified opinions since we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2008. Except as noted in the Independent Auditor's Report, we conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Oxford'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 Oxford's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Oxford'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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Oxford's ability to initiate, authorize, record, process or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City of Oxford's financial statements that is more than inconsequential will not be prevented or detected by the City of Oxford's internal control. We consider the deficiencies in internal control described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Oxford's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items (A), (D) and (E) are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Oxford'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 that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2009 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 Oxford'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 Oxford'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 Oxford and other parties to whom the City of Oxford 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 Oxford during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 5, 2010

City of Oxford

Schedule of Findings

Year ended June 30, 2009

Findings Related to the Financial Statements:

SIGNIFICANT 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. When duties are properly segregated, the activities of one employee act as a check on those of another. Generally, one person has control over each of the following areas:
- (1) Cash – reconciling bank accounts, initiating cash receipt and disbursement transactions and handling and recording cash.
 - (2) Receipts – collecting, depositing, journalizing and posting.
 - (3) Utility receipts – billing, collecting, depositing, posting and reconciling.
 - (4) Disbursements – purchasing, check signing, recording and reconciling.
 - (5) Long-term debt – reconciling and recording.
 - (6) Payroll – preparing and distributing.
 - (7) Transfers – recording and reconciling.
 - (8) Financial reporting – preparing, reconciling and distributing.
 - (9) Accounting system – performing all general accounting functions and having custody of City assets.
 - (10) Information system (computer usage) – performing all general accounting functions and controlling all data input and output.

In addition, an initial listing of mail receipts is not prepared by the mail opener.

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

Response – The Mayor and Clerk of Oxford oversee all transactions made in the office. We will adapt operating procedures to accommodate full compliance needed to ensure safe and maximum internal control.

Conclusion – Response accepted.

- (B) Information System – During our review of internal control, the existing control activities in the City's computer system were evaluated 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 system were noted:

City of Oxford

Schedule of Findings

Year ended June 30, 2009

The City does not have written policies for:

- Password privacy and confidentiality.
- Requiring password changes because software does not require the user to change log-ins/passwords periodically.
- Requiring backups be performed daily and stored off site.
- Ensuring only software licensed to the City is installed on computers and monitoring software licensing requirements to ensure the City is in compliance.
- Usage of the internet.
- Logging off unattended computers.

In addition, the City does not have a written disaster recovery plan.

Recommendation – The City should develop written policies addressing the above items to improve the City’s control over the computer based system. Also, a written disaster recovery plan should be developed and should be tested periodically.

Response – The City will adopt written procedures for the above items. The office where computers are kept is locked and secured when the clerk or mayor are not on site. Also all computers are shut down each night. We will obtain council approval for a backup flash drive taken off site. The City will design its disaster recovery plan in effect through council approval.

Conclusion – Response accepted.

- (C) Accounting Policies and Procedures Manual – The City does not have an accounting policies and procedures manual.

Recommendation – An accounting policies and procedures manual should be developed to provide the following benefits:

- (1) Aid in training additional or replacement personnel.
- (2) Help achieve uniformity in accounting and in the application of policies and procedures.
- (3) Save supervisory time by recording decisions so they will not have to be made each time the same, or a similar, situation arises.

Response – We will definitely implement procedures in the future in a booklet format for aid in training purposes. All accounting applications will be included as decisions are made on some situations.

Conclusion – Response accepted.

City of Oxford

Schedule of Findings

Year ended June 30, 2009

- (D) City Records and Accounting Procedures – Certain cash collections were not deposited and recorded on a timely basis and prenumbered receipts were not issued.

Recommendation – Prenumbered receipts should be issued at the time of collection to provide additional control over the proper collection and recording of all money. These receipts should be recorded and reconciled with timely deposits, and the reconciliation should be reviewed periodically by an independent person. For those collections paid in cash, a daily cash collections log should be maintained, issuing one receipt for a day(s) collections, and reconciled with timely deposits.

Response – The City will deposit receipts daily. All prenumbered receipts on cash collections are now in place and recorded by the clerk and reviewed by Mayor and a member of council. A separate spread sheet will be used to record cash collections.

Conclusion – Response accepted.

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

Recommendation – Procedures should be established to reconcile utility billings, collections and delinquencies. The City Council should review the reconciliation each month and monitor delinquencies.

Response – All utility statements are now reconciled by reports after printing statements. The delinquent bills will be reviewed each month.

Conclusion – Response accepted.

- (F) Financial Software – The City uses hand ledger cards to record financial activity for the City records. The City has financial software but does not rely on the financial software.

Recommendation – The City should begin to utilize the financial software to record receipts and disbursements and to track fund balances.

Response – Fiscal year 2011 will be computerized.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Oxford

Schedule of Findings

Year ended June 30, 2009

Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2009 exceeded the amounts budgeted in the public safety, culture and recreation, debt service and capital projects 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 – In the future the budget will be amended before any disbursements are allowed to exceed the amounts budgeted and appropriated.

Conclusion – Response accepted.

- (2) Questionable Disbursements – Certain disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted.

Paid to	Purpose	Amount
Ultimate Entertainment	Band for the July 4 th celebration	\$300
Cash	Holiday Gifts for Volunteers at Oxford Public Library	575

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

The City provides cell phones for use by City public works employees. One cellular telephone service billing reviewed included roaming charges and sales tax. Additionally, written policies governing the use of cellular phones have not been adopted.

Supporting documentation could not be located for five items totaling \$1,247.

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

The City should establish written policies governing the use of cellular telephones. Cellular phone bills should be scrutinized for proper usage by City public works employees.

In addition, supporting documentation for all disbursements should be maintained.

City of Oxford

Schedule of Findings

Year ended June 30, 2009

Response – Questionable use of public funds will have an explanation following their distributions. Policies will be developed regarding cell phone usage. Original invoices or receipts shall accompany all bills.

Conclusion – Response accepted.

- (3) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (4) Business Transactions – No business transactions between the City and City officials or employees were noted.
- (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 – Except as noted below, no transactions were found that we believe should have been approved in the Council minutes but were not.

Certain transfers were not approved by the Council and listed in the minute's record.

Certain minutes of the Council meetings were not signed in accordance with Chapter 380.7 of the Code of Iowa.

The City did not publish annual gross salaries in accordance with Chapter 372.13(6) of the Code of Iowa and an Attorney General's opinion dated April 12, 1978.

Although minutes of Council proceedings were published, they were not always published within fifteen days, did not contain total disbursements by fund and did not contain a summary of receipts as required by Chapter 372.13 of the Code of Iowa.

Recommendation – The Council should ensure all transfers are approved through the certified budget, resolutions or minutes record. Also, the City should publish annual individual salaries and comply with Chapter 372.13 of the Code of Iowa. The City should publish minutes as required.

Response – Changes will be made to comply with the Code of Iowa. Annual gross salaries will be published. All transfers will be approved by Council. Minutes will be checked if signed before putting in the book.

Conclusion – Response accepted.

- (7) Deposits and Investments – No instances of noncompliance with the deposit and investments provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

City of Oxford

Schedule of Findings

Year ended June 30, 2009

- (8) Sewer and Water Revenue Bonds – During fiscal year 1995, the City entered into a sewer revenue bond for the construction of certain wastewater treatment facilities and, during fiscal year 2000, the City entered into a water revenue bond for the construction of drinking water treatment facilities with the Iowa Finance Authority. As part of the continuing disclosure requirements of the bonds, as set forth in Rule 15c2-12 of the Securities and Exchange Commission, the City is required to have an annual audit. The last audit of the City was for the year ended June 30, 2005.

Recommendation – The City should comply with the continuing disclosure requirements in the sewer and water revenue bonds and have an annual audit.

Response – We will contact the Iowa Finance Authority to discuss the annual audit requirement.

Conclusion – Response accepted.

- (9) Sewer Revenue Bonds – The sewer bond resolution states the City shall impose, adjust and provide for the collection of rates to be charged to utility customers that produce net operating revenues equal to at least 110% of the principal and interest coming due in each fiscal year. The City's fiscal 2009 net sewer operating revenues of \$19,330, were less than 110% of the sewer revenue bond principal and interest of \$15,000 and \$3,510, respectively, or a total of \$20,361, due during fiscal 2009.

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

Response – We will review and adjust the collection rates to meet the 110% requirement.

Conclusion – Response accepted.

- (10) Payment of General Obligation Bonds and Notes – Certain general obligation bonds and notes were paid from the Special Revenue, Urban Renewal Tax Increment 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 taxes, must be deposited in the Debt Service Fund."

Recommendation – The City should transfer from the Special Revenue, Urban Renewal Tax Increment Fund to the Debt Service Fund for future funding contributions. Payments of the bonds or notes should then be disbursed from the Debt Service Fund.

Response – We will use the Debt Service Fund as intended according to Iowa Code.

Conclusion – Response accepted.

- (11) Records of Accounts – The Oxford Fire Department and the Oxford Public Library maintain bank accounts separate from the City Clerk's accounting records. The transactions and resulting balances of these accounts were not recorded in the City Clerk's accounting records and were not reported to the City Council each month.

City of Oxford

Schedule of Findings

Year ended June 30, 2009

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, including budget reports, and should be reported to the Council on a monthly basis.

Response – The situation will be addressed to the City Council.

Conclusion – Response accepted.

- (12) Special Revenue Levies – Chapter 384.8 of the Code of Iowa allows a City to establish an Emergency Fund, levy property tax for the Emergency Fund and transfer from the Emergency Fund to the General Fund. The City credited the emergency tax levy receipts directly to the General Fund rather than establishing a separate fund.

Recommendation – The City should establish a separate Special Revenue Fund for these special tax levies as required.

Response – We will implement the Special Revenue Fund section regarding the Emergency Fund.

Conclusion – Response accepted.

- (13) Tax Increment Financing Debt Certification – In November 2008, the City certified tax increment financing (TIF) indebtedness to the County Auditor for invoices totaling \$157,777 from the Special Revenue, Urban Renewal Tax Increment Fund for projects within the City’s urban renewal area. While the City intended these payments to represent loans from the Special Revenue, Urban Renewal Tax Increment Fund for the related TIF projects, the loans were never formally approved by the Council, and accordingly, do not represent TIF debt which may be certified to the County Auditor.

Recommendation – The City should establish a procedure to ensure the TIF debt certification complies with Chapter 403 of the Code of Iowa and includes only allowable debt approved by the Council prior to certification.

Response – The City will take steps to address this issue and will work with bond counsel to ensure the process is handled correctly.

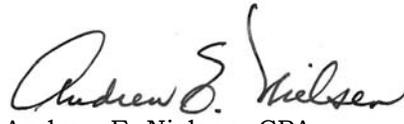
Conclusion – Response accepted.

City of Oxford

Staff

This audit was performed by:

Joe T. Marturello, CIA, Manager
Daniel L. Grady, Senior Auditor
Kristin M. Ockenfels, Assistant Auditor

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

Andrew E. Nielsen, CPA
Deputy Auditor of State