

CITY OF REDFIELD

Redfield, Iowa

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

June 30, 2004

With Independent Auditor's Reports

CITY OF REDFIELD
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CITY OF REDFIELD

City Officials
June 30, 2004

Prior to January 1, 2004

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Tony Bennett	Mayor	December 31, 2005
Joe Larson	Mayor Pro Tem	December 31, 2005
Darrell Bowman	Council Member	December 31, 2003
Wes Cave	Council Member	December 31, 2005
James Countryman	Council Member	December 31, 2003
Merry Lee Novak	Council Member	December 31, 2003
Debbra Light	City Clerk	Indefinite
Beverly Wild	City Attorney	Indefinite

Subsequent to December 31, 2003

Tony Bennett	Mayor	December 31, 2005
Joe Larson	Mayor Pro Tem	December 31, 2005
Wes Cave	Council Member	December 31, 2005
James Countryman	Council Member	December 31, 2007
Teresa Nolan	Council Member	December 31, 2007
Merry Novak	Council Member	December 31, 2007
Debbra Light	City Clerk	Indefinite
Beverly Wild	City Attorney	Indefinite

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Redfield, Iowa

I 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 Redfield, Iowa, as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents of this report. These financial statements are the responsibility of the City of Redfield's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that I 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. I believe that my audit provides a reasonable basis for my opinion.

As described more fully in Note 1, the financial statements referred to above have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

As described in Note 10, during the year ended June 30, 2004, the City of Redfield adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule – Prospective Differences.

In my 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 Redfield, Iowa at June 30, 2004, 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, I have also issued my report dated October 29, 2004 on my consideration of the City of Redfield's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 9 and 20 through 21 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Redfield's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (none of which are presented herein) and expressed a qualified opinion on those financial statements due to the absence of a record of fixed assets. Other supplementary information included on pages 22 through 27 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 my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

s/ Stanley E. Siebke

Urbandale, Iowa
October 29, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Redfield 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, 2004. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

Because the City of Redfield is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the City's financial position and results of operations.

2004 Financial Highlights

Total cash basis net assets of the City of Redfield at the close of the fiscal year, June 30, 2004, were \$339,623. Of this amount, the assets of the governmental activities were \$67,828 and the assets of the business activities were \$271,795.

Revenues of the City's governmental activities decreased 8.6% or \$49,905, from fiscal 2003 to fiscal 2004. Property tax decreased 22.8% or \$53,815.

Disbursements decreased 15.8% or \$88,199, in fiscal 2004 from fiscal 2003. Public Safety increased by \$30,203, Debt Service increased by \$1,734, Culture and Recreation increased by \$1,716 whereas Public Works decreased by \$103,745 and Community and Economic Development decreased \$13,065.

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 non-major governmental funds.

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, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

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

Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.

Business Type Activities include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund and 4) the Permanent Fund. The governmental fund financial statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

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

The required financial statements for proprietary funds include 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 following shows the cash balances for governmental activities for fiscal 2004.

CHANGES IN CASH BASIS NET ASSETS OF GOVERNMENTAL ACTIVITIES

	Year Ended June 30, <u>2004</u>	Year Ended June 30, <u>2003</u>
Revenues:		
Program revenues:		
Charge for services	\$ 63,775	64,084
Licenses & permits	2,368	2,184
Use of money and property	3,102	1,931
Intergovernmental	187,848	171,006
Miscellaneous	22,357	15,619

General Revenues:		
Taxes	181,767	235,582
TIF Revenue	14,604	22,112
Other	<u>55,732</u>	<u>68,940</u>
Total Revenues	<u>531,553</u>	<u>581,458</u>
Expenses:		
Public Safety	113,854	83,651
Public Works	121,693	225,438
Culture & Recreation	49,541	47,825
Community & Economic Development	81,855	94,920
General Government	56,792	61,834
Debt Service	<u>45,834</u>	<u>44,100</u>
Total Expenses	<u>469,569</u>	<u>557,768</u>
Excess of Receipts over Disbursements	61,984	23,690
Net assets – beginning of year	<u>5,844</u>	<u>(17,846)</u>
Net assets – ending of year	<u>\$ 67,828</u>	<u>5,844</u>

The City's total receipts for governmental activities decreased by 8.6% or \$49,905, from fiscal 2003 to fiscal 2004.

**CHANGES IN CASH BASIS NET ASSETS OF BUSINESS TYPE
ACTIVITIES**

	Year ended June 30, <u>2004</u>	Year ended June 30, <u>2003</u>
Receipts:		
Program receipts:		
Charges for Service		
Water	\$128,754	132,577
Sewer	100,329	107,677
Use of money & property	<u>655</u>	<u>3,700</u>
Total	229,738	243,954
Total Disbursements and transfers	<u>246,195</u>	<u>158,604</u>
Increase (decrease) in cash balance	(16,457)	85,350
Cash basis net assets beginning of year	<u>288,252</u>	<u>202,902</u>
Cash basis net assets ending of year	<u>\$271,795</u>	<u>288,252</u>

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Redfield completed the year, its governmental funds reported receipts of \$531,553 and disbursements were \$469,569.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

The Water and Sewer Fund reported \$229,083 in charges for services and disbursements totaled \$246,195, resulting with a \$16,457 deficit.

BUDGETARY HIGHLIGHTS

The City amended its budget on May 25, 2004, to provide for additional disbursements in certain City departments. The City had sufficient cash balances to absorb these additional costs. The amendment shows an increase in revenue due to local option sales tax and housing rehabilitation. The decreases were due to budget cuts and maintenance done to City Hall as well as housing rehab expenses. The City also had no street projects last year due to budget cuts.

Debt Outstanding

The City had \$48,877 less in outstanding debt at year-end, June 30, 2004.

Outstanding Debt at Year End

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Governmental		
General Obligation	\$ 293,197	326,296
Business-type		
Revenue Debt	<u>824,173</u>	<u>839,951</u>
Total	<u>\$1,117,370</u>	<u>1,166,247</u>

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 of \$293,197 is significantly below its constitutional debt limit of \$1,174,653.

TIF Rebates

The City has one TIF Rebate agreement for Brooklyn Estates. The agreement requires that all taxes received for this development shall be paid to the developer. Taxes to be paid are based on an estimate of taxable value added at the time of development. Any non-payment of taxes results in a dollar for dollar reduction in the rebate paid to Brooklyn Estates. Rebates for fiscal year 2004 were as follows:

	<u>Rebate Scheduled</u>	<u>Actual Rebate</u>
Brooklyn Estates	\$14,604	\$17,230

Legislative changes

Legislative changes passed last year and this year after the adoption of the fiscal year 2003-04 budget will negatively impact the city's budget. Property tax credit reimbursements and machinery and equipment reimbursements continue to be funded at less than 100%. The state consolidated payment was eliminated completely last year. Bank franchise fee revenue has been eliminated completely beginning in fiscal year 2004-05. Redfield's utility tax replacement for fiscal year 2003-04 will be less than originally anticipated and will remain lower for another two years.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Redfield's elected and appointed officials and citizens considered many factors when setting the fiscal year 2005 budget, tax rates, and fees that will be charged for various City activities. One of these factors is the economy. The State currently has an unemployment rate of 3.4 percent with the national rate being 3.9 percent.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The State's CPI increase was 3.2 percent for fiscal year 2004 compared with the national rate of 3.4 percent.

These indicators were taken into account when adopting the budget for fiscal year 2005. No new programs have been added to the 2005 budget.

Financial Contact

The City's financial statements are designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Deb Light, City Clerk at 808 First Street, PO Box 127, Redfield, IA 50233 or telephone 515-833-2512.

CITY OF REDFIELD
Statement of Activities and Net Assets - Cash Basis
As of and For the Year Ended June 30, 2004

	<u>Disbursements</u>	<u>Charges for Services</u>	<u>Program Receipts Operating Grants, Contributions, and Restricted Interest</u>
Function / Programs:			
Governmental activities:			
Public safety	\$ 113,854	0	26,399
Public works	121,693	62,588	69,977
Culture and recreation	49,541	1,187	9,055
Community and economic development	81,855	0	45,783
General government	56,792	0	0
Debt service	45,834	0	0
Total Governmental Activities	469,569	63,775	151,214
Business type activities:			
Water	128,664	128,754	655
Sewer	117,531	100,329	0
Total Business Type Activities	246,195	229,083	655
Total	\$ 715,764	292,858	151,869

General Receipts:

- Property tax levied for:
 - General purposes
 - Tax increment financing
 - Debt service
- Utility excise tax
- Local option sales tax
- Unrestricted interest on investments
- Sale of assets
- Miscellaneous

Total General Receipts

Change in Cash Basis Net Assets

Cash Basis Net Assets at Beginning of Year

Cash Basis Net Assets at End of Yea

Cash Basis Net Assets:

- Restricted:
 - Streets
 - Urban renewal purposes
 - Debt service
 - Other
- Unrestricted

Total Cash Basis Net Assets:

The accompanying notes are an integral part of these financial statements.

CITY OF REDFIELD
Statement of Activities and Net Assets - Cash Basis
As of and For the Year Ended June 30, 2004

Capital Grants, Contributions, and Restricted <u>Interest</u>	<u>Net Disbursements(Receipts) and Changes in Cash Basis Net Assets</u>		
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
39,260	48,195	0	48,195
0	(10,872)	0	(10,872)
0	39,299	0	39,299
0	36,072	0	36,072
0	56,792	0	56,792
0	45,834	0	45,834
<u>39,260</u>	<u>215,320</u>	<u>0</u>	<u>215,320</u>
0	0	(745)	(745)
0	0	17,202	17,202
<u>0</u>	<u>0</u>	<u>16,457</u>	<u>16,457</u>
<u>39,260</u>	<u>215,320</u>	<u>16,457</u>	<u>231,777</u>
	142,592	0	142,592
	14,604	0	14,604
	39,175	0	39,175
	684	0	684
	55,048	0	55,048
	2,959	0	2,959
	6,700	0	6,700
	15,542	0	15,542
	<u>277,304</u>	<u>0</u>	<u>277,304</u>
	61,984	(16,457)	45,527
	5,844	288,252	294,096
	<u>\$ 67,828</u>	<u>271,795</u>	<u>339,623</u>
	\$ 19,818	0	19,818
	(29,491)	0	(29,491)
	(7,660)	58,580	50,920
	22,434	0	22,434
	62,727	213,215	275,942
	<u>\$ 67,828</u>	<u>271,795</u>	<u>339,623</u>

CITY OF REDFIELD
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances - Governmental Funds
As of and For the Year Ended June 30, 2004

	<u>General</u>	<u>Special Revenue Road Use Tax</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
Receipts:				
Property tax	\$ 121,420	0	60,347	181,767
TIF revenues	0	0	14,604	14,604
Other city taxes	684	0	55,048	55,732
Licenses and permits	2,368	0	0	2,368
Use of money and property	2,959	0	143	3,102
Intergovernmental	72,088	69,977	45,783	187,848
Charges for services	63,775	0	0	63,775
Miscellaneous	21,808	0	549	22,357
Total Receipts	<u>285,102</u>	<u>69,977</u>	<u>176,474</u>	<u>531,553</u>
Disbursements:				
Operating:				
Public safety	68,850	0	10,656	79,506
Public works	51,849	46,760	23,084	121,693
Culture and recreation	49,541	0	0	49,541
Community and economic development	1,500	0	80,355	81,855
General government	52,342	0	4,450	56,792
Debt service	0	0	45,834	45,834
Capital outlay:				
Public safety	34,348	0	0	34,348
Total Disbursements	<u>258,430</u>	<u>46,760</u>	<u>164,379</u>	<u>469,569</u>
Excess of Receipts over Disbursements	<u>26,672</u>	<u>23,217</u>	<u>12,095</u>	<u>61,984</u>
Other Financing Sources (Uses)				
Operating transfers in	16,076	91,096	6,538	113,710
Operating transfers out	(6,538)	0	(107,172)	(113,710)
Total Other Financing Sources (Uses)	<u>9,538</u>	<u>91,096</u>	<u>(100,634)</u>	<u>0</u>
Net Change in Cash Balances	36,210	114,313	(88,539)	61,984
Cash Balances at Beginning of Year	(19,587)	(94,495)	119,926	5,844
Cash Balances at End of Year	<u>\$ 16,623</u>	<u>19,818</u>	<u>31,387</u>	<u>67,828</u>
Cash Basis Fund Balances:				
Reserved:				
Debt service	\$ 0	0	(7,660)	(7,660)
Unreserved:				
General fund	16,623	0	0	16,623
Special revenue funds	0	19,818	16,613	36,431
Permanent fund	0	0	22,434	22,434
Total Cash Basis Fund Balances	<u>\$ 16,623</u>	<u>19,818</u>	<u>31,387</u>	<u>67,828</u>

The accompanying notes are in integral part of these financial statements.

CITY OF REDFIELD
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances - Proprietary Funds
As of and For the Year Ended June 30, 2004

	<u>Water</u>	<u>Enterprise Funds Sewer</u>	<u>Total</u>
Operating Receipts:			
Charges for services	\$ 122,656	100,329	222,985
Miscellaneous	6,098	0	6,098
Total Operating Receipts	<u>128,754</u>	<u>100,329</u>	<u>229,083</u>
Operating Disbursements:			
Business type activities	109,559	81,736	191,295
Total Operating Disbursements	<u>109,559</u>	<u>81,736</u>	<u>191,295</u>
Excess of Operating Receipts over Operating Disbursements	<u>19,195</u>	<u>18,593</u>	<u>37,788</u>
Non-Operating Receipts (Disbursements)			
Use of money and property	655	0	655
Debt service	(19,105)	(35,795)	(54,900)
Total Non-Operating Receipts (Disbursements)	<u>(18,450)</u>	<u>(35,795)</u>	<u>(54,245)</u>
Net Change in Cash Balances	745	(17,202)	(16,457)
Cash Balances at Beginning of Year	158,849	129,403	288,252
Cash Balances at End of Year	<u>\$ 159,594</u>	<u>112,201</u>	<u>271,795</u>
Cash Basis Fund Balances:			
Unrestricted:			
Reserved for debt service	\$ 37,580	21,000	58,580
Unreserved	122,014	91,201	213,215
Total Cash Basis Fund Balances	<u>\$ 159,594</u>	<u>112,201</u>	<u>271,795</u>

The accompanying notes are an integral part of these financial statements.

CITY OF REDFIELD
Notes to the Financial Statements
June 30, 2004

(1) Summary of Significant Accounting Policies

The City of Redfield is a political subdivision of the State of Iowa located in Dallas County. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis.

Reporting Entity

For financial reporting purposes, the City of Redfield has included all funds, organizations, account groups, 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 of Redfield has no component units.

The City also participates in jointly governed organizations that provide goods or services to the citizens 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 Dallas County Zoning Board and the Dallas County E911 Service Board.

Basis of Presentation

Government-wide Financial Statements

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 services.

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 that do not meet 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.

CITY OF REDFIELD

Notes to the Financial Statements – Continued

Fund Financial Statements

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

The City reports the following major governmental funds:

General Fund – 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 that are not paid from other funds.

Special Revenue Funds:

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

The City reports the following major proprietary funds:

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

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

Measurement Focus and Basis of Accounting

The City of Redfield 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 or results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services 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.

Budgets and Budgetary Accounting

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 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.

During the year ended June 30, 2004, the budget was amended under the statutorily prescribed procedures.

CITY OF REDFIELD

Notes to the Financial Statements – Continued

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2004, disbursements exceeded the amounts budgeted in the public safety, community and economic development and general government functions.

(2) Pooled Deposits and Investments

The City's deposits at June 30, 2004 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.

Funds that have deficit cash in bank balances are considered to have borrowed cash from other funds.

The City is authorized, by its investment policy, to invest public funds only in certificates of deposit or other evidences of deposit at federally insured depository institutions within the State of Iowa.

(3) Long-Term Debt

A summary of the City's June 30, 2004 general obligation, landfill closure and postclosure costs and revenue bonds is as follows:

Year Ending June 30,	Interest Rates	General Obligation Capital <u>Loan Notes</u>	Landfill Closure and Postclosure <u>Costs</u>	Revenue <u>Bonds</u>	<u>Total</u>
2005	4.50 - 5.00%	\$ 46,040	3,099	35,795	84,934
2006	4.50 - 5.00	44,378	3,099	54,585	102,062
2007	4.50 - 5.00	42,697	3,099	54,585	100,381
2008	4.50 - 5.00	46,000	3,099	54,585	103,684
2009	4.50 - 5.00	44,040	3,099	54,585	101,724
		<u>223,155</u>	<u>15,495</u>	<u>254,135</u>	<u>492,785</u>
2010-2014	4.50 - 5.10	42,040	15,495	272,925	330,460
2015-2019	4.50 - 5.00	0	15,495	270,753	286,248
2020-2024	4.50	0	15,495	178,975	194,470
2025-2029	4.50	0	6,217	178,975	185,192
2030-2034	4.50	0	0	178,975	178,975
2035-2039	4.50	0	0	178,975	178,975
2040-2041	4.50	0	0	71,060	71,060
Total principal and interest		265,195	68,197	1,584,773	1,918,165
Less interest		40,195	0	760,600	800,795
Principal balance		<u>\$ 225,000</u>	<u>68,197</u>	<u>824,173</u>	<u>1,117,370</u>

Interest paid on General Obligation Capital Loan Notes amounted to \$12,435 and interest paid on Revenue Bonds amounted to \$38,807 for the year ended June 30, 2004. The entire amount of \$51,242 was expensed.

CITY OF REDFIELD
Notes to the Financial Statements - Continued

(3) Long-Term Debt - continued

Assets restricted for the payment of revenue bonds at June 30, 2004 are as follows:

Water	\$37,580
Sewer	<u>21,000</u>
	<u>\$58,580</u>

The Water Revenue Bonds provide for annual transfers to the Water Sinking Fund from the Water Revenue Fund sufficient to cover the annual principal and interest payments on the Water Revenue Bonds. The Sewer Revenue Bonds provide for annual transfers to the Sewer Sinking Fund from the Sewer Revenue Fund sufficient to cover the annual principal and interest payments on the Sewer Revenue Bonds. Minimum annual sinking fund requirements are as follows:

Year Ending <u>June 30,</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
2005	\$ 0	35,795	35,795
2006	18,790	35,795	54,585
2007	18,790	35,795	54,585
2008	18,790	35,795	54,585
2009	18,790	35,795	54,585
	<u>75,160</u>	<u>178,975</u>	<u>254,135</u>
2010-2041	185,727	1,144,911	1,330,638
	<u>\$ 260,887</u>	<u>1,323,886</u>	<u>1,584,773</u>

During the year ended June 30, 1997, the City of Redfield, along with seven other defendants, reached an agreement on the closure/post-closure costs relating to the operation of the South Dallas County Landfill Agency.

Future payments by the City of Redfield are as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2005	\$ 3,099
2006	3,099
2007	3,099
2008	3,099
2009	3,099
	<u>15,495</u>
2010-2026	52,702
	<u>\$ 68,197</u>

(4) Retirement System - IPERS

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are administered 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.

CITY OF REDFIELD
Notes to the Financial Statements – Continued

(4) Retirement System – IPERS - continued
Plan members are required to contribute 3.70% of their annual salary and the City is required to contribute 5.75% of annual covered payroll except for police employees, in which case the percentages are 5.93% and 8.90% respectively. For the year ended June 30, 2003, the contribution rates for police employees and the City were 6.04% and 9.07%, respectively, and for the year ended June 30, 2002, the contribution rates for police employees and the City were 6.20% and 9.29%, respectively. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2004, 2003 and 2002 was \$8,467, \$9,706, and \$10,924 respectively, equal to the required contributions for each year.

(5) General Long-Term Debt Account Group
Changes in the general long-term debt account group during the year ended June 30, 2004 are summarized as follows:

	General Obligation Capital Loan	Landfill Closure and Postclosure Costs	<u>Total</u>
Balance at beginning of year	\$ 255,000	71,296	326,296
Principal payments during year	30,000	3,099	33,099
Balance at end of year	\$ 225,000	68,197	293,197

(6) 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. City employees also accumulate a limited amount of earned but unused sick leave hours for subsequent use. Sick leave is payable when used. It is not paid upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate maximum liability for unrecognized accrued employee benefits are as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 2,950
Sick leave	6,346
	\$ 9,296

The liability has been computed based on rates of pay as of June 30, 2004.

(7) Risk Management
The City of Redfield 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.

CITY OF REDFIELD

Notes to the Financial Statements – Continued

- (8) Property Tax Calendar
Property taxes are collected and remitted to the City by the county government. Taxes are levied annually on July 1 based on an assessment as of January 1. Taxes are due one-half on September 30 in the year following the levy and one-half on the subsequent March 31. The lien date is July 1. Current and delinquent tax payments are recognized as receipts by the City when received.
- (9) Budget Overexpenditure
Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the function level. During the year ended June 30, 2004, disbursements in the public safety, community and economic development, and general government functions exceeded the amount budgeted.
- (10) Deficit Fund Balances
At June 30, 2004, the City had deficit fund balances in the Special Revenue Fund – Housing Rehab of \$29,491 as a result of disbursements exceeding receipts during the years ended June 30, 2002, 2003 and 2004 and in the Debt Service Fund of \$7,660 as a result of disbursements exceeding receipts during the years ended June 30, 2002 and 2004. The City plans to reduce disbursements in the Special Revenue Funds to eliminate the deficit and will budget the necessary amount of property taxes to eliminate the deficit in the Debt Service Fund.
- (11) Accounting Change and Restatements
Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences were implemented for the year ended June 30, 2004. These statements create new basic financial statements for reporting the City’s financial activities. The financial statements now include a government-wide financial statement and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statement reports the City’s governmental and business type activities.

CITY OF REDFIELD
 Budgetary Comparison Schedule of Receipts, Disbursements
 and Changes in Cash Balaces - Budget and Actual (Cash Basis)
 All Governmental Funds and Proprietary Funds
 Year Ended June 30, 2004

	Governmental <u>Funds</u>	Proprietary <u>Funds</u>	<u>Total</u>
Receipts:			
Property tax	\$ 181,767	0	181,767
TIF revenues	14,604	0	14,604
Other city taxes	55,732	0	55,732
Licenses and permits	2,368	0	2,368
Use of money and property	3,102	655	3,757
Intergovernmental	187,848	0	187,848
Charges for services	63,775	229,083	292,858
Miscellaneous	22,357	0	22,357
 Total Receipts	 <u>531,553</u>	 <u>229,738</u>	 <u>761,291</u>
Disbursements:			
Public safety	113,854	0	113,854
Public works	121,693	0	121,693
Culture and recreation	49,541	0	49,541
Community and economic development	81,855	0	81,855
General government	56,792	0	56,792
Debt service	45,834	0	45,834
Business type activities	0	246,195	246,195
 Total Disbursements	 <u>469,569</u>	 <u>246,195</u>	 <u>715,764</u>
 Excess (Deficit) of Receipts over (under) Disbursements	 61,984	 (16,457)	 45,527
 Balances at Beginning of Year	 5,844	 288,252	 294,096
 Balances at End of Year	 <u>\$ 67,828</u>	 <u>271,795</u>	 <u>339,623</u>

CITY OF REDFIELD

Budgetary Comparison Schedule of Receipts, Disbursements
and Changes in Cash Balances - Budget and Actual (Cash Basis)
All Governmental Funds and Proprietary Funds
Year Ended June 30, 2004

<u>Budgeted Amounts</u>		<u>Variance to Final</u>
<u>Original</u>	<u>Amended</u>	
203,554	203,554	(21,787)
14,550	14,550	54
50,802	34,802	20,930
2,000	2,000	368
1,575	1,575	2,182
135,206	135,206	52,642
350,705	320,705	(27,847)
7,400	7,400	14,957
<u>765,792</u>	<u>719,792</u>	<u>41,499</u>
102,300	72,300	(41,554)
218,519	218,519	96,826
53,336	53,336	3,795
37,600	54,600	(27,255)
53,725	56,225	(567)
47,199	47,199	1,365
241,051	255,051	8,856
<u>753,730</u>	<u>757,230</u>	<u>41,466</u>
12,062	(37,438)	82,965
239,418	429,336	(135,240)
<u>251,480</u>	<u>391,898</u>	<u>(52,275)</u>

CITY OF REDFIELD
Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances -
Nonmajor Governmental Funds
As of and for the Year Ended June 30, 2004

	<u>Special Revenue</u>		
	<u>Employee Benefits</u>	<u>Local Option Sales Tax</u>	<u>TIF</u>
Receipts:			
Property tax	\$ 21,172	0	0
TIF revenues	0	0	14,604
Other city taxes	0	55,048	0
Use of money and property - interest	0	0	0
Intergovernmental	0	0	0
Miscellaneous	0	0	0
	<u>21,172</u>	<u>55,048</u>	<u>14,604</u>
Total Receipts			
Disbursements:			
Operating:			
Public safety	10,656	0	0
Public works	1,744	21,340	0
Community and economic development	0	0	17,230
General government	4,450	0	0
Debt service	0	0	0
	<u>16,850</u>	<u>21,340</u>	<u>17,230</u>
Total Disbursements			
Excess (Deficit) of Receipts over (under) Disbursements	4,322	33,708	(2,626)
Other Financing Sources (Uses) - Transfers	<u>0</u>	<u>(107,172)</u>	<u>0</u>
Net Change in Cash Balances	4,322	(73,464)	(2,626)
Cash Balances at Beginning of Year	41,782	73,464	2,626
Cash Balances at End of Year	<u>\$ 46,104</u>	<u>0</u>	<u>0</u>
Cash Basis Fund Balances:			
Reserved:			
Debt service	\$ 0	0	0
Unreserved:			
Special revenue funds	46,104	0	0
Permanent fund	0	0	0
	<u>\$ 46,104</u>	<u>0</u>	<u>0</u>

CITY OF REDFIELD
Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances -
Nonmajor Governmental Funds
As of and for the Year Ended June 30, 2004

Housing Rehab	Debt Service	Permanent Fund	Total
0	39,175	0	60,347
0	0	0	14,604
0	0	0	55,048
0	0	143	143
45,783	0	0	45,783
0	0	549	549
<u>45,783</u>	<u>39,175</u>	<u>692</u>	<u>176,474</u>
0	0	0	10,656
0	0	0	23,084
63,125	0	0	80,355
0	0	0	4,450
0	45,834	0	45,834
<u>63,125</u>	<u>45,834</u>	<u>0</u>	<u>164,379</u>
(17,342)	(6,659)	692	12,095
<u>0</u>	<u>3,099</u>	<u>3,439</u>	<u>(100,634)</u>
(17,342)	(3,560)	4,131	(88,539)
(12,149)	(4,100)	18,303	119,926
<u>(29,491)</u>	<u>(7,660)</u>	<u>22,434</u>	<u>31,387</u>
0	(7,660)	0	(7,660)
(29,491)	0	0	16,613
0	0	22,434	22,434
<u>(29,491)</u>	<u>(7,660)</u>	<u>22,434</u>	<u>31,387</u>

CITY OF REDFIELD
Schedule of Long-Term Debt and Interest
Year Ended June 30, 2004

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Originally Issued</u>
General Obligation Capital Loan Notes:			
Bridge, water and sewer improvements	2/01/98	4.20 - 5.10%	\$ 390,000
Revenue Bonds:			
Water	6/01/79	5.00%	316,900
Sewer	12/08/00	4.50%	646,000
Total Revenue Bonds			
Landfill Closure and Postclosure Costs		0.00%	103,745
Grand Total			

CITY OF REDFIELD
Schedule of Long-Term Debt and Interest
Year Ended June 30, 2004

<u>Outstanding June 30, 2003</u>	<u>Principal</u>		<u>Outstanding June 30, 2004</u>	<u>Interest Paid</u>
	<u>Issued</u>	<u>Redeemed</u>		
<u>\$ 255,000</u>	<u>0</u>	<u>30,000</u>	<u>225,000</u>	<u>12,435</u>
193,951	0	9,053	184,898	9,737
646,000	0	6,725	639,275	29,070
<u>839,951</u>	<u>0</u>	<u>15,778</u>	<u>824,173</u>	<u>38,807</u>
<u>71,296</u>	<u>0</u>	<u>3,099</u>	<u>68,197</u>	<u>0</u>
<u><u>\$ 1,166,247</u></u>	<u><u>0</u></u>	<u><u>48,877</u></u>	<u><u>1,117,370</u></u>	<u><u>51,242</u></u>

CITY OF REDFIELD
 Bond Maturities
 June 30, 2004

Year Ending June 30,	General Obligation Capital Loan Notes Issued 2/1/98		Water Issued 6/1/79		Revenue Bonds Sewer Issued 12/8/00		Total
	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount	
2005	4.75%	\$ 35,000	5.00%	0	4.50%	7,028	7,028
2006	4.80	35,000	5.00	9,545	4.50	7,344	16,889
2007	4.85	35,000	5.00	10,022	4.50	7,674	17,696
2008	4.90	40,000	5.00	10,524	4.50	8,020	18,544
2009	5.00	40,000	5.00	11,050	4.50	8,381	19,431
2010	5.10	40,000	5.00	11,602	4.50	8,758	20,360
2011	--	--	5.00	12,182	4.50	9,152	21,334
2012	--	--	5.00	12,791	4.50	9,564	22,355
2013	--	--	5.00	13,431	4.50	9,994	23,425
2014	--	--	5.00	14,102	4.50	10,444	24,546
2015	--	--	5.00	14,808	4.50	10,914	25,722
2016	--	--	5.00	15,548	4.50	11,405	26,953
2017	--	--	5.00	16,325	4.50	11,918	28,243
2018	--	--	5.00	17,142	4.50	12,454	29,596
2019	--	--	5.00	15,826	4.50	13,015	28,841
2020	--	--	--	--	4.50	13,600	13,600
2021	--	--	--	--	4.50	14,212	14,212
2022	--	--	--	--	4.50	14,852	14,852
2023	--	--	--	--	4.50	15,520	15,520
2024	--	--	--	--	4.50	16,219	16,219
2025	--	--	--	--	4.50	16,949	16,949
2026	--	--	--	--	4.50	17,711	17,711
2027	--	--	--	--	4.50	18,508	18,508
2028	--	--	--	--	4.50	19,341	19,341
2029	--	--	--	--	4.50	20,211	20,211
2030	--	--	--	--	4.50	21,121	21,121
2031	--	--	--	--	4.50	22,071	22,071
2032	--	--	--	--	4.50	23,065	23,065
2033	--	--	--	--	4.50	24,103	24,103
2034	--	--	--	--	4.50	25,187	25,187
2035	--	--	--	--	4.50	26,321	26,321
2036	--	--	--	--	4.50	27,505	27,505
2037	--	--	--	--	4.50	28,743	28,743
2038	--	--	--	--	4.50	30,036	30,036
2039	--	--	--	--	4.50	31,388	31,388
2040	--	--	--	--	4.50	32,800	32,800
2041	--	--	--	--	4.50	33,747	33,747
		<u>\$ 225,000</u>		<u>184,898</u>		<u>639,275</u>	<u>824,173</u>

CITY OF REDFIELD
Schedule of Receipts by Source and Disbursements by Function
All Governmental Funds

	<u>Years Ended June 30</u>			
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Receipts:				
Property tax	\$ 181,767	235,582	210,564	202,704
TIF revenues	14,604	22,112	2,798	19
Other city taxes	55,732	68,940	65,485	65,530
Licenses and permits	2,368	2,184	2,331	2,109
Use of money and property	3,102	1,931	2,190	11,634
Intergovernmental	187,848	171,006	112,251	125,726
Charges for services	63,775	64,084	62,928	63,714
Miscellaneous	22,357	15,619	20,774	35,045
Total Receipts	<u>\$ 531,553</u>	<u>581,458</u>	<u>479,321</u>	<u>506,481</u>
Disbursements:				
Public safety	\$ 113,854	83,651	137,744	108,880
Public works	121,693	225,438	189,927	294,411
Culture and recreation	49,541	47,825	55,636	49,784
Community and economic development	81,855	94,920	3,979	0
General government	56,792	61,834	104,146	69,366
Debt service	45,834	44,100	45,300	41,550
Total Disbursements	<u>\$ 469,569</u>	<u>557,768</u>	<u>536,732</u>	<u>563,991</u>

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Honorable Mayor and
Members of the City Council
City of Redfield, Iowa

I have audited the financial statements of the City of Redfield, Iowa, as of and for the year ended June 30, 2004 and have issued my report thereon dated October 29, 2004. My report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. I conducted my audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Redfield's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance that are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the City. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for items 04-III-B, 04-III-G and 04-III-J.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City of Redfield's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions

involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the City of Redfield's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I believe none of the items are material weaknesses. Prior year reportable conditions have been resolved except for item 04-II-A.

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 Redfield and other parties to whom the City of Redfield may report. This report is not intended to be and should not be used by anyone other than those specified parties.

s/ Stanley E. Siebke

Urbandale, Iowa
October 29, 2004

CITY OF REDFIELD
Schedule of Findings
Year Ended June 30, 2004

Part I: Summary of Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) A reportable condition in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

CITY OF REDFIELD
Schedule of Findings
Year Ended June 30, 2004

Part II: Findings Related to the Financial Statements

Instances of Non-compliance

No matters were noted.

Reportable Conditions

04-II-A Segregation of Duties

One important aspect of the internal control over financial reporting is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted that one employee is involved in cash receipts, bank deposits, cash disbursements and bank reconciliations.

I realize that with the limited number of employees, improvement of these controls is not economically feasible. However, I believe management of the City should be aware of the situation.

Response: The Council is aware of the situation.

Conclusion: Response accepted.

CITY OF REDFIELD
Schedule of Findings
Year Ended June 30, 2004

Part III: Other Findings Related to Statutory Reporting

04-III-A Official Depositories

A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2004.

04-III-B Certified Budget

City expenditures during the year ended June 30, 2004 exceeded amounts budgeted therefore in the public safety, community and economic development, and general government functions. Chapter 384 of the Code of Iowa prohibits such budget overruns. City officials should carefully monitor expenditures and prepare budget amendments when necessary.

Response: We will carefully monitor expenditures to avoid budget overruns.

Conclusion: Response accepted.

04-III-C Questionable Disbursements

I noted no expenditures for parties, banquets, or other entertainment for employees that I believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.

04-III-D Travel Expense

No expenditures of City money for travel expenses of spouses of City officials and/or employees were noted.

04-III-E Business Transactions

During the year ended June 30, 2004, there were no business transactions between the City and City officials.

04-III-F Bond Coverage

Surety bond coverage of City officials and employees is in accordance with statutory provisions.

04-III-G Council Minutes

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

I did note occasions when the Council minutes were not published within fifteen days of the Council meeting in accordance with Chapter 372.13(6) of the Code of Iowa. In addition, the published minutes did not include the summary of receipts. The City should publish the Council minutes and required information within fifteen days of the Council meeting.

Response: We will attempt to publish the Council minutes within fifteen days of the meeting and include all necessary items.

Conclusion: Response accepted.

04-III-H Water and Sewer Revenue Bonds

The provisions of the resolutions for the issuance of the revenue bonds relating to the funding of the sinking funds were followed.

CITY OF REDFIELD
Schedule of Findings
Year Ended June 30, 2004

04-III-I Deposits and Investments

I noted no instances of non-compliance with the deposit and investments provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

04-III-J Deficit Fund Balances

At June 30, 2004, the City had deficit fund balances in the Special Revenue Fund for Housing Rehab of \$29,491 and in the Debt Service Fund of \$7,660. The City should take necessary action to eliminate these deficits.

Response: The City will reduce spending in the Special Revenue Fund until the deficit is eliminated and levy enough property taxes to eliminate the deficit in the Debt Service Fund.

Conclusion: Response accepted.