CITY OF REDFIELD

Redfield, Iowa

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

June 30, 2005

With Independent Auditor's Reports

CITY OF REDFIELD
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CITY OF REDFIELD
City Officials
June 30, 2005

Name	Title	Term Expires
	Prior to May 5, 2005	
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
	Subsequent to June 7, 2005	
Dennis Madren	Mayor	December 31, 2005
Joe Larson	Mayor Pro Tem	December 31, 2005
Wes Cave	Council Member	December 31, 2005
Pam Danielson	Council Member	December 31, 2005
Teresa Nolan	Council Member	December 31, 2007
Jeff Steburg	Council Member	December 31, 2005
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, 2005, 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 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.

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, 2005, 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 November 22, 2005 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, 2004 (none of which are presented herein) and expressed a qualified opinion on the financial statements for the years ended June 30, 2003 and 2002 due to the absence of a record of fixed assets. My opinion on the financial statements for the year ended June 30, 2004 was unqualified. Other supplementary information included on pages 22 through 28 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
November 22, 2005

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, 2005. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2005 Financial Highlights

Total cash basis net assets of the City of Redfield at the close of the fiscal year, June 30, 2005, were $447,914, which is an increase of $108,291 from last year. Of this amount, the assets of the governmental activities were $223,775 and the assets of the business activities were $224,139.

Revenues of the City's governmental activities decreased 8.6% or $45,697 from fiscal 2004 to fiscal 2005. Property tax increased .4% or $780.

Total disbursements were $506,909 for 2005, up $37,340 or 8% for fiscal year 2005. Public Safety increased by $61,390, Debt Service increased by $4,646, Culture and Recreation increased by $14,722 whereas Public Works decreased by $21,194 and Community and Economic Development was decreased by $33,192.

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 2005.

CASH BASIS NET ASSETS OF GOVERNMENTAL ACTIVITIES

	Year Ended June 30, 2005	Year Ended June 30, 2004
Revenues:		
Program revenues:		
Charge for services	$ 62,672	63,775
Licenses & permits	2,938	2,368
Use of money and property	2,773	3,102
Intergovernmental	161,578	187,848
Miscellaneous	13,580	22,357
General Revenues:		
Taxes	182,547	181,767
TIF Revenue	22,094	14,604
Proceeds of Long-Term Debt	177,000	0
Other	37,674	55,732

Total revenues	$ 662,856	531,553
Expenses:		
Public Safety	$175,244	113,854
Public Works	100,499	121,693
Culture & Recreation	64,263	49,541
Community & Economic Development	48,663	81,855
General Government	67,760	56,792
Debt Service	50,480	45,834
Total Expenses	$506,909	469,569
Excess of Receipts over Disbursements	$155,947	61,984
Net assets – beginning of year	67,828	5,844
Net assets – ending of year	$223,775	67,828

The City's total receipts for governmental activities decreased by 8.6% or $45,697, from fiscal 2004 to fiscal 2005.

CHANGES IN CASH BASIS NET ASSETS OF BUSINESS TYPE ACTIVITIES

	Year ended June 30, 2005	Year ended June 30, 2004
Receipts:		
Program receipts:		
Charges for Service		
Water	$124,276	128,754
Sewer	95,394	100,329
Use of money & property	1,455	655
Total	221,125	229,738
Total Disbursements and transfers	268,781	246,195
Increase (decrease) in cash balance	(47,656)	(16,457)
Cash basis net assets beginning of year	271,795	288,252
Cash basis net assets ending of year	$224,139	271,795

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Redfield completed the year, its governmental funds reported receipts of $662,856 which was an increase of 25% and disbursements also increased by nearly 8% or $506,909.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

The Water and Sewer Fund reported $217,870 in charges for services and disbursements totaled $268,781, resulting with a deficit of $47,656. Water and sewer rates will need to be raised to cover this deficit.

BUDGETARY HIGHLIGHTS

The City amended its budget on May 3, 2005, to provide for additional disbursements in certain City departments. The City had sufficient cash balances to absorb these additional costs. The amendment shows increases from grant money received for the fire department to buy equipment and a loan to purchase a new fire truck as well as Housing Grant money and Sales Tax Revenue received from the School. The decreases were due mainly to water and sewer expenses.

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 2006 budget, tax rates, and fees that will be charged for various City activities.

Debt Outstanding

Outstanding Debt at Year End

	June 30, 2005	June 30, 2004
Governmental		
General Obligation	$ 432,098	293,197
Business-type		
Revenue Debt	807,634	824,173
Total	$1,239,732	1,117,370

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 $432,098 is significantly below the constitutional debt limit of $1,214,682.

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 2005 were as follows:

	Rebate Scheduled	Actual Rebate
Brooklyn Estates	$22,650	$22,094

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, 2005

	Disbursements	Charges for Services	Program Receipts Operating Grants, Contributions, and Restricted Interest
Function / Programs:			
Governmental activities:			
Public safety	$ 175,244	0	23,203
Public works	100,499	62,207	75,605
Culture and recreation	64,263	465	9,628
Community and economic development	48,663	0	30,125
General government	67,760	0	0
Debt service	50,480	0	0
Total Governmental Activities	506,909	62,672	138,561
Business type activities:			
Water	161,712	124,276	754
Sewer	107,069	95,394	701
Total Business Type Activities	268,781	219,670	1,455
Total	$ 775,690	282,342	140,016
General Receipts:			
Property tax levied for:			
General purposes			
Tax increment financing			
Debt service			
Local option sales tax			
Unrestricted interest on investments			
Proceeds of long-term debt			
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 Year			
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, 2005

Capital Grants, Contributions, and Restricted Interest	Net Disbursements(Receipts) and Changes in Cash Basis Net Assets: Governmental Activities	Business Type Activities	Total
17,399	134,642	0	134,642
6,075	(43,388)	0	(43,388)
0	54,170	0	54,170
0	18,538	0	18,538
0	67,760	0	67,760
0	50,480	0	50,480
23,474	282,202	0	282,202
0	0	36,682	36,682
0	0	10,974	10,974
0	0	47,656	47,656
23,474	282,202	47,656	329,858
	139,075	0	139,075
	22,094	0	22,094
	43,472	0	43,472
	37,674	0	37,674
	2,773	0	2,773
	177,000	0	177,000
	16,061	0	16,061
	438,149	0	438,149
	155,947	(47,656)	108,291
	67,828	271,795	339,623
	$ 223,775	224,139	447,914
	$ 50,298	0	50,298
	(24,359)	0	(24,359)
	(14,668)	58,580	43,912
	18,083	0	18,083
	194,421	165,559	359,980
	$ 223,775	224,139	447,914

CITY OF REDFIELD
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances - Governmental Funds
As of and For the Year Ended June 30, 2005

	General	Special Revenue Road Use Tax	Other Nonmajor Governmental Funds	Total
Receipts:				
Property tax	$ 119,671	0	62,876	182,547
TIF revenues	0	0	22,094	22,094
Other city taxes	37,674	0	0	37,674
Licenses and permits	2,938	0	0	2,938
Use of money and property	2,629	0	144	2,773
Intergovernmental	55,848	75,605	30,125	161,578
Charges for services	62,672	0	0	62,672
Miscellaneous	12,315	0	1,265	13,580
Total Receipts	293,747	75,605	116,504	485,856
Disbursements:				
Operating:				
Public safety	101,522	0	12,307	113,829
Public works	52,880	45,125	2,494	100,499
Culture and recreation	64,263	0	0	64,263
Community and economic development	2,600	0	46,063	48,663
General government	63,436	0	4,324	67,760
Debt service	0	0	50,480	50,480
Capital outlay:				
Public safety	61,415	0	0	61,415
Total Disbursements	346,116	45,125	115,668	506,909
Excess (Deficit) of Receipts over (under) Disbursements	(52,369)	30,480	836	(21,053)
Other Financing Sources (Uses):				
Proceeds of long-term debt	177,000	0	0	177,000
Operating transfers in (out)	6,784	0	(6,784)	0
Total Other Financing Sources (Uses)	183,784	0	(6,784)	177,000
Net Change in Cash Balances	131,415	30,480	(5,948)	155,947
Cash Balances at Beginning of Year	16,623	19,818	31,387	67,828
Cash Balances at End of Year	$ 148,038	50,298	25,439	223,775
Cash Basis Fund Balances:				
Reserved:				
Debt service	$ 0	0	(14,668)	(14,668)
Unreserved:				
General fund	148,038	0	0	148,038
Special revenue funds	0	50,298	23,048	73,346
Permanent fund	0	0	17,059	17,059
Total Cash Basis Fund Balances	$ 148,038	50,298	25,439	223,775

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, 2005

	Enterprise Funds		
	Water	Sewer	Total
Operating Receipts:			
Charges for services	$ 122,501	95,369	217,870
Miscellaneous	1,775	25	1,800
Total Operating Receipts	124,276	95,394	219,670
Operating Disbursements:			
Business type activities	127,607	71,274	198,881
Capital Outlay	15,000	0	15,000
Total Disbursements	142,607	71,274	213,881
Excess (Deficit) of Operating Receipts over (under) Disbursements	(18,331)	24,120	5,789
Non-Operating Receipts (Disbursements):			
Use of money and property	754	701	1,455
Debt service	(19,105)	(35,795)	(54,900)
Total Non-Operating Receipts (Disbursements)	(18,351)	(35,094)	(53,445)
Net Change in Cash Balances	(36,682)	(10,974)	(47,656)
Cash Balances at Beginning of Year	159,594	112,201	271,795
Cash Balances at End of Year	$ 122,912	101,227	224,139
Cash Basis Fund Balances:			
Unrestricted:			
Reserved for debt service	$ 37,580	21,000	58,580
Unreserved	85,332	80,227	165,559
Total Cash Basis Fund Balances	$ 122,912	101,227	224,139

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

(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.

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, 2005, the budget was amended under the statutorily prescribed procedures.

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements exceeded the amounts budgeted in the public safety, culture and recreation, general government and debt service functions.

(2) Pooled Deposits and Investments

The City's deposits at June 30, 2005 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, 2005 general obligation, landfill closure and postclosure costs and revenue bonds is as follows:

Year Ending June 30,	Interest Rates	General Obligation Capital Loan Notes	Landfill Closure and Postclosure Costs	Revenue Bonds	Total
2006	4.16 - 5.00%	$ 58,968	3,099	35,795	97,862
2007	4.16 - 5.00	64,514	3,099	54,585	122,198
2008	4.16 - 5.00	67,817	3,099	54,585	125,501
2009	4.16 - 5.00	65,857	3,099	54,585	123,541
2010	4.16 - 5.10	63,857	3,099	54,585	121,541
		321,013	15,495	254,135	590,643
2011-2015	4.16 - 5.00	109,085	15,495	272,925	397,505
2016-2020	4.16 - 5.00	10,908	15,495	252,027	278,430
2021-2025	4.50	0	15,495	178,975	194,470
2026-2030	4.50	0	3,118	178,975	182,093
2031-2035	4.50	0	0	178,975	178,975
2036-2040	4.50	0	0	178,975	178,975
2041	4.50	0	0	35,266	35,266
Total principal and interest		441,006	65,098	1,530,253	2,036,357
Less interest		74,006	0	722,619	796,625
Principal balance		$ 367,000	65,098	807,634	1,239,732

Interest paid on General Obligation Capital Loan Notes amounted to $11,981 and interest paid on Revenue Bonds amounted to $38,046 for the year ended June 30, 2005. The entire amount of $50,027 was expensed.

(3) Long-Term Debt - continued

Assets restricted for the payment of revenue bonds at June 30, 2005 are as follows:

Water	$37,580
Sewer	21,000
	$58,580

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 June 30,	Water	Sewer	Total
2006	$ 0	35,795	35,795
2007	18,790	35,795	54,585
2008	18,790	35,795	54,585
2009	18,790	35,795	54,585
2010	18,790	35,795	54,585
	75,160	178,975	254,135
2011-2041	167,002	1,109,116	1,276,118
	$ 242,162	1,288,091	1,530,253

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 June 30,	Amount
2006	$ 3,099
2007	3,099
2008	3,099
2009	3,099
2010	3,099
	15,495
2011-2026	49,603
	$ 65,098

(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.

(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 6.16% and 9.23% respectively. For the year ended June 30, 2004, the contribution rates for police employees and the City were 5.93% and 8.90%, respectively and for the year ended June 30, 2003, the contribution rates for police employees and the City were 6.04% and 9.07%, respectively. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2005, 2004, and 2003 was $8,620, $8,467 and $9,706 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, 2005 are summarized as follows:

	General Obligation Capital Loan Notes	Landfill Closure and Postclosure Costs	Total
Balance at beginning of year	$ 225,000	68,197	293,197
New debt issued	177,000	0	177,000
Principal payments during year	35,000	3,099	38,099
Balance at end of year	$ 367,000	65,098	432,098

(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:

Type of Benefit	Amount
Vacation	$ 1,398
Sick leave	2,650
	$ 4,048

The liability has been computed based on rates of pay as of June 30, 2005.

(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.

(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, 2005, disbursements in the public safety, culture and recreation, general government and debt service functions exceeded the amount budgeted.

(10) Deficit Fund Balances

At June 30, 2005, the City had deficit fund balances in the Special Revenue Fund – Housing Rehab of $24,359 as a result of disbursements exceeding receipts during the years ended June 30, 2002, 2003 and 2004 and in the Debt Service Fund of $14,668 as a result of disbursements exceeding receipts during the years ended June 30, 2002, 2004 and 2005. The City plans to reduce disbursements in the Special Revenue Fund to eliminate the deficit and will budget the necessary amount of property taxes to eliminate the deficit in the Debt Service Fund.

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, 2005

	Governmental Funds	Proprietary Funds	Total
Receipts:			
Property tax	$ 182,547	0	182,547
TIF revenues	22,094	0	22,094
Other city taxes	37,674	0	37,674
Licenses and permits	2,938	0	2,938
Use of money and property	2,773	1,455	4,228
Intergovernmental	161,578	0	161,578
Charges for services	62,672	217,870	280,542
Miscellaneous	13,580	1,800	15,380
Other financing sources	177,000	0	177,000
Total Receipts	662,856	221,125	883,981
Disbursements:			
Public safety	175,244	0	175,244
Public works	100,499	0	100,499
Culture and recreation	64,263	0	64,263
Community and economic development	48,663	0	48,663
General government	67,760	0	67,760
Debt service	50,480	0	50,480
Business type activities	0	268,781	268,781
Total Disbursements	506,909	268,781	775,690
Excess (Deficit) of Receipts over (under) Disbursements	155,947	(47,656)	108,291
Balances at Beginning of Year	67,828	271,795	339,623
Balances at End of Year	$ 223,775	224,139	447,914

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, 2005

Budgeted Amounts		Variance
Original	Amended	to Final
197,991	197,991	(15,444)
22,650	22,650	(556)
7,614	72,614	(34,940)
1,565	1,565	1,373
1,575	2,075	2,153
127,705	145,055	16,523
295,195	276,595	3,947
4,400	14,875	505
0	177,000	0
658,695	910,420	(26,439)
97,226	140,526	(34,718)
82,932	110,362	9,863
52,500	52,500	(11,763)
37,600	52,600	3,937
48,080	60,280	(7,480)
49,289	50,230	(250)
183,912	291,272	22,491
551,539	757,770	(17,920)
107,156	152,650	(44,359)
215,570	294,093	45,530
322,726	446,743	1,171

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, 2005

	Special Revenue		
	Employee Benefits	TIF	Housing Rehab
Receipts:			
Property tax	$ 19,404	0	0
TIF revenues	0	22,094	0
Use of money and property - interest	0	0	0
Intergovernmental	0	0	30,125
Miscellaneous	0	0	0
Total Receipts	19,404	22,094	30,125
Disbursements:			
Operating:			
Public safety	12,307	0	0
Public works	2,494	0	0
Community and economic development	0	21,070	24,993
General government	4,324	0	0
Debt service	0	0	0
Total Disbursements	19,125	21,070	24,993
Excess (Deficit) of Receipts over (under) Disbursements	279	1,024	5,132
Other Financing Sources (Uses) - Transfers	0	0	0
Net Change in Cash Balances	279	1,024	5,132
Cash Balances at Beginning of Year	46,104	0	(29,491)
Cash Balances at End of Year	$ 46,383	1,024	(24,359)
Cash Basis Fund Balances:			
Reserved:			
Debt service	$ 0	0	0
Unreserved:			
Special revenue funds	46,383	1,024	(24,359)
Permanent fund	0	0	0
	$ 46,383	1,024	(24,359)

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, 2005

Debt Service	Permanent Fund	Total
43,472	0	62,876
0	0	22,094
0	144	144
0	0	30,125
0	1,265	1,265
43,472	1,409	116,504
0	0	12,307
0	0	2,494
0	0	46,063
0	0	4,324
50,480	0	50,480
50,480	0	115,668
(7,008)	1,409	836
0	(6,784)	(6,784)
(7,008)	(5,375)	(5,948)
(7,660)	22,434	31,387
(14,668)	17,059	25,439
(14,668)	0	(14,668)
0	0	23,048
0	17,059	17,059
(14,668)	17,059	25,439

CITY OF REDFIELD
Schedule of Long-Term Debt and Interest
Year Ended June 30, 2005

Obligation	Date of Issue	Interest Rate	Amount Originally Issued
General Obligation Capital Loan Notes:			
Bridge, water and sewer improvements	2/01/98	4.20 - 5.10%	$ 390,000
Fire truck	3/15/05	4.16%	177,000
Total G.O. Capital Loan Notes			
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, 2005

Outstanding June 30, 2004	Principal Issued	Principal Redeemed	Outstanding June 30, 2005	Interest Paid
$ 225,000	0	35,000	190,000	11,040
0	177,000	0	177,000	941
225,000	177,000	35,000	367,000	11,981
184,898	0	9,511	175,387	9,279
639,275	0	7,028	632,247	28,767
824,173	0	16,539	807,634	38,046
68,197	0	3,099	65,098	0
$ 1,117,370	177,000	54,638	1,239,732	50,027

CITY OF REDFIELD
Bond Maturities
June 30, 2005

Year Ending June 30,	General Obligation Capital Loan Notes Issued 2/1/98 Interest Rate	Amount	Capital Loan Notes Issued 3/15/05 Interest Rate	Amount	Total	South Dallas County Landfill Interest Rate	Amount
2006	4.80%	$ 35,000	4.16	7,227	42,227	--	3,099
2007	4.85	35,000	4.16	14,908	49,908	--	3,099
2008	4.90	40,000	4.16	15,534	55,534	--	3,099
2009	5.00	40,000	4.16	16,187	56,187	--	3,099
2010	5.10	40,000	4.16	16,868	56,868	--	3,099
2011	--	--	4.16	17,577	17,577	--	3,099
2012	--	--	4.16	18,316	18,316	--	3,099
2013	--	--	4.16	19,085	19,085	--	3,099
2014	--	--	4.16	19,888	19,888	--	3,099
2015	--	--	4.16	20,724	20,724	--	3,099
2016	--	--	4.16	10,686	10,686	--	3,099
2017	--	--	--	--	--	--	3,099
2018	--	--	--	--	--	--	3,099
2019	--	--	--	--	--	--	3,099
2020	--	--	--	--	--	--	3,099
2021	--	--	--	--	--	--	3,099
2022	--	--	--	--	--	--	3,099
2023	--	--	--	--	--	--	3,099
2024	--	--	--	--	--	--	3,099
2025	--	--	--	--	--	--	3,099
2026	--	--	--	--	--	--	3,118
2027	--	--	--	--	--	--	--
2028	--	--	--	--	--	--	--
2029	--	--	--	--	--	--	--
2030	--	--	--	--	--	--	--
2031	--	--	--	--	--	--	--
2032	--	--	--	--	--	--	--
2033	--	--	--	--	--	--	--
2034	--	--	--	--	--	--	--
2035	--	--	--	--	--	--	--
2036	--	--	--	--	--	--	--
2037	--	--	--	--	--	--	--
2038	--	--	--	--	--	--	--
2039	--	--	--	--	--	--	--
2040	--	--	--	--	--	--	--
2041	--	--	--	--	--	--	--
		$ 190,000		177,000	367,000		65,098

CITY OF REDFIELD
Bond Maturities
June 30, 2005

Revenue Bonds				
Water		Sewer		
Issued 6/1/79		Issued 12/8/00		
Interest Rate	Amount	Interest Rate	Amount	Total
5.00	0	4.50	7,344	7,344
5.00	10,021	4.50	7,674	17,695
5.00	10,522	4.50	8,020	18,542
5.00	11,048	4.50	8,381	19,429
5.00	11,600	4.50	8,758	20,358
5.00	12,180	4.50	9,152	21,332
5.00	12,789	4.50	9,564	22,353
5.00	13,428	4.50	9,994	23,422
5.00	14,100	4.50	10,444	24,544
5.00	14,805	4.50	10,914	25,719
5.00	15,545	4.50	11,405	26,950
5.00	16,322	4.50	11,918	28,240
5.00	17,139	4.50	12,454	29,593
5.00	15,888	4.50	13,015	28,903
--	--	4.50	13,600	13,600
--	--	4.50	14,212	14,212
--	--	4.50	14,852	14,852
--	--	4.50	15,520	15,520
--	--	4.50	16,219	16,219
--	--	4.50	16,949	16,949
--	--	4.50	17,711	17,711
--	--	4.50	18,508	18,508
--	--	4.50	19,341	19,341
--	--	4.50	20,211	20,211
--	--	4.50	21,121	21,121
--	--	4.50	22,071	22,071
--	--	4.50	23,065	23,065
--	--	4.50	24,103	24,103
--	--	4.50	25,187	25,187
--	--	4.50	26,321	26,321
--	--	4.50	27,505	27,505
--	--	4.50	28,743	28,743
--	--	4.50	30,036	30,036
--	--	4.50	31,388	31,388
--	--	4.50	32,800	32,800
--	--	4.50	33,747	33,747
	175,387		632,247	807,634

CITY OF REDFIELD

Schedule of Receipts by Source and Dsibursements by Function

All Governmental Funds

	Years Ended June 30			
	2005	2004	2003	2002
Receipts:				
Property tax	$ 182,547	181,767	235,582	210,564
TIF revenues	22,094	14,604	22,112	2,798
Other city taxes	37,674	55,732	68,940	65,485
Licenses and permits	2,938	2,368	2,184	2,331
Use of money and property	2,773	3,102	1,931	2,190
Intergovernmental	161,578	187,848	171,006	112,251
Charges for services	62,672	63,775	64,084	62,928
Miscellaneous	13,580	22,357	15,619	20,774
Total Receipts	$ 485,856	531,553	581,458	479,321
Disbursements:				
Public safety	$ 175,244	113,854	83,651	137,744
Public works	100,499	121,693	225,438	189,927
Culture and recreation	64,263	49,541	47,825	55,636
Community and economic development	48,663	81,855	94,920	3,979
General government	67,760	56,792	61,834	104,146
Debt service	50,480	45,834	44,100	45,300
Total Disbursements	$ 506,909	469,569	557,768	536,732

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, 2005 and have issued my report thereon dated November 22, 2005 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 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, 2005 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 05-III-B, 05-III-G and 05-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 05-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
November 22, 2005

CITY OF REDFIELD
Schedule of Findings
Year Ended June 30, 2005

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, 2005

Part II: Findings Related to the Financial Statements

Instances of Non-compliance

No matters were noted.

Reportable Conditions

05-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, 2005

Part III: Other Findings Related to Statutory Reporting

05-III-A Official Depositories

A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were exceeded during the year ended June 30, 2005. City officials should monitor the cash balances and increase the maximum deposit amount if necessary.

Response: The maximum deposit amounts were exceeded during a period of unusually high cash balances. It does not appear necessary to increase the maximum deposit amount.

Conclusion: Response accepted.

05-III-B Certified Budget

City expenditures during the year ended June 30, 2005 exceeded amounts budgeted therefore in the public safety, culture and recreation, general government and debt service 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.

05-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.

05-III-D Travel Expense

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

05-III-E Business Transactions

During the year ended June 30, 2005, there were no business transactions between the City and City officials.

05-III-F Bond Coverage

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

05-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.

05-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.

05-III-I Deposits and Investments

Except as noted in comment 05-III-A, I noted no other 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.

05-III-J Deficit Fund Balances

At June 30, 2005, the City had deficit fund balances in the Special Revenue Fund for Housing Rehab of $24,359 and in the Debt Service Fund of $14,668. 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.