

CITY OF REDFIELD

Redfield, Iowa

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

June 30, 2008

With Independent Auditor's Reports

CITY OF REDFIELD
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CITY OF REDFIELD

City Officials
June 30, 2008

Prior to January 31, 2008

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dennis Madren	Mayor	December 31, 2009
Teresa Nolan	Mayor Pro Tem	December 31, 2007
Darci Alt	Council Member	December 31, 2007
Pam Danielson	Council Member	December 31, 2009
Heather Godwin	Council Member	December 31, 2009
John Hoy	Council Member	December 31, 2007
Debbra Light	City Clerk	Indefinite
Beverly Wild	City Attorney	Indefinite

Subsequent to December 31, 2007

Dennis Madren	Mayor	December 31, 2009
Pam Danielson	Mayor Pro Tem	December 31, 2009
Darci Alt	Council Member	December 31, 2011
Darrell Bowman	Council Member	December 31, 2011
Heather Godwin	Council Member	December 31, 2009
John Hoy	Council Member	December 31, 2011
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, 2008, 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 opinions 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 opinions.

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, 2008, 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 January 5, 2009 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 grant agreements and other matters. 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 21 through 22 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. Other supplementary information included on pages 24 through 29 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
January 5, 2009

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, 2008. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2008 Financial Highlights

Total cash basis net assets of the City of Redfield at the close of the fiscal year, June 30, 2008, were \$259,290, which is a decrease of \$57,850 from the fiscal year ended June 30, 2007. Of this amount, the assets of the governmental activities were \$59,510 and the assets of the business activities were \$199,780.

Revenues of the City's governmental activities totaled \$497,744. Property taxes were \$229,592 and intergovernmental receipts were \$115,644.

Total disbursements for governmental activities were \$543,299 for 2008. Public Safety disbursements totaled \$99,675, Public Works was \$145,428, Community and Economic Development was \$69,270 and Capital Projects was only \$1,000.

Using this annual report

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the 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, 4) the Capital Projects Fund and 5) 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 2008.

CASH BASIS NET ASSETS OF GOVERNMENTAL ACTIVITIES

	Year Ended June 30, <u>2008</u>	Year Ended June 30, <u>2007</u>
Revenues:		
Program revenues:		
Charge for services	\$ 63,948	63,357
Licenses & permits	2,306	3,114
Use of money and property	2,509	3,523
Intergovernmental	115,644	204,738
Miscellaneous	16,535	20,840
General Revenues:		
Taxes	229,592	245,193
TIF Revenue	66,480	66,576
Proceeds of Long-Term Debt	0	79,934
Other	<u>730</u>	<u>5,000</u>
Total revenues	<u>\$ 497,744</u>	<u>692,275</u>

Expenses:		
Public Safety	\$ 99,675	109,182
Public Works	145,428	158,069
Culture & Recreation	53,196	55,161
Community & Economic Development	69,270	213,829
General Government	82,668	86,122
Debt Service	92,062	70,272
Capital Projects	<u>1,000</u>	<u>112,622</u>
Total Expenses	<u>\$543,299</u>	<u>805,257</u>
Net assets – beginning of year	<u>105,065</u>	<u>218,047</u>
Net assets – end of year	<u>\$ 59,510</u>	<u>105,065</u>

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

	Year ended June 30, <u>2008</u>	Year ended June 30, <u>2007</u>
Receipts:		
Program receipts:		
Charges for Service:		
Water	\$135,394	134,144
Sewer	110,311	110,182
Use of money & property	<u>3,623</u>	<u>1,758</u>
Total	249,328	246,084
Total Disbursements	<u>261,623</u>	<u>246,858</u>
Decrease in cash balance	(12,295)	(774)
Cash basis net assets beginning of year	<u>212,075</u>	<u>212,849</u>
Cash basis net assets end of year	<u>\$199,780</u>	<u>212,075</u>

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Redfield completed the year, its governmental funds reported receipts of \$497,744 and disbursements of \$543,299, a deficit of \$45,555. The General Fund showed receipts and transfers of \$241,797 and disbursements of \$263,614 for a deficit of \$21,817 leaving a fund balance of \$33,181. The Road Use Tax Fund had receipts of \$84,017 and disbursements of \$83,789 for a surplus of \$228 leaving a fund balance of \$26,345. The TIF Fund had receipts of \$66,480 and disbursements of \$65,151 for a surplus of \$1,329 leaving a fund balance of \$1,580. The Debt Service Fund had receipts of \$81,509 and disbursements of \$92,062 for a deficit of \$10,553 leaving a fund balance deficit of \$8,182.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

The Water Fund had receipts of \$137,330 and disbursements of \$149,396 for a deficit of \$12,066 leaving a fund balance of \$96,576. The Sewer Fund had receipts of \$111,998 and disbursements of \$112,227 for a deficit of \$229 leaving a fund balance of \$103,204. To eliminate the deficits, water and sewer rates were raised in June of 2008.

BUDGETARY HIGHLIGHTS

The City amended its budget on May 20, 2008, to provide for additional disbursements in certain City departments. The City of Redfield exceeded amounts budgeted for in the community and economic development function. Expenditures will be more carefully monitored in the future.

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 2009 budget, tax rates, and fees that will be charged for various City activities.

Debt Outstanding

Outstanding Debt at Year End

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Governmental:		
General Obligation	\$ 339,264	413,737
Business-type:		
Revenue Debt	<u>752,464</u>	<u>771,516</u>
Total	<u>\$1,091,728</u>	<u>1,185,253</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 \$339,264 is significantly below the constitutional debt limit of \$1,298,407.

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 2008 were as follows:

	<u>Rebate Scheduled</u>	<u>Actual Rebate</u>
Brooklyn Estates	\$66,480	\$65,151

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, 2008

	<u>Disbursements</u>	<u>Charges for Services</u>	<u>Program Receipts Operating Grants, Contributions, and Restricted Interest</u>
Function / Programs:			
Governmental activities:			
Public safety	\$ 99,675	150	26,544
Public works	145,428	63,948	84,017
Culture and recreation	53,196	715	10,292
Community and economic development	69,270	0	0
General government	82,668	0	0
Debt service	92,062	0	0
Capital projects	1,000	0	0
Total Governmental Activities	<u>543,299</u>	<u>64,813</u>	<u>120,853</u>
Business type activities:			
Water	149,396	135,394	1,936
Sewer	112,227	110,311	1,687
Total Business Type Activities	<u>261,623</u>	<u>245,705</u>	<u>3,623</u>
Total	<u>\$ 804,922</u>	<u>310,518</u>	<u>124,476</u>
General Receipts:			
Property tax levied for:			
General purposes			
Tax increment financing			
Debt service			
Unrestricted interest on investments			
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, 2008

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>
0	72,981	0	72,981
0	(2,537)	0	(2,537)
0	42,189	0	42,189
0	69,270	0	69,270
0	82,668	0	82,668
0	92,062	0	92,062
0	1,000	0	1,000
<u>0</u>	<u>357,633</u>	<u>0</u>	<u>357,633</u>
0	0	12,066	12,066
0	0	229	229
<u>0</u>	<u>0</u>	<u>12,295</u>	<u>12,295</u>
<u>0</u>	<u>357,633</u>	<u>12,295</u>	<u>369,928</u>
	148,083	0	148,083
	66,480	0	66,480
	81,509	0	81,509
	2,296	0	2,296
	13,710	0	13,710
	<u>312,078</u>	<u>0</u>	<u>312,078</u>
	(45,555)	(12,295)	(57,850)
	105,065	212,075	317,140
	<u>\$ 59,510</u>	<u>199,780</u>	<u>259,290</u>
	\$ 26,345	0	26,345
	(20,779)	0	(20,779)
	(8,182)	58,580	50,398
	28,945	0	28,945
	33,181	141,200	174,381
	<u>\$ 59,510</u>	<u>199,780</u>	<u>259,290</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, 2008

	<u>General</u>	<u>Special Revenue</u>		<u>Debt Service</u>
		<u>Road Use Tax</u>	<u>TIF</u>	
Receipts:				
Property tax	\$ 120,419	0	0	81,509
TIF revenues	0	0	66,480	0
Other city taxes	730	0	0	0
Licenses and permits	2,306	0	0	0
Use of money and property	2,296	0	0	0
Intergovernmental	31,627	84,017	0	0
Charges for services	63,948	0	0	0
Miscellaneous	15,260	0	0	0
Total Receipts	<u>236,586</u>	<u>84,017</u>	<u>66,480</u>	<u>81,509</u>
Disbursements:				
Operating:				
Public safety	82,711	0	0	0
Public works	51,463	81,289	0	0
Culture and recreation	49,707	0	0	0
Community and economic development	3,166	0	65,151	0
General government	76,567	0	0	0
Debt service	0	0	0	92,062
Capital projects	0	0	0	0
Capital outlay:				
Public works	0	2,500	0	0
Total Disbursements	<u>263,614</u>	<u>83,789</u>	<u>65,151</u>	<u>92,062</u>
Excess (Deficit) of Receipts over (under) Disbursements	<u>(27,028)</u>	<u>228</u>	<u>1,329</u>	<u>(10,553)</u>
Other Financing Sources (Uses):				
Operating transfers in (out)	5,211	0	0	0
Total Other Financing Sources (Uses)	<u>5,211</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Cash Balances	(21,817)	228	1,329	(10,553)
Cash Balances at Beginning of Year	54,998	26,117	251	2,371
Cash Balances at End of Year	<u>\$ 33,181</u>	<u>26,345</u>	<u>1,580</u>	<u>(8,182)</u>
Cash Basis Fund Balances:				
Reserved:				
Debt service	\$ 0	0	0	(8,182)
Unreserved:				
General fund	33,181	0	0	0
Special revenue funds	0	26,345	1,580	0
Capital projects fund	0	0	0	0
Permanent fund	0	0	0	0
Total Cash Basis Fund Balances	<u>\$ 33,181</u>	<u>26,345</u>	<u>1,580</u>	<u>(8,182)</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 - Governmental Funds
As of and For the Year Ended June 30, 2008

Other Nonmajor Governmental Funds	<u>Total</u>
27,664	229,592
0	66,480
0	730
0	2,306
213	2,509
0	115,644
0	63,948
1,275	16,535
29,152	497,744
16,964	99,675
10,176	142,928
3,489	53,196
953	69,270
6,101	82,668
0	92,062
1,000	1,000
0	2,500
38,683	543,299
(9,531)	(45,555)
(5,211)	0
(5,211)	0
(14,742)	(45,555)
21,328	105,065
6,586	59,510
0	(8,182)
0	33,181
26,421	54,346
(31,688)	(31,688)
11,853	11,853
6,586	59,510

CITY OF REDFIELD
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances - Proprietary Funds
As of and For the Year Ended June 30, 2008

	<u>Water</u>	<u>Enterprise Funds Sewer</u>	<u>Total</u>
Operating Receipts:			
Charges for services	\$ 132,649	110,311	242,960
Miscellaneous	2,745	0	2,745
Total Operating Receipts	<u>135,394</u>	<u>110,311</u>	<u>245,705</u>
Operating Disbursements:			
Business type activities	130,606	76,432	207,038
Total Disbursements	<u>130,606</u>	<u>76,432</u>	<u>207,038</u>
Excess of Operating Receipts over Disbursements	<u>4,788</u>	<u>33,879</u>	<u>38,667</u>
Non-Operating Receipts (Disbursements):			
Use of money and property	1,936	1,687	3,623
Debt service	(18,790)	(35,795)	(54,585)
Total Non-Operating Receipts (Disbursements)	<u>(16,854)</u>	<u>(34,108)</u>	<u>(50,962)</u>
Net Change in Cash Balances	(12,066)	(229)	(12,295)
Cash Balances at Beginning of Year	108,642	103,433	212,075
Cash Balances at End of Year	<u>\$ 96,576</u>	<u>103,204</u>	<u>199,780</u>
Cash Basis Fund Balances:			
Unrestricted:			
Reserved for debt service	\$ 37,580	21,000	58,580
Unreserved	58,996	82,204	141,200
Total Cash Basis Fund Balances	<u>\$ 96,576</u>	<u>103,204</u>	<u>199,780</u>

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

CITY OF REDFIELD
Notes to the Financial Statements
June 30, 2008

(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 Urban Renewal Tax Increment Financing Fund is used to account for urban renewal projects financed by tax increment financing.

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

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

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

CITY OF REDFIELD
Notes to the Financial Statements – Continued

(2) Pooled Deposits and Investments

The City's deposits at June 30, 2008 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, 2008 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
2009	4.16 - 6.40%	\$ 86,603	3,099	54,585	144,287
2010	4.16 - 6.40	84,603	3,099	54,585	142,287
2011	4.16 - 6.40	42,563	3,099	54,585	100,247
2012	4.16 - 6.40	32,178	3,099	54,585	89,862
2013	4.16 - 5.00	21,817	3,099	54,585	79,501
		267,764	15,495	272,925	556,184
2014-2018	4.16 - 5.00	54,542	15,495	270,708	340,745
2019-2023	4.50	0	15,495	178,975	194,470
2024-2028	4.50	0	9,316	178,975	188,291
2029-2033	4.50	0	0	178,975	178,975
2034-2038	4.50	0	0	178,975	178,975
2039-2041	4.50	0	0	104,821	104,821
Total principal and interest		322,306	55,801	1,364,354	1,742,461
Less interest		38,843	0	611,890	650,733
Principal balance		\$ 283,463	55,801	752,464	1,091,728

Interest paid on General Obligation Capital Loan Notes amounted to \$17,188 and interest paid on Revenue Bonds amounted to \$35,533 for the year ended June 30, 2008. The entire amount of \$52,721 was expensed.

Assets restricted for the payment of revenue bonds at June 30, 2008 are as follows:

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

CITY OF REDFIELD

Notes to the Financial Statements - Continued

(3) Long-Term Debt - continued

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>
2009	\$ 18,790	35,795	54,585
2010	18,790	35,795	54,585
2011	18,790	35,795	54,585
2012	18,790	35,795	54,585
2013	18,790	35,795	54,585
	<u>93,950</u>	<u>178,975</u>	<u>272,925</u>
2014-2041	91,733	999,696	1,091,429
	<u>\$ 185,683</u>	<u>1,178,671</u>	<u>1,364,354</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>
2009	\$ 3,099
2010	3,099
2011	3,099
2012	3,099
2013	3,099
	<u>15,495</u>
2014-2026	40,306
	<u>\$ 55,801</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.

Most regular plan members are required to contribute 3.90% of their annual salary and the City is required to contribute 6.05% of annual covered payroll. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contribution to IPERS for the year ended June 30, 2008 was \$10,236, equal to the required contributions for the year.

CITY OF REDFIELD
Notes to the Financial Statements – Continued

- (5) General Long-Term Debt Account Group
Changes in the general long-term debt account group during the year ended June 30, 2008 are summarized as follows:

	General Obligation Capital Loan <u>Notes</u>	Landfill Closure and Postclosure <u>Costs</u>	<u>Total</u>
Balance at beginning of year	\$ 354,837	58,900	413,737
Principal payments during year	(71,374)	(3,099)	(74,473)
Balance at end of year	\$ 283,463	55,801	339,264

- (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	\$ 3,314
Sick leave	4,422
	\$ 7,736

The liability has been computed based on rates of pay as of June 30, 2008.

- (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, 2008, disbursements in the community and economic development function exceeded the amount budgeted.

CITY OF REDFIELD
Notes to the Financial Statements – Continued

(10) Deficit Fund Balances

At June 30, 2008, the City had deficit fund balances in the Special Revenue Fund – Housing Rehab of \$22,359 as a result of disbursements exceeding receipts during the years ended June 30, 2002, 2003 and 2004; in the Debt Service Fund of \$8,182 as a result of disbursements exceeding receipts during the year ended June 30, 2008 and in the Capital Projects Fund of \$31,688 as a result of disbursements exceeding receipts during the years ended June 30, 2007 and 2008. The City plans to reduce disbursements in the Special Revenue Fund to eliminate the deficit, assess a sufficient tax levy in the Debt Service Fund to eliminate the deficit and will transfer funds to eliminate the deficit in the Capital Projects Fund.

(11) Interfund Transfers

The detail of interfund transfers during the year ended June 30, 2008 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General Fund	Permanent Fund	<u>\$ 5,211</u>

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

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, 2008

	Governmental <u>Funds</u>	Proprietary <u>Funds</u>	<u>Total</u>
Receipts:			
Property tax	\$ 229,592	0	229,592
TIF revenues	66,480	0	66,480
Other city taxes	730	0	730
Licenses and permits	2,306	0	2,306
Use of money and property	2,509	3,623	6,132
Intergovernmental	115,644	0	115,644
Charges for services	63,948	245,705	309,653
Miscellaneous	16,535	0	16,535
Other financing sources	0	0	0
	<u>497,744</u>	<u>249,328</u>	<u>747,072</u>
Total Receipts			
Disbursements:			
Public safety	99,675	0	99,675
Public works	145,428	0	145,428
Culture and recreation	53,196	0	53,196
Community and economic development	69,270	0	69,270
General government	82,668	0	82,668
Debt service	92,062	0	92,062
Capital projects	1,000	0	1,000
Business type activities	0	261,623	261,623
Transfers out	0	0	0
	<u>543,299</u>	<u>261,623</u>	<u>804,922</u>
Total Disbursements			
Excess (Deficit) of Receipts over (under) Disbursements	(45,555)	(12,295)	(57,850)
Balances at Beginning of Year	105,065	212,075	317,140
Balances at End of Year	<u>\$ 59,510</u>	<u>199,780</u>	<u>259,290</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, 2008

<u>Budgeted Amounts</u>		<u>Variance to Final</u>
<u>Original</u>	<u>Amended</u>	
224,365	224,365	5,227
70,000	70,000	(3,520)
8,452	8,452	(7,722)
1,265	1,265	1,041
1,950	1,950	4,182
97,420	97,420	18,224
318,365	318,365	(8,712)
11,400	11,400	5,135
34,000	34,000	(34,000)
<u>767,217</u>	<u>767,217</u>	<u>(20,145)</u>
98,588	107,163	7,488
194,927	219,927	74,499
46,442	55,792	2,596
3,433	4,266	(65,004)
53,540	86,790	4,122
82,917	103,663	11,601
0	1,000	0
243,142	272,490	10,867
34,000	34,000	34,000
<u>756,989</u>	<u>885,091</u>	<u>80,169</u>
10,228	(117,874)	60,024
452,501	316,712	428
<u>462,729</u>	<u>198,838</u>	<u>60,452</u>

CITY OF REDFIELD
Notes to Required Supplementary Information
June 30, 2008

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

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

Formal and legal budgetary control is based on 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, one budget amendment increased budgeted disbursements by \$128,102. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2008, amounts expended exceeded budgeted amounts in the community and economic development function.

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, 2008

		<u>Special Revenue</u>	
	<u>Employee</u> <u>Benefits</u>	<u>Local Option</u> <u>Sales Tax</u>	<u>Housing</u> <u>Rehab</u>
Receipts:			
Property tax	\$ 27,664	0	0
Use of money and property - interest	0	0	0
Miscellaneous	0	0	0
Total Receipts	27,664	0	0
Disbursements:			
Operating:			
Public safety	16,964	0	0
Public works	10,176	0	0
Culture and recreation	3,489	0	0
Community and economic development	0	953	0
General government	6,101	0	0
Capital projects	0	0	0
Total Disbursements	36,730	953	0
Excess (Deficit) of Receipts over (under) Disbursements	(9,066)	(953)	0
Other Financing Sources (Uses) - Transfers	0	0	0
Net Change in Cash Balances	(9,066)	(953)	0
Cash Balances at Beginning of Year	46,977	11,822	(22,359)
Cash Balances at End of Year	\$ 37,911	10,869	(22,359)
Cash Basis Fund Balances:			
Unreserved:			
Special revenue funds	\$ 37,911	10,869	(22,359)
Capital projects fund	0	0	0
Permanent fund	0	0	0
	\$ 37,911	10,869	(22,359)

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, 2008

<u>Capital Projects</u>	<u>Permanent Fund</u>	<u>Total</u>
0	0	27,664
0	213	213
0	1,275	1,275
<u>0</u>	<u>1,488</u>	<u>29,152</u>
0	0	16,964
0	0	10,176
0	0	3,489
0	0	953
0	0	6,101
1,000	0	1,000
<u>1,000</u>	<u>0</u>	<u>38,683</u>
(1,000)	1,488	(9,531)
<u>0</u>	<u>(5,211)</u>	<u>(5,211)</u>
(1,000)	(3,723)	(14,742)
(30,688)	15,576	21,328
<u>(31,688)</u>	<u>11,853</u>	<u>6,586</u>
0	0	26,421
(31,688)	0	(31,688)
0	11,853	11,853
<u>(31,688)</u>	<u>11,853</u>	<u>6,586</u>

CITY OF REDFIELD
Schedule of Long-Term Debt and Interest
Year Ended June 30, 2008

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Originally Issued</u>
General Obligation:			
Bridge, water and sewer improvements	2/01/98	4.20 - 5.10%	\$ 390,000
Fire truck	3/15/05	4.16%	177,000
Raccoon Valley Bank promissory note	1/10/07	6.40%	80,000
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, 2008

<u>Outstanding June 30, 2007</u>	<u>Principal</u>		<u>Outstanding June 30, 2008</u>	<u>Interest Paid</u>
	<u>Issued</u>	<u>Redeemed</u>		
\$ 120,000	0	40,000	80,000	6,000
154,865	0	15,534	139,331	6,283
79,972	0	15,840	64,132	4,905
<u>354,837</u>	<u>0</u>	<u>71,374</u>	<u>283,463</u>	<u>17,188</u>
154,743	0	11,012	143,731	7,778
616,773	0	8,040	608,733	27,755
<u>771,516</u>	<u>0</u>	<u>19,052</u>	<u>752,464</u>	<u>35,533</u>
<u>58,900</u>	<u>0</u>	<u>3,099</u>	<u>55,801</u>	<u>0</u>
<u>\$ 1,185,253</u>	<u>0</u>	<u>93,525</u>	<u>1,091,728</u>	<u>52,721</u>

CITY OF REDFIELD
 Bond Maturities
 June 30, 2008

General Obligation

Year Ending June 30,	<u>Capital Loan Notes</u> <u>Issued 2/1/98</u>		<u>Capital Loan Notes</u> <u>Issued 3/15/05</u>		<u>Raccoon Valley Bank</u> <u>Promissory Note</u> <u>Issued 1/10/07</u>		<u>Total</u>
	<u>Interest</u> <u>Rate</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u>	
2009	5.00%	\$ 40,000	4.16	16,187	6.40	16,907	73,094
2010	5.10	40,000	4.16	16,868	6.40	18,007	74,875
2011	--	--	4.16	17,577	6.40	19,178	36,755
2012	--	--	4.16	18,316	6.40	10,040	28,356
2013	--	--	4.16	19,085	--	--	19,085
2014	--	--	4.16	19,888	--	--	19,888
2015	--	--	4.16	20,724	--	--	20,724
2016	--	--	4.16	10,686	--	--	10,686
2017	--	--	--	--	--	--	--
2018	--	--	--	--	--	--	--
2019	--	--	--	--	--	--	--
2020	--	--	--	--	--	--	--
2021	--	--	--	--	--	--	--
2022	--	--	--	--	--	--	--
2023	--	--	--	--	--	--	--
2024	--	--	--	--	--	--	--
2025	--	--	--	--	--	--	--
2026	--	--	--	--	--	--	--
2027	--	--	--	--	--	--	--
2028	--	--	--	--	--	--	--
2029	--	--	--	--	--	--	--
2030	--	--	--	--	--	--	--
2031	--	--	--	--	--	--	--
2032	--	--	--	--	--	--	--
2033	--	--	--	--	--	--	--
2034	--	--	--	--	--	--	--
2035	--	--	--	--	--	--	--
2036	--	--	--	--	--	--	--
2037	--	--	--	--	--	--	--
2038	--	--	--	--	--	--	--
2039	--	--	--	--	--	--	--
2040	--	--	--	--	--	--	--
2041	--	--	--	--	--	--	--
		<u>\$ 80,000</u>		<u>139,331</u>		<u>64,132</u>	<u>283,463</u>

CITY OF REDFIELD

Bond Maturities

June 30, 2008

South Dallas County Landfill		Revenue Bonds				Total
		Water Issued 6/1/79		Sewer Issued 12/8/00		
Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount	
--	3,099	5.00	11,604	4.50	8,402	20,006
--	3,099	5.00	12,184	4.50	8,780	20,964
--	3,099	5.00	12,793	4.50	9,175	21,968
--	3,099	5.00	13,432	4.50	9,588	23,020
--	3,099	5.00	14,104	4.50	10,019	24,123
--	3,099	5.00	14,809	4.50	10,470	25,279
--	3,099	5.00	15,550	4.50	10,942	26,492
--	3,099	5.00	16,327	4.50	11,434	27,761
--	3,099	5.00	17,144	4.50	11,949	29,093
--	3,099	5.00	15,784	4.50	12,486	28,270
--	3,099	--	--	4.50	13,048	13,048
--	3,099	--	--	4.50	13,635	13,635
--	3,099	--	--	4.50	14,249	14,249
--	3,099	--	--	4.50	14,890	14,890
--	3,099	--	--	4.50	15,560	15,560
--	3,099	--	--	4.50	16,260	16,260
--	3,099	--	--	4.50	16,992	16,992
--	3,118	--	--	4.50	17,757	17,757
--	--	--	--	4.50	18,556	18,556
--	--	--	--	4.50	19,391	19,391
--	--	--	--	4.50	20,263	20,263
--	--	--	--	4.50	21,175	21,175
--	--	--	--	4.50	22,128	22,128
--	--	--	--	4.50	23,124	23,124
--	--	--	--	4.50	24,164	24,164
--	--	--	--	4.50	25,252	25,252
--	--	--	--	4.50	26,388	26,388
--	--	--	--	4.50	27,575	27,575
--	--	--	--	4.50	28,816	28,816
--	--	--	--	4.50	30,113	30,113
--	--	--	--	4.50	31,468	31,468
--	--	--	--	4.50	32,884	32,884
--	--	--	--	4.50	31,800	31,800
	<u>55,801</u>		<u>143,731</u>		<u>608,733</u>	<u>752,464</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

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

I have audited the 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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents and have issued my report thereon dated January 5, 2009. My report expressed unqualified opinions 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City of Redfield's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of the City of Redfield's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies but none that I consider to be material weaknesses.

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

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

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I believe none of the items are material weaknesses. Prior year significant deficiencies have been resolved except for item 08-II-A.

Compliance and Other Matters

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 grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of 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 of Redfield's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements. 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 08-III-A, 08-III-F and 08-III-I.

The City of Redfield's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the City of Redfield's responses, I did not audit the City of Redfield's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of 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
January 5, 2009

CITY OF REDFIELD
Schedule of Findings
Year Ended June 30, 2008

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 significant deficiency 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, 2008

Part II: Findings Related to the Financial Statements

Instances of Non-compliance

No matters were noted.

Significant Deficiency

08-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, bank reconciliations, utility billing and general ledger accounting.

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, 2008

Part III: Other Findings Related to Statutory Reporting

08-III-A Certified Budget

City expenditures during the year ended June 30, 2008 exceeded amounts budgeted therefore in the community and economic development function. 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.

08-III-B 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.

08-III-C Travel Expense

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

08-III-D Business Transactions

During the year ended June 30, 2008, there were no business transactions between the City and City officials.

08-III-E Bond Coverage

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

08-III-F 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.

08-III-G 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, 2008

08-III-H 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.

08-III-I Deficit Fund Balances

At June 30, 2008, the City had deficit fund balances in the Special Revenue Fund for Housing Rehab of \$22,359, the Debt Service Fund of \$8,182 and in the Capital Projects Fund of \$31,688. 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, increase the tax levy for the Debt Service Fund and transfer funds to eliminate the deficit in the Capital Projects Fund.

Conclusion: Response accepted.