

**CITY OF GREENFIELD, IOWA
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH
INDEPENDENT AUDITORS' REPORTS
FOR THE YEAR ENDED JUNE 30, 2012**

CITY OF GREENFIELD, IOWA

TABLE OF CONTENTS

		Page
OFFICIALS AND BOND COVERAGE		1
INDEPENDENT AUDITORS' REPORT		2
FINANCIAL STATEMENTS	Exhibit	
Government-wide Financial Statements - Statement of Activities and Net Assets - Cash Basis	A	4
Governmental Funds Financial Statements - Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B	6
Proprietary Funds Financial Statements - Statement of Cash Receipts, Disbursements and Changes in Cash Balances	C	8
Notes to Financial Statements		9
BUDGET INFORMATION	Schedule	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual All Governmental Funds and Proprietary Funds	1	20
Note to Budgetary Comparison Schedule		21
SUPPLEMENTARY INFORMATION		
Schedule of Indebtedness	2	22
Schedule of Bond and Note Maturities - Governmental Funds	3	23
Schedule of Bond and Note Maturities - Proprietary Funds	4	24
Schedule of Receipts by Source and Disbursements by Function - All Governmental Funds	5	26
OTHER REPORTS		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		28
Schedule of Findings		30

CITY OF GREENFIELD, IOWA
OFFICIALS AND BOND COVERAGE
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

Name	Title	Term Expires	Bond Coverage
GOVERNANCE-			
Ron Smith	Mayor	12/31/2015	\$ 10,000
Kevin Hall	Council Member	12/31/2013	10,000
Debra Houghtaling	Council Member	12/31/2013	10,000
Ray "Bubba" Sorensen	Council Member	12/31/2013	10,000
Brian Eisbach	Council Member	12/31/2015	10,000
Carol Woosley	Council Member	12/31/2015	10,000
Lynne Don Carlos	Utility Trustee	12/31/2012	10,000
Richard Kohler	Utility Trustee	12/31/2014	10,000
Terry Schneider	Utility Trustee	12/31/2016	10,000
Roleen Chiles	Library Trustee	7/1/2013	10,000
Rana Glade	Library Trustee	7/1/2013	10,000
Marilyn Nickel	Library Trustee	7/1/2013	10,000
George Pierce	Library Trustee	7/1/2013	10,000
Dick Kuhl	Library Trustee	7/1/2014	10,000
Linda Kintigh	Library Trustee	7/1/2014	10,000
Larry Means	Library Trustee	7/1/2014	10,000
OTHERS-			
Rebecca Haase	City Clerk/Treasurer	Indefinite	40,000
Twyla Faust	City Deputy Clerk	Indefinite	40,000
Duane Armstead	Utility General Manager	Indefinite	40,000
Lorraine Schneider	Co-Head Librarian	Indefinite	10,000
Lynn Heinbuch	Co-Head Librarian	Indefinite	10,000

O'Donnell, Ficenec, Wills & Ferdig, LLP

Certified Public Accountants

4815 South 107th Avenue

Omaha, Nebraska 68127-1904

Gerald A. Wills, C.P.A.
Ronald W. Ferdig, C.P.A.
Lawrence A. Wolfe, C.P.A.
Steven M. Povich, C.P.A.
John Keblesh, C.P.A.

402-592-3800
Fax: 402-592-7747
www.ofwf.com

Gregory A. Harr, C.P.A.
Dwain E. Wulf, C.P.A.
Daniel R. Holt, C.P.A.
Daniel A. Dudley, C.P.A.
Geoffrey F. Schnathorst, C.P.A.
Catherine T. Kellogg, C.P.A.

INDEPENDENT AUDITORS' REPORT

City Council
City of Greenfield
Greenfield, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Greenfield, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the City's financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Greenfield's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Greenfield, Iowa, as of June 30, 2012, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2012, on our consideration of the City of Greenfield's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Greenfield's financial statements as a whole. The budgetary comparison information on pages 20 and 21 and the supplemental information on pages 22 through 27 is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

November 13, 2012

CITY OF GREENFIELD, IOWA

FINANCIAL STATEMENTS

CITY OF GREENFIELD, IOWA

STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

	Program Disbursements	Program Receipts			Net (Expense) Revenue
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS/PROGRAMS:					
Primary Government -					
Governmental Activities -					
Public Safety	\$ 319,698	\$ -	\$ 54,476	\$ -	\$ (265,222)
Public Works	362,905	45,676	187,995	-	(129,234)
Culture and Recreation	108,813	-	-	-	(108,813)
Community and Economic Development	475,776	34,968	653,754	-	212,946
General Government	389,621	7,768	-	-	(381,853)
Debt Service	2,141,164	-	-	-	(2,141,164)
Capital Projects	5,325	-	-	-	(5,325)
Total Governmental Activities	3,803,302	88,412	896,225	-	(2,818,665)
Business Type Activities - Sewer	126,253	208,455	-	-	82,202
Total of Primary Government	<u>\$ 3,929,555</u>	<u>\$ 296,867</u>	<u>\$ 896,225</u>	<u>\$ -</u>	<u>\$ (2,736,463)</u>
Components -					
Governmental Activities -					
Library	\$ 155,263	\$ 1,198	\$ 20,799	\$ -	\$ (133,266)
Business Type Activities -					
Water	898,181	615,209	-	70,965	(212,007)
Electric	4,357,575	3,551,661	-	-	(805,914)
Total of Components	<u>\$ 5,411,019</u>	<u>\$ 4,168,068</u>	<u>\$ 20,799</u>	<u>\$ 70,965</u>	<u>\$ (1,151,187)</u>

See Notes to Financial Statements.

CITY OF GREENFIELD, IOWA

STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

	Primary Government			Total of Components
	Governmental Activities	Business Type Activities	Total Primary Government	
CHANGES IN NET ASSETS:				
Net (Expense) Revenue (Continued from Previous Page)	\$ (2,818,665)	\$ 82,202	\$ (2,736,463)	\$ (1,151,187)
General Receipts -				
Property Taxes Levied for -				
General Purposes	400,637	-	400,637	-
Employee Benefits	218,105	-	218,105	-
Tax Increment Financing	308,362	-	308,362	-
Local Option Sales and Other City Tax	184,143	-	184,143	-
Use of Money (Interest) and Property	33,254	9,520	42,774	18,754
Special Assessments	16,657	-	16,657	-
Miscellaneous	31,730	-	31,730	79,804
Remitted Sewer Fees - Net	-	-	-	4,791
Operating Transfers (To) From	(130,570)	-	(130,570)	130,570
Payment Received For Water Utility Debt	46,804	-	46,804	-
Proceeds of Debt	1,779,230	-	1,779,230	655,855
Payments Received on Grant Loan	-	-	-	6,670
Bond Issue Costs	-	-	-	(17,511)
Payment to City from Electric	110,000	-	110,000	(110,000)
Total General Receipts and Transfers	<u>2,998,352</u>	<u>9,520</u>	<u>3,007,872</u>	<u>768,933</u>
Change in Cash Basis Net Assets	179,687	91,722	271,409	(382,254)
Cash Basis Net Assets - Beginning of Year	1,481,034	2,082,636	3,563,670	2,379,053
Cash Basis Net Assets - End of Year	<u>\$ 1,660,721</u>	<u>\$ 2,174,358</u>	<u>\$ 3,835,079</u>	<u>\$ 1,996,799</u>
CASH BASIS NET ASSETS:				
Restricted				
Expendable -				
Road Use Tax Fund Activity	\$ 160,253	\$ -	\$ 160,253	\$ -
Employee Benefits Fund Activity	17,900	-	17,900	-
Local Option Tax Fund Activity	246,229	-	246,229	-
TIF Fund Activity	273,635	-	273,635	-
Debt Service Fund Activity	353,637	-	353,637	777,500
Donor Restriction	4,000	-	4,000	-
Unrestricted	605,067	2,174,358	2,779,425	1,219,299
Total Cash Basis Net Assets	<u>\$ 1,660,721</u>	<u>\$ 2,174,358</u>	<u>\$ 3,835,079</u>	<u>\$ 1,996,799</u>

See Notes to Financial Statements.

CITY OF GREENFIELD

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

	General	Special Revenue			TIF
		Road Use Tax	Employee Benefit	Local Option Tax	
RECEIPTS:					
Property/Other Allocated Taxes	\$ 400,637	\$ -	\$ 218,105	\$ -	\$ 308,362
Other City Taxes	10,643	-	2,361	171,139	-
Licenses and Permits	6,982	-	-	-	-
Use of Money (Interest) and Property	33,254	-	-	-	-
Intergovernmental	708,230	187,995	-	-	-
Charges for Services	81,430	-	-	-	-
Special Assessments	-	-	-	-	-
Donations	7,972	-	-	-	-
Miscellaneous	23,758	-	-	-	-
Total Receipts	1,272,906	187,995	220,466	171,139	308,362
DISBURSEMENTS:					
Operating -					
Public Safety	298,275	-	21,423	-	-
Public Works	162,760	191,953	8,192	-	-
Culture and Recreation	103,722	-	5,091	-	-
Community Economic Development	475,776	-	-	-	-
General Government	379,685	-	9,936	-	-
Debt Service	-	-	-	-	-
Capital Projects	-	-	-	-	-
Total Disbursements	1,420,218	191,953	44,642	-	-
Excess (Deficiency) of Receipts over Disbursements	(147,312)	(3,958)	175,824	171,139	308,362
OTHER FINANCING SOURCES (USES):					
Payment from Electric to City	110,000	-	-	-	-
Payment Received For Water Utility Debt	-	-	-	-	-
Proceeds of Debt	-	-	-	-	-
Transfers In	170,117	-	-	-	-
Transfers Out	(130,570)	-	(165,458)	(5,325)	(366,593)
Total Other Financing Sources (Uses)	149,547	-	(165,458)	(5,325)	(366,593)
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) over Disbursements	2,235	(3,958)	10,366	165,814	(58,231)
Cash Balances - Beginning of Year	518,717	164,211	7,534	80,415	59,916
Cash Balances - End of Year	\$ 520,952	\$ 160,253	\$ 17,900	\$ 246,229	\$ 1,685
CASH BASIS FUND BALANCES:					
Restricted	\$ 4,000	\$ 160,253	\$ 17,900	\$ 246,229	\$ 1,685
Assigned	-	-	-	-	-
Unassigned	516,952	-	-	-	-
Total Cash Basis Fund Balances	\$ 520,952	\$ 160,253	\$ 17,900	\$ 246,229	\$ 1,685

(Continued Across)

See Notes to Financial Statements.

CITY OF GREENFIELD

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

	Debt Service	Capital Projects	Primary Government Total	Component Library	Governmental Funds Totals
RECEIPTS:					
Property/Other Allocated Taxes	\$ -	\$ -	\$ 927,104	\$ -	\$ 927,104
Other City Taxes	-	-	184,143	-	184,143
Licenses and Permits	-	-	6,982	-	6,982
Use of Money (Interest) and Property	-	-	33,254	1,815	35,069
Intergovernmental	-	-	896,225	10,389	906,614
Charges for Services	-	-	81,430	1,198	82,628
Special Assessments	16,657	-	16,657	-	16,657
Donations	-	-	7,972	10,410	18,382
Miscellaneous	-	-	23,758	50	23,808
Total Receipts	<u>16,657</u>	<u>-</u>	<u>2,177,525</u>	<u>23,862</u>	<u>2,201,387</u>
DISBURSEMENTS:					
Operating -					
Public Safety	-	-	319,698	-	319,698
Public Works	-	-	362,905	-	362,905
Culture and Recreation	-	-	108,813	155,263	264,076
Community Economic Development	-	-	475,776	-	475,776
General Government	-	-	389,621	-	389,621
Debt Service	2,141,164	-	2,141,164	-	2,141,164
Capital Projects	-	5,325	5,325	-	5,325
Total Disbursements	<u>2,141,164</u>	<u>5,325</u>	<u>3,803,302</u>	<u>155,263</u>	<u>3,958,565</u>
Excess (Deficiency) of Receipts over Disbursements	(2,124,507)	(5,325)	(1,625,777)	(131,401)	(1,757,178)
OTHER FINANCING SOURCES (USES):					
Payment from Electric to City	-	-	110,000	-	110,000
Payment Received For Water Utility Debt	46,804	-	46,804	-	46,804
Proceeds of Debt	1,779,230	-	1,779,230	-	1,779,230
Transfers In	366,593	5,325	542,035	130,570	672,605
Transfers Out	(4,659)	-	(672,605)	-	(672,605)
Total Other Financing Sources (Uses)	<u>2,187,968</u>	<u>5,325</u>	<u>1,805,464</u>	<u>130,570</u>	<u>1,936,034</u>
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) over Disbursements	63,461	-	179,687	(831)	178,856
Cash Balances - Beginning of Year	650,241	-	1,481,034	161,254	1,642,288
Cash Balances - End of Year	<u>\$ 713,702</u>	<u>\$ -</u>	<u>\$ 1,660,721</u>	<u>\$ 160,423</u>	<u>\$ 1,821,144</u>
CASH BASIS FUND BALANCES:					
Restricted	\$ 713,702	\$ -	\$ 1,143,769	\$ -	\$ 1,143,769
Assigned	-	-	-	160,423	160,423
Unassigned	-	-	516,952	-	516,952
Total Cash Basis Fund Balances	<u>\$ 713,702</u>	<u>\$ -</u>	<u>\$ 1,660,721</u>	<u>\$ 160,423</u>	<u>\$ 1,821,144</u>

See Notes to Financial Statements.

CITY OF GREENFIELD

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
 PROPRIETARY FUNDS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

	Primary Government Sewer	Components Water	Electric	Proprietary Funds Totals
RECEIPTS:				
Use of Money (Interest) and Property Charges for Services	\$ 9,520	\$ -	\$ 16,939	\$ 26,459
Miscellaneous	208,455	615,209	3,551,661	4,375,325
	<u>-</u>	<u>14,631</u>	<u>65,123</u>	<u>79,754</u>
Total Receipts	217,975	629,840	3,633,723	4,481,538
DISBURSEMENTS:				
Business-type Activities	126,253	645,901	3,140,568	3,912,722
Debt Service	-	61,966	524,146	586,112
Capital Outlays	<u>-</u>	<u>190,314</u>	<u>692,861</u>	<u>883,175</u>
Total Disbursements	126,253	898,181	4,357,575	5,382,009
Excess (Deficiency) of Receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Over Disbursements	91,722	(268,341)	(723,852)	(900,471)
OTHER FINANCING SOURCES (USES):				
Proceeds of Debt	-	655,855		655,855
Payments to City	-	-	(110,000)	(110,000)
Sewer Fees - Net	-	-	4,791	4,791
Payments Received on Grant Loan	-	-	6,670	6,670
Bond Issue Costs	-	-	(17,511)	(17,511)
Contributions-in-Aid of Construction	-	70,965	-	70,965
Transfers In	-	50,543	6,009	56,552
Transfers Out	<u>-</u>	<u>-</u>	<u>(56,552)</u>	<u>(56,552)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>777,363</u>	<u>(166,593)</u>	<u>610,770</u>
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) over Disbursements	91,722	509,022	(890,445)	(289,701)
Cash Balances - Beginning of Year (Deficit)	2,082,636	49,787	2,168,012	4,300,435
Cash Balances - End of Year	<u>\$ 2,174,358</u>	<u>\$ 558,809</u>	<u>\$ 1,277,567</u>	<u>\$ 4,010,734</u>
CASH BASIS FUND BALANCES:				
Reserved for Debt Service	\$ -	\$ 71,271	\$ 706,229	\$ 777,500
Unreserved -				
Designated Diesel Replacement	-	-	150,000	150,000
Undesignated	2,174,358	487,538	421,338	3,083,234
Total Cash Basis Fund Balances	<u>\$ 2,174,358</u>	<u>\$ 558,809</u>	<u>\$ 1,277,567</u>	<u>\$ 4,010,734</u>

See Notes to Financial Statements.

CITY OF GREENFIELD, IOWA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *General* -

City of Greenfield (the City) is a political subdivision of the State of Iowa located in Adair County. The City operates under the mayor-council form of government with the mayor and council members elected on a nonpartisan basis. The City provides numerous services to its citizens including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. In addition, the City operates an airport and sewer system and, through its components, operates a water system, electric system and public library.

B. *Reporting Entity* -

The City is required to consider if it has oversight responsibility or control over any other legal entity. Criteria for determining the scope of such oversight include: (1) financial inter-dependency, (2) selection of the governing authority, (3) designation of management, (4) ability to significantly influence operations, and (5) accountability for fiscal matters. The City has considered all funds, organizations, account groups, agencies, boards, commissions and authorities as 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.

As the primary government and for financial reporting purposes, the City of Greenfield has identified and included the following component units to comprise the reporting entity:

Greenfield Public Library (Library)
Greenfield Municipal Utilities (GMU)

Discretely Presented Component Units -

The Library is governed by a seven-person board, some appointed by the Mayor and approved by the City Council and some appointed by the County Board of Supervisors, whose operating budget and funding is included in the City's overall budget. The Library does not issue separate financial statements.

Greenfield Municipal Utilities (GMU) is governed by a three-person board of trustees appointed by the Mayor and approved by the City Council. GMU operates and manages water and electric utilities, which operating budgets are included in the City's overall budget. The water and electric financial statements included as part of the City's financial statements are presented on the cash basis of accounting. Financial statements, on the full accrual basis, for each utility are available separately.

Jointly Governed Organizations -

The City also participates in several jointly-governed organizations that provide goods or services to residents of the City but that do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: SICOG Project Board, Adair County Sanitary Disposal Commission, SIRWA, E911 Service Board, and Greater Greenfield Community Foundation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation -

The accompanying financial statements include all funds and component units of the City as the reporting entity and are presented on the basis of cash receipts and disbursements which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The cash basis of accounting does not give effect to accounts receivable, accounts payable, depreciation and accrued items. Accordingly, these financial statements do not present the financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America applicable to government entities.

Government-wide Financial Statements -

The Statement of Activities and Net Assets displays financial information about the nonfiduciary activities of the City. The effect of inter-fund activity has generally been removed from the financial information. These financial statements distinguish between governmental and business-type activities. Governmental activities are supported by tax and intergovernmental revenues and are reported separately from business-type activities, which rely primarily on fees and charges for services. The Statement of Activities and Net Assets presents the reporting entity's net assets in the following categories/components:

1. Expendable Restricted Net Assets: Result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
2. Unrestricted Net Assets: Consist of net assets that do not meet the definition of restricted. Unrestricted net assets often have constraints (designations) on resources imposed by the City Council, which may be removed or modified at any time.

The Statement of Activities and Net Assets also demonstrates the degree to which the direct disbursements of a given program, or function, are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts are presented as three types:

1. Charges for Services: Consist of charges to customers or applicants, who purchase, use or directly benefit from goods, services or privileges provided by a given function.
2. Operating Grants and Contributions: Consists of non-exchange revenue and interest on investments used in meeting the operational expenses of a particular function.
3. Capital Grants and Contributions: Consists of non-exchange revenue and interest on investments used in meeting the capital requirements of a particular function.

Cash basis revenues that are derived directly from each governmental activity, or function, are reported as program receipts by each activity are comprised as follows:

Public Safety	Traffic fine receipts and intergovernmental fire reimbursements
Public Works	Road use taxes, aviation fuel sales, hanger rents
Culture and Recreation	Swimming pool and camping fees, other recreation fees
General Government	Licenses, permits, building reimbursements and user fees
Library	Late fees, copier fees, and of county and township funding

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property tax and other items received but not properly included as program receipts are reported as general receipts.

Program receipts for City proprietary funds and component proprietary funds are from user fees charged for the services provided to the users and all other related receipts not related to capital and noncapital financing or investing activities.

Funds Financial Statements -

The accounts of the City and its components are organized on the basis of funds, each of which is considered a separate accounting entity. The funds financial statements display information about the government by reporting major funds. The City and its components have no fiduciary funds. Separate financial statements are provided for governmental funds and proprietary funds. Individual major governmental funds or individual major enterprise funds are reported as separate columns in the fund financial statements. The City reports all funds as major funds as follows:

Governmental Fund Types -

City General Fund - This fund is the operating fund of the City. All property tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. Disbursements from this fund are for all operating costs, fixed charges and capital improvement costs that are not paid from other funds.

City Special Revenue Funds - These funds are used to account for the proceeds of specific receipt sources that are restricted by legislation to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds:

Road Use Tax Fund, accounts for gasoline excise taxes received and restricted for road and street construction and maintenance disbursements.

Employee Benefit Fund, accounts for a special property tax levy restricted to employer matching social security and Medicare taxes and employee group insurance.

Local Option Sales Tax (LOST) Fund, accounts for receipts from the local option tax authorized and restricted by the voters for capital improvements and maintenance disbursements, as determined by the City Council.

Tax Increment Financing (TIF) Fund, accounts for incremental property tax receipts associated with urban renewal districts restricted to improvements and debt service.

City Debt Service Fund - This fund is used to account for property tax receipts and other resources collected and disbursed for payment of interest and principal on the City's general long-term debt.

City Capital Projects Fund - This fund is used to account for all costs associated with significant construction or improvements projects and proceeds of related interim debt. During the current year, the airport apron improvements and the public square re-construction were accounted for in the capital projects fund.

Library Special Revenue Fund (Component Unit) - This fund is used to account for all general tax and other receipts specifically assigned to the Library. Disbursements from this fund are for all Library operating costs and fixed charges and capital improvement costs.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Types -

City Sewer Fund - This fund is used to account for all user charges and other receipts and all disbursements associated with operations and maintenance of the City's wastewater and sewer systems.

Water and Electric Funds (Component Unit) - GMU operates water and electric departments which funds are used to account for all user charges and other receipts and all disbursements associated with operations and maintenance of providing potable water and electric energy to the residents of the City.

D. **Measurement Focus and Basis of Accounting -**

Measurement focus refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting refers to the timing of the measurement made regardless of the measurement focus applied.

The City and Library component maintain financial records on the basis of cash receipts and disbursements and the amounts displayed in these financial statements are presented on that basis. The GMU component unit maintains its water and electric records on the accrual basis, which are converted to cash receipts and disbursements for inclusion in the City reporting entity.

The City and Library are not required to and do not maintain a fixed asset or infrastructure accounting record. Greenfield Municipal Utilities, for the water and electric systems, does maintain fixed asset records which information is included in their separately issued accrual financial statements.

E. **Budgets and Budgetary Accounting -**

In accordance with the Code of Iowa, the City annually adopts a budget which includes the City's components. The budget is submitted following required public notice and hearing. A budgetary comparison and related disclosures are reported in a separate Budget Information section.

F. **Governmental Cash Basis Fund Balances -**

When a disbursement is made which could be from either restricted or unrestricted funds and both are available, the City considers restricted funds to be spent first. The City has displayed Cash Basis Net Assets as follows:

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

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned - Amounts the Council intends to use for specific purposes.

Unassigned - All amounts not included in other spendable classifications.

NOTE 2 - POOLED CASH DEPOSITS AND INVESTMENTS

The City has generally pooled the cash, checking and savings of the various funds. The library and GMU have also each pooled the cash, checking and savings of their various funds. Deposits of the reporting entity were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City, Library and GMU are each authorized by statute to invest public funds in obligations of the United States Government or any of its agencies and instrumentalities, in time deposits or savings accounts in depositories approved by the governing bodies and Treasurer of the State of Iowa, prime eligible banker's acceptances, certain high-rated commercial paper, perfected repurchase agreements, certain registered open-end management investment companies, certain joint investment trusts, and warrants or improvement certificates of drainage districts.

At June 30, 2012, all investments for the City, Library and GMU were held as non-negotiable certificates of deposits in the name of the fund that provided the cash to purchase the certificate. In addition, the GMU Electric department had an investment in the Iowa Public Agency Investment Trust (IPAIT) valued at \$251,685 held for a separate debt reserve fund. This investment is valued at amortized cost pursuant to Rule 2a-7 of the Investment Company Act of 1940. This investment is unrated as to credit risk.

Interest rate risk - Funds may be invested in investments with maturities longer than 365 days, but maturities shall be consistent with the needs of the City, Library or GMU.

NOTE 3 - LOANS RECEIVABLE

GMU through its Electric department obtained a \$360,000 USDA Federal Revolving Loan Grant from which to make revolving loans for rural economic development. The full amount was loaned to E. E. Warren Opera House Association for rehabilitation of the historical opera house in Greenfield, Iowa. This loan advance is repayable to GMU in monthly installments of \$3,333 beginning May 1, 2012. The loan is evidenced by a promissory note, is non-interest bearing and may be repaid in whole or in part at any time prior to maturity.

Annual amounts receivable in future years ending June 30 are as follows:

2013	\$ 40,000
2014	40,000
2015	40,000
2016	40,000
2017	40,000
2018 and After	153,333
Total	<u>\$ 353,330</u>

NOTE 4 - SPECIAL ASSESSMENTS

Amounts totaling \$306,308 were levied during 2006 and 2008 for infrastructure and improvements to the public square and are due in ten annual installments beginning July 1, 2006, for Phase 1 and July 1, 2008, for Phase 2. Installment payments bear interest at 5.85 percent per annum until delinquent and then at the same rate as delinquent local real estate taxes. As of June 30, 2012, the remaining uncollected principal balance due was \$60,190. During the current year, \$16,657 of collections was included as receipts in the debt service fund.

NOTE 5 - LONG-TERM DEBT

The City issued \$315,000 of general obligation debt on March 30, 2011, for street improvements. The bonds mature serially through December 1, 2018, with interest at various rates from 1.10 to 2.75 percent per annum payable semiannually on June 1 and December 1. The notes are callable on June 1, 2016, at par plus accrued interest.

The City issued \$150,000 of urban renewal tax increment financing (TIF) revenue bonds on June 7, 2011, to partially fund the costs of construction and refurbishing projects within the urban renewal district. The bonds are payable solely from the TIF receipts generated by increased property values in the City's TIF district. TIF receipts are generally projected to produce 100 percent of the debt service requirements over the life of the bonds. The bonds mature serially through December 1, 2027, with interest at 4.50 percent.

On June 12, 2012, the City entered into an agreement to issue General Obligation Refunding Bonds, Series 2012. The purpose of this issue was to provide for the defeasance through advance refunding of the 2013 through 2018 maturities of General Obligation Public Square Improvement Bonds, dated December 15, 2007. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt is a cash savings of \$68,395 and an economic gain of \$66,285.

Governmental activities changes in long-term obligations for the year are as follows:

	Balances July 1, 2011	Additions	Reductions	Balances June 30, 2012	Amounts Due Within One Year
Public Square Improvement Bonds	\$ 1,945,000	\$ -	\$ 1,945,000	\$ -	\$ -
Street Improvement Bonds	315,000	-	35,000	280,000	35,000
Warren Cultural Center Debt	150,000	-	-	150,000	7,000
2012 Refunding Bonds	-	1,810,000	-	1,810,000	300,000
	<u>\$ 2,410,000</u>	<u>\$ 1,810,000</u>	<u>\$ 1,980,000</u>	<u>\$ 2,240,000</u>	<u>\$ 342,000</u>

Business-type activities changes in long-term obligations for the year are as follows:

	Balances July 1, 2011	Additions	Reductions	Balances June 30, 2012	Amounts Due Within One Year
CIPCO Water	\$ 60,000	\$ -	\$ 20,000	\$ 40,000	\$ 20,000
City of Greenfield Water	318,223	-	37,487	280,736	38,800
2012 Series Water	-	670,000	-	670,000	-
2006 Series Electric	905,000	-	80,000	825,000	80,000
2010A Series Electric	1,245,000	-	195,000	1,050,000	200,000
2010B Series Electric	2,560,000	-	-	2,560,000	-
SIMECA Lease Electric	710,000	17,511	105,000	622,511	120,511
	<u>\$ 5,798,223</u>	<u>\$ 687,511</u>	<u>\$ 437,487</u>	<u>\$ 6,048,247</u>	<u>\$ 459,311</u>

NOTE 5 - LONG-TERM DEBT (Continued)

The City has an agreement whereby Greenfield Municipal Utilities, is to reimburse the City for costs related to water distribution infrastructure included as part of the City's debt to finance the public square improvements.

A detail of long-term debt, segregated between amounts to be repaid from governmental activities resources and from business type activities (proprietary funds) resources at June 30, 2012, is as follows:

Governmental -		
City General Obligation Debt -		
Street Improvement Bonds bearing interest at 1.10 to 2.75 percent		\$ 280,000
Warren Cultural Center Debt bearing interest at 4.50 percent (TIF District Debt)		150,000
2012 Refunding Bonds (Public Square) bearing interest at .45 to 1.25 percent (TIF District Debt)		1,810,000
Proprietary -		
GMU General Obligation Debt -		
Water Department Owed to CIPCO with no interest		40,000
Water Department owed to City bearing interest at 2.94 percent		280,736
GMU Revenue Obligation Debt -		
2006 Series Electric Revenue Notes bearing interest at 4.00 to 4.60 percent		825,000
2010A Series Electric Refunding Notes bearing interest at 1.60 to 3.25 percent		1,050,000
2010B Series Electric Revenue Bonds bearing interest at 2.25 to 3.9 percent		2,560,000
2012 Water Revenue Bonds bearing interest at 1.55 to 3.10 percent		670,000
SIMECA Capitalized Lease bearing interest at .85 to 1.85 percent		622,511

Governmental activities annual aggregate debt service requirements to maturities are as follows:

Year Ending June 30,	City		Total Requirement
	General Obligation Principal	Interest	
2013	\$ 342,000	\$ 27,600	\$ 369,600
2014	347,500	26,008	373,508
2015	347,900	23,180	371,080
2016	348,300	19,735	368,035
2017	353,600	15,821	369,421
2018	354,100	11,131	365,231
2019	54,500	5,809	60,309
2020	9,900	4,145	14,045
2021	10,500	3,699	14,199
2022	11,000	3,226	14,226
2023	11,500	2,732	14,232
2024	12,100	2,214	14,314

NOTE 5 - LONG-TERM DEBT (Continued)

2025	12,800	1,670	14,470
2026	13,300	1,094	14,394
2027	11,000	495	11,495
	<u>\$ 2,240,000</u>	<u>\$ 148,559</u>	<u>\$ 2,388,559</u>

Proprietary activities annual aggregate debt service requirements (including capitalized lease obligation) to maturities are as follows:

Year Ending June 30,	GMU Water		GMU Electric		Total Requirement
	Principal	Interest	Principal	Interest	
2013	\$ 58,800	\$ 28,523	\$ 280,000	\$ 143,720	\$ 511,043
2014	60,081	23,256	285,000	136,083	504,420
2015	86,327	22,078	300,000	127,445	535,850
2016	88,255	20,165	285,000	118,113	511,533
2017	89,376	18,196	295,000	108,212	510,784
2018	91,191	16,193	300,000	98,790	506,174
2019	76,706	13,890	255,000	90,588	436,184
2020	50,000	12,055	265,000	82,278	409,333
2021	50,000	11,005	275,000	73,204	409,209
2022	50,000	9,805	290,000	63,267	413,072
2023 and after	290,000	26,858	1,605,000	219,730	2,141,588
	<u>\$ 990,736</u>	<u>\$ 202,024</u>	<u>\$ 4,435,000</u>	<u>\$ 1,261,430</u>	<u>\$ 6,889,190</u>

Resolutions providing for the issuance of the GMU revenue obligations include the following provisions:

- a. The bonds will only be redeemed from future earnings of the enterprise activity, and the bondholders hold a lien on the future earnings.
- b. Sufficient cash transfers shall be made to both an electric revenue bond and interest account and a water bond and interest account for the purpose of making the next annual principal and interest payments when due. These accounts are fully funded at June 30, 2012.
- c. Additional cash transfers shall be made to both an electric revenue bond reserve account and a water bond reserve account until such accounts reach a maximum balance of \$427,832 and \$65,850, respectively. This amount is restricted for paying principal and interest which the bond and interest account may be unable to pay. These accounts are fully funded at June 30, 2012.
- d. Cash transfers shall be made to an electric improvement account until such account reaches a maximum balance of \$150,000. This account is restricted for paying for extraordinary maintenance costs, rentals, improvements, extensions or repairs to the system not included in the annual budget of revenues and current expenses, and bond principal and interest. This account was fully funded at June 30, 2012.

NOTE 5 - LONG-TERM DEBT (Continued)

Information regarding the capitalized lease-purchase contract included in above total requirements is as follows:

The component, Greenfield Municipal Utilities, is leasing two generation units installed in its service territory under a capital lease expiring March 1, 2017. The cost of the assets acquired under this capital lease is \$1,982,548. This lease-purchase agreement is with lessor, South Iowa Municipal Electric Cooperative Association (SIMECA), in the original principal amount of \$1,479,327, which is GMU's share of total revenue notes issued by lessor to fund the lease. Interest rates on the capitalized lease, which vary from .85 to 1.85 percent, are the same rates paid by lessor. GMU is required to deposit a monthly amount (currently \$10,900) sufficient to meet its share of the payments on the underlying debt, which payments are due semi-annually with future minimum payments as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 120,511	\$ 8,434	\$ 128,945
2014	123,000	7,363	130,363
2015	125,000	6,071	131,071
2016	126,000	4,384	130,384
2017	128,000	2,368	130,368
Totals	<u>\$ 622,511</u>	<u>\$ 28,620</u>	<u>\$ 651,131</u>

NOTE 6 - PENSION AND RETIREMENT BENEFITS

The City, including its components, 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 as established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 5.38 percent of their annual covered salary and the City, including its components, is required to contribute 8.07 percent of annual covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The City's contribution, including its components, to IPERS for the years ended June 30, 2012, 2011, and 2010, was \$81,943, \$68,564, and \$62,630, respectively, which met the required contributions for each year.

NOTE 7 - DEFERRED COMPENSATION PLAN

The City, together with its components, offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The employee becomes eligible to withdraw funds upon termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in a third party trust for the exclusive benefit of participants and their beneficiaries.

NOTE 8 - COMPENSATED ABSENCES

City and component employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as expenditures by the City or by its components until used or paid. The approximate liability for vested compensated absences at June 30, 2012, based on rates of pay then in effect and primarily relating to the general fund and enterprise funds, is as follows:

	City	Library	GMU	Total
Vacation	\$16,455	\$ -	\$ 28,760	\$ 45,215
Sick Leave	52,226	8,892	59,598	120,716
Personal Time	1,109	-	2,886	3,995
Totals	<u>\$ 69,790</u>	<u>\$ 8,892</u>	<u>\$ 91,244</u>	<u>\$ 169,926</u>

NOTE 9 - INTERFUND TRANSFERS

The City pays GMU for utility services used and GMU makes a contribution payment to the City. For the year ended June 30, 2012, the City received payments of \$110,000 from the GMU Electric Department.

Transfers generally move resources from the fund statutorily required to collect the resource to the fund which may statutorily disburse the resource. Details of all transfers among funds of the primary government and between the primary government and its components for the current year are as follows:

From City General Fund to Library	\$ 130,570
From City Employee Benefit Fund to City General Fund	165,458
From City LOST Fund to Capital Projects Fund	5,325
From City TIF Fund to City Debt Service Fund	366,593
From City Debt Service to City General Fund	4,659
Primary Government and Library	<u>\$ 672,605</u>
From Electric Operating Fund to Water Operating Fund	50,543
From Electric Bond and Interest Fund to Electric Operating Fund	6,009
GMU Component	<u>\$ 56,552</u>

NOTE 10 - RISK MANAGEMENT

The City of Greenfield and its components are 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, except for loss of infrastructure, are covered by the purchase of commercial insurance. The City or its components assume 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.

NOTE 11 - COMMITMENTS

The City and/or its components have the following commitments at June 30, 2012:

- A. The City has contracted with the Adair County Sanitary Disposal Commission for solid waste disposal. The contract provides for the rate to be the amount necessary to fund the City's proportionate share of the disposal commission's budgeted expenses and runs from inception, June 30, 1973, until terminated. For the year ended June 30, 2012, \$27,748 was paid pursuant to this agreement.
- B. The component, Greenfield Municipal Utilities, has a 40 year contract with Southern Iowa Rural Water Association (SIRWA) and a 10 year contract with the City of Fontanelle to provide potable water at an agreed-upon sale price. The quantity provided to SIRWA and Fontanelle may be limited to 52,257,879 gallons and 20,000,000 gallons per year, respectively.
- C. Greenfield Municipal Utilities (GMU) is one of 15 members of SIMECA (South Iowa Municipal Electric Cooperative Association). SIMECA is a member of Central Iowa Power Cooperative (CIPCO) and is party to a long-term (15.5 years) contract to purchase electric energy from CIPCO and redistribute the energy to its members'. There are no minimum payments required by this contract.
- D. GMU has a contract to have improvements made to the water treatment plant. The uncompleted portion of this contract at June 30, 2012, was \$346,543 plus hourly fees to the project management firm.
- E. To support local economic development, GMU has pledged \$50,000 to the Adair County Memorial Hospital Building Fund payable at \$10,000 per year. As of June 30, 2012, \$10,000 was still outstanding on this commitment.
- F. GMU has an agreement with Ziegler Power Systems for maintenance of substation engines. This is a five year agreement ending December 31, 2012, at an annual cost of \$17,643. As of June 30, 2012, \$17,643 was still outstanding on this contract.

NOTE 12 - BUDGET OVERSPEND

City disbursements during the year ended June 30, 2012, exceeded the amount budgeted for the General Government by \$41,217, and Debt Service by \$336,164.

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 13, 2012, the date the financial statements were available to be issued, and believes that no events have occurred that require adjustment of, or disclosure in, the financial statements.

CITY OF GREENFIELD, IOWA

BUDGET INFORMATION

CITY OF GREENFIELD, IOWA

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

	Governmental Funds Actual	Proprietary Funds Actual	Net Actual	Budgeted Amounts		Positive (Negative) Variance, Final To Net Actual
				Original	Final	
RECEIPTS:						
Property Tax	\$ 618,742	\$ -	\$ 618,742	\$ 617,370	\$ 617,370	\$ 1,372
Tax Increment Financing Receipts	308,362	-	308,362	260,000	260,000	48,362
Other City Taxes	184,143	-	184,143	146,332	146,332	37,811
Licenses and Permits	6,982	-	6,982	2,200	2,200	4,782
Use of Money (Interest) and Property	35,069	26,459	61,528	-	-	61,528
Intergovernmental	906,614	-	906,614	758,000	758,000	148,614
Charges for Services	82,628	4,375,325	4,457,953	5,038,700	5,038,700	(580,747)
Special Assessments	16,657	-	16,657	16,817	16,817	(160)
Miscellaneous	42,190	79,754	121,944	15,000	15,000	106,944
Total Receipts	2,201,387	4,481,538	6,682,925	6,854,419	6,854,419	(171,494)
DISBURSEMENTS:						
Public Safety	319,698	-	319,698	244,277	359,277	39,579
Public Works	362,905	-	362,905	752,884	792,884	429,979
Health and Social Services	-	-	-	500	5,250	5,250
Culture and Recreation	264,076	-	264,076	299,695	332,928	68,852
Community and Economic Development	475,776	-	475,776	29,333	679,333	203,557
General Government	389,621	-	389,621	323,404	348,404	(41,217)
Debt Service	2,141,164	-	2,141,164	-	1,805,000	(336,164)
Capital Projects	5,325	-	5,325	300,000	300,000	294,675
Business Type Activities	-	5,382,009	5,382,009	5,981,241	7,601,241	2,219,232
Total Disbursements	3,958,565	5,382,009	9,340,574	7,931,334	12,224,317	2,883,743
Excess of Receipts Over Disbursements	(1,757,178)	(900,471)	(2,657,649)	(1,076,915)	(5,369,898)	2,712,249
OTHER FINANCING SOURCES (USES), NET	1,936,034	610,770	2,546,804	300,000	4,553,750	(2,006,946)
Excess of Receipts and Other Financing Sources (Uses), Net Over Disbursements	178,856	(289,701)	(110,845)	(776,915)	(816,148)	705,303
Balances - Beginning of Year	1,642,288	4,300,435	5,942,723	5,509,468	5,509,468	433,255
Balances - End of Year	\$ 1,821,144	\$ 4,010,734	\$ 5,831,878	\$ 4,732,553	\$ 4,693,320	\$ 1,138,558

See Accompanying Note to Budgetary Comparison Schedule.

CITY OF GREENFIELD, IOWA

NOTE TO BUDGETARY COMPARISON SCHEDULE

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

The property tax calendar is as follows:

- | | |
|-----------------|---|
| January 2 | - Valuations set for ensuing levy |
| March 15 | - Certified Budget to County Auditor |
| July 1 | - Taxes levied are due and payable |
| October - April | - Taxes are delinquent and interest accrues at 1.5 percent a month from October 1 or April 1 to date of payment |
| | - County publishes tax sale certificate and interest accrues at 2 percent a month |

Formal and legal budgetary control is based upon ten major classes of disbursements, known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program transactions.

Functional disbursements required to be budgeted include disbursements from the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not by fund.

Appropriations lapse at the end of each year.

Actual and final budget expenditure amounts for components included in the budgetary comparison are as follows:

	Net Actual	Final Budget
Library, Included as Culture and Recreation Function	\$ 155,263	\$ 157,803
Water Department Included as Business Type Activity	898,181	1,607,050
Electric Department Included as Business Type Activity	4,357,575	5,826,111

CITY OF GREENFIELD, IOWA

SUPPLEMENTARY INFORMATION

CITY OF GREENFIELD, IOWA

SCHEDULE OF INDEBTEDNESS
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

	Dates of Issue	Interest Rates	Amount Originally Issued	Balances Beginning of Year	Issued During the Year	Redeemed During the Year	Balances End of Year	Interest Paid	Interest Due and Unpaid
PRIMARY GOVERNMENT:									
General Obligation Debt -									
Public Square Improvement									
Bonds (Designated TIF)	12/15/2007	3.30-3.90%	\$ 2,470,000	\$ 1,945,000	\$ -	\$ 1,945,000	\$ -	\$ 72,198	\$ -
Street Improvement Bonds	3/30/2011	1.10-2.75%	315,000	315,000	-	35,000	280,000	7,867	-
Warren Cultural Center									
Bank Note (Designated TIF)	6/7/2011	4.50%	150,000	150,000	-	-	150,000	6,528	-
Refunding Bonds for Public Square (Designated TIF)									
	06/12/2012	.45-1.25 %	1,810,000	-	1,810,000	-	1,810,000	-	-
Total Primary Government				<u>\$ 2,410,000</u>	<u>\$ 1,810,000</u>	<u>\$ 1,980,000</u>	<u>\$ 2,240,000</u>	<u>\$ 86,593</u>	<u>\$ -</u>
COMPONENT GOVERNMENT:									
Water General Obligation Debt -									
CIPCO Rural Economic									
Development Loan	6/10/2004	0.00%	\$ 200,000	\$ 60,000	\$ -	\$ 20,000	\$ 40,000	\$ -	\$ -
Loan from City Public Square	7/1/2007	2.94%	369,409	318,223	-	37,487	280,736	9,357	-
Water Revenue Bonds	02/29/2012	2.41-3.1%	670,000	-	670,000	-	670,000	-	-
				<u>\$ 378,223</u>	<u>\$ 670,000</u>	<u>\$ 57,487</u>	<u>\$ 990,736</u>	<u>\$ 9,357</u>	<u>\$ -</u>
Electric Revenue Obligation Debt -									
Revenue Bonds									
	11/15/2006	4.00-4.60%	\$ 1,220,000	905,000	-	80,000	825,000	37,510	-
Refunding Notes A									
	06/09/2010	1.60-3.25%	1,245,000	1,245,000	-	195,000	1,050,000	29,335	-
Revenue Notes B									
	09/13/2010	2.25-3.90%	2,560,000	2,560,000	-	-	2,560,000	83,655	-
				<u>\$ 4,710,000</u>	<u>\$ -</u>	<u>\$ 275,000</u>	<u>\$ 4,435,000</u>	<u>\$ 150,500</u>	<u>\$ -</u>
Electric Capitalized Lease - Purchase of Generation Units -									
Original	3/1/2002	2.70-5.30%	\$ 1,479,327	\$ 710,000	\$ -	\$ 710,000	\$ -	\$ 36,467	\$ -
Refunded	03/14/2012	.85-1.85%	622,511	-	622,511	-	622,511	-	-
Total Component Government				<u>\$ 5,798,223</u>	<u>\$ 1,292,511</u>	<u>\$ 1,042,487</u>	<u>\$ 6,048,247</u>	<u>\$ 196,324</u>	<u>\$ -</u>

CITY OF GREENFIELD, IOWA

SCHEDULE OF BOND AND NOTE MATURITIES
 GOVERNMENTAL FUNDS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

PRIMARY GOVERNMENT:

	<u>GO Debt</u>		<u>GO (TIF) Debt</u>		<u>GO (TIF) Debt</u>		<u>Total</u>
	Street		Warren Cultural		Refunding Bonds		Principal
	Improvement Bonds		Center Bank Note		(Public Square)		
Date Issued	March 30, 2011		June 7, 2011		June 12, 2012		
Dates Interest Payable	December 1 and June 1		December 1 and June 1		December 1 and June 1		
Date Callable	June 2016				June 1, 2016		
Due in Year	Interest		Interest		Interest		
Ending June 30,	Rate	Principal	Rate	Principal	Rate	Principal	
2013	1.10%	\$ 35,000	4.50%	\$ 7,000	0.45%	\$ 300,000	\$ 342,000
2014	2.10%	40,000	4.50%	7,500	0.55%	300,000	347,500
2015	2.10%	40,000	4.50%	7,900	0.75%	300,000	347,900
2016	2.10%	40,000	4.50%	8,300	0.90%	300,000	348,300
2017	2.75%	40,000	4.50%	8,600	1.05%	305,000	353,600
2018	2.75%	40,000	4.50%	9,100	1.25%	305,000	354,100
2019	2.75%	45,000	4.50%	9,500	-	-	54,500
2020	-	-	4.50%	9,900	-	-	9,900
2021	-	-	4.50%	10,500	-	-	10,500
2022	-	-	4.50%	11,000	-	-	11,000
2023	-	-	4.50%	11,500	-	-	11,500
2024	-	-	4.50%	12,100	-	-	12,100
2025	-	-	4.50%	12,800	-	-	12,800
2026	-	-	4.50%	13,300	-	-	13,300
2027	-	-	4.50%	11,000	-	-	11,000
Total Primary Government		<u>\$ 280,000</u>		<u>\$ 150,000</u>		<u>\$ 1,810,000</u>	<u>\$ 2,240,000</u>

CITY OF GREENFIELD, IOWA
SCHEDULE OF BOND AND NOTE MATURITIES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

COMPONENT GOVERNMENT:

	General Obligation Debt					Revenue Debt				
	Water June 10, 2004		Water July 1, 2007			Water February 29, 2012		Electric November 15, 2006		
Date Issued	No Interest		June 1			June 1 and Dec. 1		Sept. 1 and Mar. 1		
Date Interest Payable						June 1, 2018		September 1, 2013		
Date Callable										
Due in Year Ending June 30,	Interest Rate	Principal	Interest Rate	Principal	Total General Notes	Interest Rate	Principal	Interest Rate	Principal	
2013	-	\$ 20,000	2.94%	\$ 38,800	\$ 58,800	2.41%	\$ -	4.05%	\$ 80,000	
2014	-	20,000	2.94%	40,081	60,081	2.41%	-	4.15%	80,000	
2015	-	-	2.94%	41,327	41,327	2.41%	45,000	4.20%	90,000	
2016	-	-	2.94%	43,255	43,255	2.41%	45,000	4.25%	70,000	
2017	-	-	2.94%	44,376	44,376	1.55%	45,000	4.30%	75,000	
2018	-	-	2.94%	46,191	46,191	1.55%	45,000	4.40%	80,000	
2019	-	-	2.94%	26,706	26,706	1.55%	50,000	4.45%	80,000	
2020	-	-	2.94%	-	-	2.10%	50,000	4.50%	85,000	
2021	-	-	2.94%	-	-	2.10%	50,000	4.55%	90,000	
2022	-	-	-	-	-	2.40%	50,000	4.60%	95,000	
2023	-	-	-	-	-	2.75 to 3.10%	290,000	-	-	
Total Component Government		<u>\$ 40,000</u>		<u>\$ 280,736</u>	<u>\$ 320,736</u>		<u>\$ 670,000</u>		<u>\$ 825,000</u>	

CITY OF GREENFIELD, IOWA
SCHEDULE OF BOND AND NOTE MATURITIES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

COMPONENT GOVERNMENT (Continued):	Revenue Debt				Total Revenue Notes	Lease - Purchase		Electric and Water Total Principal
	Electric A	Electric B		Electric		Principal		
Date Issued	June 9, 2010	September 13, 2010		March 1, 2002				
Date Interest Payable	Sept. 1 and Mar. 1	Sept. 1 and Mar. 1		Sept. 1 and Mar. 1				
Date Callable	September 1, 2014	September 1, 2018						
Due in Year Ending June 30,	Interest Rate	Principal	Interest Rate	Principal		Interest Rate	Principal	
2013	2.00%	\$ 200,000	-	\$ -	\$ 280,000	0.85%	\$ 120,511	\$ 459,311
2014	2.30%	205,000	-	-	285,000	1.05%	123,000	468,081
2015	2.60%	210,000	-	-	345,000	1.35%	125,000	511,327
2016	3.00%	215,000	-	-	330,000	1.60%	126,000	499,255
2017	3.25%	220,000	2.25%	220,000	560,000	1.85%	128,000	732,376
2018	-	-	2.50%	175,000	300,000	-	-	346,191
2019	-	-	2.70%	180,000	310,000	-	-	336,706
2020	-	-	2.90%	185,000	320,000	-	-	320,000
2021	-	-	3.10%	195,000	335,000	-	-	335,000
2022	-	-	3.10%	200,000	345,000	-	-	345,000
2023 and after	-	-	3.30 to 3.90%	1,405,000	1,695,000	-	-	1,695,000
Total Component								
Government		<u>\$ 1,050,000</u>		<u>\$ 2,560,000</u>	<u>\$ 5,105,000</u>		<u>\$ 622,511</u>	<u>\$ 6,048,247</u>

CITY OF GREENFIELD, IOWA

**SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS ENDED JUNE 30,**

	2012	2011	2010	2009	2008
RECEIPTS:					
PRIMARY GOVERNMENT -					
Property Tax	\$ 618,742	\$ 565,670	\$ 563,344	\$ 557,282	\$ 515,896
TIF Revenues	308,362	307,022	287,602	259,513	206,200
Other City Taxes	184,143	191,693	149,798	192,068	167,996
Licenses and Permits	6,982	8,712	4,963	4,943	5,651
Use of Money (Interest) and Property	33,254	32,779	39,938	54,622	104,334
Intergovernmental	896,225	212,860	244,693	313,089	215,941
Charges for Services	81,430	76,614	67,035	58,112	44,525
Special Assessments	16,657	21,069	24,083	32,833	106,092
Miscellaneous	31,730	34,884	21,841	25,656	79,215
Totals	<u>2,177,525</u>	<u>1,451,303</u>	<u>1,403,297</u>	<u>1,498,118</u>	<u>1,445,850</u>
LIBRARY COMPONENT -					
Use of Money (Interest) and Property	1,815	1,024	586	742	1,432
Intergovernmental	10,389	9,370	10,698	9,847	9,980
Charges for Services	1,198	1,010	1,549	1,745	1,202
Miscellaneous	10,460	12,789	8,838	5,524	5,829
Totals	<u>23,862</u>	<u>24,193</u>	<u>21,671</u>	<u>17,858</u>	<u>18,443</u>
Total Government Receipts	<u>\$ 2,201,387</u>	<u>\$ 1,475,496</u>	<u>\$ 1,424,968</u>	<u>\$ 1,515,976</u>	<u>\$ 1,464,293</u>
DISBURSEMENTS:					
PRIMARY GOVERNMENT -					
Operating -					
Public Safety	\$ 319,698	\$ 179,193	\$ 192,716	\$ 413,688	\$ 172,870
Public Works	362,905	311,088	773,472	361,058	281,578
Culture and Recreation	108,813	116,954	91,051	101,663	93,386
Community and Economic Developm	475,776	157,314	15,009	19,080	17,555
General Government	389,621	310,533	341,092	255,540	260,166
Debt Service	2,141,164	320,358	230,000	105,000	50,190
Capital Projects	5,325	529,057	88,147	133,803	2,932,314
Totals	<u>3,803,302</u>	<u>1,924,497</u>	<u>1,731,487</u>	<u>1,389,832</u>	<u>3,808,059</u>
LIBRARY COMPONENT -					
Culture and Recreation	155,263	134,802	122,113	115,080	120,993
Total Government Disbursements	<u>\$ 3,958,565</u>	<u>\$ 2,059,299</u>	<u>\$ 1,853,600</u>	<u>\$ 1,504,912</u>	<u>\$ 3,929,052</u>

(Continued Across)

CITY OF GREENFIELD, IOWA

**SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS ENDED JUNE 30,**

	2007	2006	2005	2004	2003
RECEIPTS:					
PRIMARY GOVERNMENT -					
Property Tax	\$ 541,790	\$ 586,508	\$ 469,793	\$ 508,575	\$ 508,953
TIF Revenues	195,133	156,844	125,951	52,981	53,915
Other City Taxes	162,127	41,747	6,792	7,685	7,334
Licenses and Permits	7,302	15,531	8,135	18,696	8,104
Use of Money (Interest) and Property	112,299	54,710	34,809	31,786	17,522
Intergovernmental	725,673	215,898	203,003	329,267	256,438
Charges for Services	47,390	53,719	50,071	61,192	57,231
Special Assessments	-	-	-	-	-
Miscellaneous	29,415	32,130	25,687	8,303	30,471
Totals	<u>1,821,129</u>	<u>1,157,087</u>	<u>924,241</u>	<u>1,018,485</u>	<u>939,968</u>
LIBRARY COMPONENT -					
Use of Money (Interest) and Property	2,081	1,269	516	422	492
Intergovernmental	9,018	9,002	8,629	10,789	10,812
Charges for Services	-	-	36	2,345	10
Miscellaneous	7,459	8,393	1,967	-	19,046
Totals	<u>18,558</u>	<u>18,664</u>	<u>11,148</u>	<u>13,556</u>	<u>30,360</u>
Total Government Receipts	<u>\$ 1,839,687</u>	<u>\$ 1,175,751</u>	<u>\$ 935,389</u>	<u>\$ 1,032,041</u>	<u>\$ 970,328</u>
DISBURSEMENTS:					
PRIMARY GOVERNMENT -					
Operating -					
Public Safety	\$ 210,538	\$ 173,259	\$ 208,209	\$ 181,499	\$ 204,223
Public Works	267,599	262,424	296,274	417,983	228,318
Culture and Recreation	87,398	112,134	108,943	102,669	131,484
Community and Economic Development	18,055	15,051	17,328	28,448	16,129
General Government	265,553	248,769	222,229	220,163	189,169
Debt Service	64,709	114,726	109,106	164,875	-
Capital Projects	2,662,994	765,230	-	-	152,599
Totals	<u>3,576,846</u>	<u>1,691,593</u>	<u>962,089</u>	<u>1,115,637</u>	<u>921,922</u>
LIBRARY COMPONENT -					
Culture and Recreation	114,206	116,574	98,449	107,137	100,028
Total Government Disbursements	<u>\$ 3,691,052</u>	<u>\$ 1,808,167</u>	<u>\$ 1,060,538</u>	<u>\$ 1,222,774</u>	<u>\$ 1,021,950</u>

Note - As GASB No. 34 was implemented for 2004, 2003 amounts may not be comparable.

CITY OF GREENFIELD, IOWA

OTHER REPORTS

O'Donnell, Ficenec, Wills & Ferdig, LLP

Certified Public Accountants

4815 South 107th Avenue

Omaha, Nebraska 68127-1904

Gerald A. Wills, C.P.A.
Ronald W. Ferdig, C.P.A.
Lawrence A. Wolfe, C.P.A.
Steven M. Povich, C.P.A.
John Keblesh, C.P.A.

402-592-3800
Fax: 402-592-7747
www.ofwf.com

Gregory A. Harr, C.P.A.
Dwain E. Wulf, C.P.A.
Daniel R. Holt, C.P.A.
Daniel A. Dudley, C.P.A.
Geoffrey F. Schnathorst, C.P.A.
Catherine T. Kellogg, C.P.A.

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

City of Greenfield
Greenfield, Iowa

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Greenfield, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the City's financial statements listed in the table of contents and have issued our report thereon dated November 13, 2012. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with another comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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

Management of the City of Greenfield, Greenfield, Iowa, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Greenfield's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in Part 2 of the accompanying Schedule of Findings as item 12-2A that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Greenfield's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part 3, Item 12-3B, of the accompanying Schedule of Findings.

Comments involving statutory and the other legal matters about the City's operations for the year ended June 30, 2012, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audits were based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Greenfield and other parties to whom the City of Greenfield may report, including federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

November 13, 2012

CITY OF GREENFIELD, IOWA

SCHEDULE OF FINDINGS YEAR ENDED JUNE 30, 2012

PART 1: SUMMARY OF THE INDEPENDENT AUDITORS' 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 accounting principals generally accepted in the United States of America.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) The audit disclosed no audit findings which are required to be reported in accordance with *Government Auditing Standards*.

PART 2: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

Significant Deficiencies:

12-2A ***Accurate Financial Reports*** - Lack of having correct financial information can impact management's ability to maintain oversight of an organization. Critical areas such as financial analysis, budgetary control, cash flow, and compliance with various statutes can be negatively impacted. Further, we believe the lack of accurate management reports limits the effectiveness of internal control provided by management oversight necessary when limited personnel limit segregation of duty procedures. Although this problem did improve during the current year, it is not resolved to the extent to not continue this comment this year.

This problem was most evident for the component unit, Greenfield Municipal Utilities, but in all cases was caused by recording transactions to a wrong general ledger account or wrong fund. Specifically, Utilities debt payments were recorded against the wrong fund. As a result, utilities operating results were misstated as the debt service payment was not included. City financial reports were generally accurate for actual transactions, but budget information included in the financial reports did not agree with the adopted budgets in all line-item instances and in one instance of a debt service transaction recorded to general fund instead of debt service fund.

Recommendation – We suggest the implementation of steps necessary to ensure that the board receives accurate financial information on a regular basis. Specifically, accrual accounts need to be verified and reconciled monthly. We further recommend adding procedures to prepare reconciliations to documentation or verify proper monthly accounting accruals. This may require changing some work flow procedures or additional training on the software. Furthermore, we suggest that the Office Manager attend State Auditor seminars annually to further develop her knowledge of governmental unit accounting procedures and requirements.

Response – An accounting clerk hired late last year is training and becoming more proficient with governmental accounting processes and procedures and with the accounting software. Management believes this situation is improving as more experience is acquired with daily use of the accounting software, further understanding of the governmental environment, and continued training for additional monthly procedures.

Conclusion - Response accepted.

12-2B **Prior Year Findings** - In the prior year, we also commented on the timeliness of bank account reconciliations, recording, timeliness of preparing financial statements, and accuracy of recording amounts to the correct general ledger accounts. These findings have improved during the current year.

Instances of Non-Compliance:

See Item 12-3B of Part 3 regarding budget overspends.

PART 3: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING:

12-3A **Official Depositories** - A resolution naming depositories for funds of the City, Library, and Greenfield Municipal Utilities has been approved by the City of Council or Boards of Trustees. The maximum deposit amounts stated in the resolution were not exceeded during the year. The depositories named and maximum deposit amounts authorized are as follows:

First National Bank	\$ 4,000,000
Union State Bank	4,000,000

12-3B **Certified Budget** - City disbursements during the year ended June 30, 2012, exceeded the amount budgeted amount for Debt Service by \$336,164, and General Government by \$41,217. A budgetary comparison schedule is available as a separate page in the supplementary section of this report.

12-3C **Questionable Disbursements** - No expenditures that we believe would constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979, were discovered during our audit.

12-3D **Travel Expense** - No expenditures for travel expenses of spouses of officials or employees were discovered during our audit.

12-3E **Business Transactions** - No business transactions between officials of the City, Library, or Greenfield Municipal Utilities were discovered by our audit that were other than immaterial and met the guidelines of the Code of Iowa.

12-3F **Bond Coverage** - Surety bond coverage of officials and employees is in accordance with statutory provisions. However, we recommend the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations. A listing of Officials and bond coverage amounts is presented on a separate page in another section of this overall report.

12-3G **Minutes** - No transactions were found that we believe should have been approved in the minutes, but were not. The minutes were published within the 15 days required by Chapter 372.13(6) of the Code of Iowa. However, total receipts were not included in the minutes.

12-3H **Deposits and Investments** – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.