

CITY OF GLENWOOD
INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2007

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City of Glenwood

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dyle Downing	Mayor	January 2008
Ron Bales	Council Member	January 2008
Allan Christiansen	Council Member	January 2008
Craig Florian	Council Member	January 2008
Kim Clark	Council Member	January 2010
Clare Bangs	Council Member	January 2010
Mary J. Smith	City Administrator	Indefinite
Judith L Groves	City Clerk	January 2008
Matt Woods	Attorney	January 2008
Theresa Walden	Library Trustee	June 2008
Martha Cheyney	Library Trustee	June 2008
Kristel Mayberry	Library Trustee	June 2011
Willard Stivers	Library Trustee	June 2011
Barbara Taenzler	Library Trustee	June 2013
Gary Newman	Park Board Chairman	January 2010
Larry Hurst	Park Commissioner	January 2008
Bill Magnuson	Park Commissioner	January 2008
Laura Buckholz	Park Commissioner	January 2009
Wayne Phipps	Park Commissioner	January 2009
Carol Dean	Amphitheater Board Member	Indefinite
Pete Jacobus	Amphitheater Board Member	Indefinite
William Rowe	Amphitheater Board Member	Indefinite
James White	Amphitheater Board Member	Indefinite
Gordon Woodrow	Amphitheater Board Member	Indefinite
Ross Garrett	Cemetery Board Chairman	March 2008
Hugh Trask	Cemetery Board Member	March 2008
Don Burwell	Cemetery Board Member	March 2008

City of Glenwood

November 1, 2007

Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Glenwood, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Glenwood's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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 discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Glenwood as of June 30, 2007, 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 1, 2007 on our consideration of the City of Glenwood's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Continued...

City of Glenwood
Independent Auditors' Report

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 17 and 36 through 37 are not required parts of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Glenwood's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Glenwood 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, 2007. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2007 FINANCIAL HIGHLIGHTS

- **Receipts** of the City's governmental activities decreased 24%, or \$1,096,950 from FY2006 to FY2007. The major decrease was in the intergovernmental receipts due to the community recreation center project.
- **Disbursements** of the City's governmental activities decreased 44%, or \$2,775,484 from FY2006 to FY2007. The major decrease was the capital projects fund due to the community recreation center project.
- **Cash Basis Net Assets** of the City decreased \$155,095 from FY2006 to FY2007. This was due to the community recreation center project.

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.
- The component unit includes activities of the Glenwood Municipal Utilities Board. The City is financially accountable for the utilities although it is legally separate from the City.

Fund Financial Statements

The City's Governmental Funds Only:

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, Employee Benefits, Local Option Sales 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago from \$2.919 million to \$2.764 million. The analysis that follows focuses on the changes in cash balances for governmental activities:

CHANGES IN CASH BASIS NET ASSETS OF GOVERNMENTAL ACTIVITIES
(Expressed in Thousands)

RECEIPTS/TRANSFERS:	Year Ended June 30,				
	2007	2006	2005	2004	2003
Charges for Services	95	186	215	238	278
Charges for Services-Sewer	0	0	0	0	383 *
Operating grants, contrib & restricted interest	1017	810	852	674	643
Capital grants, contrib & restricted interest	61	1577	133		
General Receipts:					
Property Tax	1676	1526	1374	1398	1349
Other City Tax, Local Option Sales Tax	347	306	287	351	213
Grants, contrib not restricted to specific purpose	0	4	5	12	0
Tax Increment Financing	91	80	103	86	70
Unrestricted interest	0	25	14	14	0
Other General Receipts	0	0	0	0	119
Bond Proceeds	122		3019		
Sale of Assets	9	1	28	13	2
TOTAL RECEIPTS/TRANSFERS:	3418	4515	6030	2786	3057
DISBURSEMENTS:					
Public Safety	970	824	789	822	930
Public Works	604	567	634	458	433
Culture & Recreation	479	478	439	450	537
Community & Economic Development	49	59	55	12	7
General Government	296	298	316	337	335
Debt Service	466	424	224	213	240
Sewer	0	0	0	0	248 *
Capital Projects	709	3699	568	42	22
TOTAL DISBURSEMENTS:	3573	6349	3025	2334	2752
Increase in Cash basis net assets	-155	-1834	3005	452	305
Transfer of Equity(Sewer to GMU)	0	0	0	0	-425 *
Cash basis net assets beginning of year 7/1/2006	2919	4753	1748	1296	1416
Cash basis net assets end of year 6/30/2007	\$2764	\$2919	\$4753	\$1748	\$1296

* - Sewer Fund was transferred to Glenwood Municipal Utilities. This fund will not be included on the receipts and disbursements comparison totals, but is included within the change in net assets comparison.

RECEIPTS FOR ALL FUNDS

The City's receipts increased \$1,530,141 or 51.28% over last year, due to intergovernmental, miscellaneous and property tax receipts. The FY2006 tax levy was \$14.802 compared to FY2005 tax levy of \$14.162. The community recreation center project was the reason for the intergovernmental & miscellaneous increases.

Property Tax	149573
TIF	10928
Other City Tax/Local Opt Tax	41103
License/Permits	29601
Use of Money	8516
Intergovernmental	-1302435
Charges for Service	-6148
Special Assessments	23474
Miscellaneous	-182881
Proceeds-Assets,Debt	<u>131319</u>
TOTAL RECEIPTS:	<u>-1096950</u>

DISBURSEMENTS FOR ALL FUNDS

The City's disbursements decreased \$2,775,484 or 44% over last year. The community recreation center project was the major reason for the disbursement decrease.

Public Safety	146756
Public Works	36377
Culture & Recreation	1315
Comm & Ec Development	-9614
General Governmental	-2212
Debt Service	41477
Capital Projects	<u>-2989583</u>
TOTAL DISBURSEMENTS:	<u>-2775484</u>

CASH BASIS NET ASSET INCREASES/DECREASES BY FUND

The City of Glenwood's total cash basis net assets decreased \$155,095 from FY2006 to FY2007 largely due to the community recreation center project.

General Fund	191594
Road Use Fund	43593
Employee Benefits	110016
Local Option Sales Tax	-5590
Tax Increment Financing	-16280
Sidewalk	1602
Asset Forfeitures	9
Library Trust	31118
Debt Service	19025
Comm Rec Center	-535629
Amph Trust	467
Cem. Perpetual Care	2588
Special Revenue	<u>2392</u>
TOTAL INCREASE ALL FUNDS:	-155095

The total cost of all governmental activities this year was \$3.573 million compared to \$6.349 million last year. However, the amount that the tax payers ultimately financed for these activities was only \$2.315 million. The costs paid from those directly benefited from programs and services were \$157,286. The costs paid from operating grants, contributions and restricted interest were \$1.039 million, and the costs paid from capital grants, contributions and restricted interest were \$61,129.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Glenwood completed the year, the total governmental funds reported a combined fund balance of \$2,764,335; a decrease of \$155,095 from last year's total of \$2,919,430. The following are the changes in the major fund balances from the prior year:

General Fund – Increased \$191,594 over last year.

Road Use Fund (Special Revenue) – Increased \$43,593 over last year.

Employee Benefits Fund (Special Revenue) – Increased \$110,016 over last year.

Debt Service Fund (Special Revenue) – Decreased \$5,590 from last year.

Recreation Center Project (Capital Projects) – Decreased \$535,629 from last year.

Amphitheater Trust (Permanent Fund) – Increased \$467 over last year.

Local Option Sales Tax (Other Non-program Fund) – Decreased \$5590 from last year.

(Other Non-major government funds – Increased \$21,429)

THREE YEAR COMPARISONS

THREE YEAR COMPARISONS

THREE YEAR COMPARISONS

THREE YEAR COMPARISONS

BUDGETARY HIGHLIGHTS

The City of Glenwood amended its budget in March 2007, which resulted in an increase in disbursements of \$595,278 and an increase in receipts of \$150,582. There were a number of amendments, but the major changes were due to the community recreation center project.

The receipts projected in the final budget compared to the actual receipts taken in at the end of FY2007 decreased \$97,245 due to other financing sources. The disbursements anticipated in the final budget compared to the actual disbursements decreased \$270,242. The changes were due to the community recreation center project for \$22,361, general government for \$69,806, culture & recreation for \$45,076, public works for \$53,110, police for \$55,302, debt service for \$9,268, and community & economic development for \$15,319.

DEBT ADMINISTRATION

At June 30, 2007, the City had \$3,493,563 in bonds and other long-term debt, compared to \$3,609,402 last year, as shown below:

Outstanding Debt at Year End (Expressed in Thousands)			
	2007	2006	2005
G.O. bonds & notes	3494	3596	3775
TIF revenue bonds	0	13	71
	<u>3494</u>	<u>3609</u>	<u>3846</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 \$3,493,563 is within this debt limit.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Glenwood's elected and appointed officials and citizens consider many factors when setting the budget, tax rates, and fees that will be charged for various City activities. General fund disbursements have to be reduced as the receipts reduce since the City can not levy over the 8.10 levy limit to make up for the decrease of receipts or for any increase in inflation.

While property taxes are important to the City, they represent only 52% of the total program receipts for all funds in FY2008. The City monitors all receipts and determines the need for program adjustments or fee increases accordingly. The City considers public safety the top priority when considering budget adjustments.

Total receipts of FY2007 Actual compared to FY2008 Budget decreased by \$395,657 due to property tax, miscellaneous income, and proceeds from assets/debt.

Total disbursements of FY2007 Actual compared to FY2008 Budget decreased by \$369,140 largely due to the community recreation center project.

TAX LEVY HISTORY

FY2000	11.954
FY2001	13.039
FY2002	13.535
FY2003	13.688
FY2004	13.997
FY2005	14.162
FY2006	14.802
FY2007	14.408
FY2008	14.600

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mary Jean Smith, City Administrator/Clerk, 107 S. Locust, Glenwood, Iowa 51534.

City of Glenwood
Basic Financial Statements

City of Glenwood
Statement of Activities and Net Assets – Cash Basis
As of and for the year ended June 30, 2007

	Disbursements	Charges for Service	Program Operating Grants Contributions and Restricted Interest
Functions/Programs:			
Primary Government:			
Governmental activities:			
Public safety	\$ 970,456	18,601	61,512
Public works	603,563	89,731	463,274
Culture and recreation	478,962	61,355	261,804
Community and economic development	49,411	60,979	1,000
General government	295,781	1,467	53,339
Debt service	465,912	-	-
Capital projects	709,384	-	-
Total governmental activities	3,573,469	232,133	840,929
Total Primary Government	\$ 3,573,469	232,133	840,929
Component Unit:			
Glenwood Municipal Utilities	\$ 1,546,004	1,741,449	-
General Receipts:			
Property tax levied for:			
General purposes			
Employee benefits			
Special tax fund			
Debt service			
Tax increment financing			
Local option sales tax			
Grants and contributions not restricted to specific purpose			
Unrestricted interest on investments			
Note proceeds			
Miscellaneous			
Sale of assets			
Total general receipts			
Change in cash basis net assets			
Cash basis net assets beginning of year			
Cash basis net assets end of year			
Cash Basis Net Assets			
Restricted:			
Streets			
Employee benefits			
LOST debt service			
Capital projects			
Amphitheater endowment			
Debt service			
Replacement and maintenance			
Other purposes			
Unrestricted			
Total cash basis net assets			

See notes to financial statements

Receipts	Net (Disbursement) Receipts and Changes in Cash Basis Net Assets	
	Primary Governmental Activities	Component Unit Glenwood Municipal Utilities
Capital Contributions and Restricted Interest		
-	(890,343)	-
-	(50,558)	-
-	(155,803)	-
-	12,568	-
-	(240,975)	-
-	(465,912)	-
61,129	(648,255)	-
<u>61,129</u>	<u>(2,439,278)</u>	<u>-</u>
<u>61,129</u>	<u>(2,439,278)</u>	<u>-</u>
-	-	195,445
\$	1,074,457	-
	482,937	-
	30,105	-
	132,631	-
	90,708	-
	284,879	-
	24,481	-
	32,666	91,739
	122,315	-
	-	6,226
	9,004	-
	<u>2,284,183</u>	<u>97,965</u>
	(155,095)	293,410
	<u>2,919,430</u>	<u>2,441,576</u>
\$	<u>2,764,335</u>	<u>2,734,986</u>
\$	454,971	-
	228,413	-
	1,365	-
	850,773	-
	300,379	-
	19,025	468,335
	-	158,640
	243,061	115,385
	<u>666,348</u>	<u>1,992,626</u>
\$	<u>2,764,335</u>	<u>2,734,986</u>

City of Glenwood
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances - Governmental Funds
As of and for the year ended June 30, 2007

	Special Revenue			
	General	Road Use Tax	Employee Benefits	Local Option Sales Tax
Receipts				
Property tax	\$ 1,046,618	-	470,409	-
Tax increment financing collections	-	-	-	-
Other city tax	45,762	-	12,528	284,879
Licenses and permits	62,214	-	-	-
Use of money and property	58,984	-	-	-
Intergovernmental	93,716	446,562	-	66,347
Charges for service	94,788	-	-	-
Special assessments	1,581	-	-	-
Miscellaneous	187,782	-	8,036	-
Total receipts	<u>1,591,445</u>	<u>446,562</u>	<u>490,973</u>	<u>351,226</u>
Disbursements				
Operating:				
Public safety	824,195	-	145,986	-
Public works	274,463	208,185	120,517	-
Culture and recreation	390,417	-	76,542	-
Community and economic development	34,769	-	14,642	-
General government	254,511	18,000	23,270	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	<u>1,778,355</u>	<u>226,185</u>	<u>380,957</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	(186,910)	220,377	110,016	351,226
Other financing sources (uses):				
Note proceeds	122,315	-	-	-
Sale of capital assets	9,004	-	-	-
Operating transfers in	250,185	43,611	-	-
Operating transfers out	(3,000)	(220,395)	-	(356,816)
Total other financing sources (uses)	<u>378,504</u>	<u>(176,784)</u>	<u>-</u>	<u>(356,816)</u>
Net change in cash balances	191,594	43,593	110,016	(5,590)
Cash balances beginning of year	<u>474,754</u>	<u>411,378</u>	<u>118,397</u>	<u>6,955</u>
Cash balances end of year	<u>\$ 666,348</u>	<u>454,971</u>	<u>228,413</u>	<u>1,365</u>
Cash Basis Fund Balances				
Unreserved:				
General fund	\$ 666,348	-	-	-
Special revenue funds	-	454,971	228,413	1,365
Debt service fund	-	-	-	-
Capital projects fund	-	-	-	-
Permanent fund	-	-	-	-
Total cash basis fund balances	<u>\$ 666,348</u>	<u>454,971</u>	<u>228,413</u>	<u>1,365</u>

See notes to financial statements

Exhibit B

Debt Service	Capital Projects	Permanent Amphitheater Trust	Other Nonmajor Governmental Funds	Total
129,254	-	-	29,325	1,675,606
-	-	-	90,708	90,708
3,377	-	-	780	347,326
-	-	-	-	62,214
-	23,829	467	2,173	85,453
-	-	-	-	606,625
-	-	-	284	95,072
-	-	-	45,816	47,397
-	37,300	-	43,536	276,654
<u>132,631</u>	<u>61,129</u>	<u>467</u>	<u>212,622</u>	<u>3,287,055</u>
-	-	-	275	970,456
-	-	-	398	603,563
-	-	-	12,003	478,962
-	-	-	-	49,411
-	-	-	-	295,781
358,924	-	-	106,988	465,912
-	709,384	-	-	709,384
<u>358,924</u>	<u>709,384</u>	<u>-</u>	<u>119,664</u>	<u>3,573,469</u>
(226,293)	(648,255)	467	92,958	(286,414)
-	-	-	-	122,315
-	-	-	-	9,004
245,318	114,498	-	2,000	655,612
-	(1,872)	-	(73,529)	(655,612)
<u>245,318</u>	<u>112,626</u>	<u>-</u>	<u>(71,529)</u>	<u>131,319</u>
19,025	(535,629)	467	21,429	(155,095)
-	1,386,402	299,912	221,632	2,919,430
<u>19,025</u>	<u>850,773</u>	<u>300,379</u>	<u>243,061</u>	<u>2,764,335</u>
-	-	-	-	666,348
-	-	-	192,897	877,646
19,025	-	-	-	19,025
-	850,773	-	-	850,773
-	-	300,379	50,164	350,543
<u>19,025</u>	<u>850,773</u>	<u>300,379</u>	<u>243,061</u>	<u>2,764,335</u>

City of Glenwood
 Reconciliation of the Statement of Cash
 Receipts, Disbursements and Changes in Cash Balances
 to the Statement of Activities and Net Assets -
 Governmental Funds
 As of and for the year ended June 30, 2007

Total governmental funds cash balances	\$	2,764,335
 <i>Amounts reported for governmental activities in the Statement of Activities and Net Assets are different because:</i>		
None		-
Cash basis net assets of governmental activities	\$	2,764,335
Net change in cash balances	\$	(155,095)
 <i>Amounts reported for governmental activities in the Statement of Activities and Net Assets are different because:</i>		
None		-
Change in cash balance of governmental activities	\$	(155,095)

See notes to financial statements

City of Glenwood
Notes to Financial Statements
June 30, 2007

NOTE (1) Summary of Significant Accounting Policies

The City of Glenwood is a political subdivision of the State of Iowa located in Mills County and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development and general government services.

A. Reporting Entity

For financial reporting purposes, the City of Glenwood has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Glenwood (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of their operational or financial relationship with the City. Certain disclosures about the discretely presented component unit are not included because the component unit has been audited separately and a report has been issued under separate cover. The audited financial statements are available at the City Clerk's office.

Discretely Presented Component Unit

Glenwood Municipal Utilities is presented in a separate column to emphasize that it is legally separate from the City, but is financially accountable to the City, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The officials of the Utilities are appointed by the City Council and the operating budget of the Utilities is subject to the approval of the City Council.

City of Glenwood
Notes to Financial Statements
June 30, 2007

NOTE (1) Summary of Significant Accounting Policies - Continued

A. Reporting Entity – Continued

Jointly Governed Organizations

The City participates in jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the Mills County Assessor's Conference Board, Mills County Emergency Management Commission and Mills County E911 Board.

B. 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 are supported by tax and intergovernmental revenues.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

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

City of Glenwood
Notes to Financial Statements
June 30, 2007

NOTE (1) Summary of Significant Accounting Policies - Continued

B. Basis of Presentation - Continued

The City reports the following major governmental funds:

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

Special Revenue:

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

The Employee Benefits Fund is used to account for property taxes levied to pay employee benefits.

The Local Option Sales Tax Fund is used to account for the receipts from the tax authorized by referendum and used for capital improvements, equipment and community programs and services.

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

The Capital Projects Fund is used to account for all resources used in the construction of capital facilities with the exception of those financed through enterprise funds.

The Permanent Fund – Davies Amphitheater is used to report resources that are legally restricted to the extent that only earnings and not principal may be used to support the activities of the amphitheater.

C. Measurement Focus and Basis of Accounting

The City of Glenwood 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.

City of Glenwood
Notes to Financial Statements
June 30, 2007

NOTE (1) Summary of Significant Accounting Policies – Continued

C. Measurement Focus and Basis of Accounting - Continued

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

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements did not exceed the budgeted amounts.

E. Property Tax Calendar

The City's property tax rates were extended against the assessed valuation of the City as of January 1, 2005, to compute the amounts which became liens on property on July 1, 2006. These taxes were due and payable in two installments on September 30, 2006 and March 31, 2007, at the Mills County Treasurer's Office. These taxes are recognized as income to the City when they are received from the county.

NOTE (2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

City of Glenwood
Notes to Financial Statements
June 30, 2007

NOTE (2) Cash and Pooled Investments - Continued

At June 30, 2007, the City had the following investments:

Type	Carrying Value	Approximate Fair Value	Maturity
U.S. Treasury Note	\$ 100,000	\$ 100,000	October 2007
U.S. Treasury Note	50,000	50,000	January 2008
U.S. Treasury Note	100,000	100,000	November 2008
	<u>\$ 250,000</u>	<u>\$ 250,000</u>	

The City's cash and investments at June 30, 2007 totaled \$2,764,335.

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the need and use of the City.

NOTE (3) Contracts Receivable

In August 2002, the City of Glenwood sold real estate property to the School District. The District agreed to pay the City a non-interest bearing note of \$15,000 over 10 years. The City received \$1,500 on the contract during the year leaving a balance receivable of \$7,500 at June 30, 2007.

NOTE (4) Bonds and Notes Payable

Annual debt service requirements to maturity of general obligation debt are as follows:

Year Ended June 30,	General Obligation Bonds & Notes	
	Principal	Interest
2008	\$ 236,029	\$ 143,036
2009	242,556	133,473
2010	254,214	123,520
2011	261,013	112,985
2012	272,970	102,028
2013-2017	1,086,781	359,442
2018-2022	<u>1,140,000</u>	<u>148,330</u>
Total	<u>\$ 3,493,563</u>	<u>\$ 1,122,814</u>

Interest paid on long term debt during the year totaled \$151,861.

City of Glenwood
Notes to Financial Statements
June 30, 2007

NOTE (4) Bonds and Notes Payable - Continued

The Code of Iowa requires that principal and interest on general obligation bonds be paid from the Debt Service Fund. The principal and interest on general obligation sales tax bonds are to be paid from the local option sales tax funds collected.

The urban renewal tax increment revenue bond was issued for the purpose of defraying a portion of the costs of carrying out urban renewal projects of the City. The bond is payable solely from the income and proceeds of the Urban Renewal Tax Increment Fund and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. The proceeds of the urban renewal tax increment revenue bond shall be expended only for purposes which are consistent with the plans of the City's urban renewal area. The bond is not a general obligation of the City, however, the debt is subject to the constitutional debt limitation of the City.

The City has a general obligation debt limit of approximately \$10,400,000 which was not exceeded during the year ended June 30, 2007.

NOTE (5) Lease Agreement

The City leases copy machines under operating lease agreements. Rent expense for the year ended June 30, 2007 was \$1,560. The future required minimum lease payments are as follows:

Year ending June 30,	Amount
2008	\$ 1,560
2009	<u>520</u>
	<u>\$ 2,080</u>

NOTE (6) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.7 % of their annual salary and the City is required to contribute 5.75% 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 of Glenwood
Notes to Financial Statements
June 30, 2007

NOTE (6) Pension and Retirement Benefits - Continued

City's contributions to IPERS for the years ended June 30, 2007, 2006, and 2005, were \$68,792, \$65,787, and \$67,146, respectively, equal to the required contributions for each year.

NOTE (7) Compensated Absences

City 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 disbursements by the City until used or paid. The City's approximate liability for earned vacation payable to employees at June 30, 2007, primarily relating to the General Fund is \$44,207. This liability is computed on rates of pay effective as of June 30, 2007.

Sick leave is payable when used or for certain employees upon retirement. Employees retiring after 15 years of service may receive one-half of their unused accumulated sick leave based on the effective hourly rate for that employee. For each additional year of service, the employee shall receive 2% additional sick leave per year. There are eight employees eligible for this termination benefit. The approximate liability at June 30, 2007 for sick leave conversion payable upon retirement to these employees is \$72,188.

NOTE (8) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Road Use Tax	\$ 218,395
	Special Tax	29,918
	Capital Projects	1,872
		250,185
Special Revenue:	Special Revenue:	
Road Use Tax	Special Tax	43,611
Special Revenue:	Special Revenue:	
Sidewalk	Road Use Tax	2,000
Debt Service	Special Revenue:	
	Local Option Sales Tax	245,318
Capital Projects:	General	3,000
	Special Revenue:	
	Local Option Sales Tax	111,498
		114,498
		\$ 655,612

City of Glenwood
Notes to Financial Statements
June 30, 2007

NOTE (8) Interfund Transfers – Continued

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

NOTE (9) Risk Management

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 556 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2007 were \$52,054.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual member basis.

City of Glenwood
Notes to Financial Statements
June 30, 2007

NOTE (9) Risk Management – Continued

The Pool’s intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member’s risk-sharing certificate, or in the event that a series of casualty claims exhausts total members’ equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2007, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool’s inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days’ prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member’s withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions, however, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City also carries workmen’s compensation insurance purchased from a commercial vendor. The City assumes liability for any deductions, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE (10) Construction Commitments

The City has the following commitments on contracts for a community recreation center as of June 30, 2007:

		Estimated Contracted Amount		Paid to Date		Remaining Commitment		Retainage Payable
Construction	\$	4,273,717	\$	4,002,967	\$	35,000	\$	35,000

NOTE (11) Commitments

Communication Service

The City has entered into a 28E agreement with Mills County for the purpose of providing communication service for law enforcement officers for the people of Mills County and the City of Glenwood. The City has agreed to pay \$115,000 per year, through June 30, 2011, adjusted by the consumer price index.

City of Glenwood
Notes to Financial Statements
June 30, 2007

NOTE (11) Commitments - Continued

Rescue Service

The City has a contract agreement for ambulance services for which payment of services is in the form of payments by the City of bills, invoices, and other expenses totaling \$32,000 a year through June 2011.

YMCA Operating Agreement

The YMCA and the City of Glenwood have a joint operating agreement regarding a recreation facility for a period of 15 years. The YMCA is responsible for operation, maintenance, utilities and insurance of the facility. The City of Glenwood will contribute before July 15 of the following year \$50,000 each year for the first three years, up to \$50,000 each year for the next two years for operating deficits, and up to \$50,000 for each year for the next five years for operating deficits to the extent of one half of the excess revenue received by the City for local option sales tax estimated to be \$288,000 a year. A full year is defined as January 1 through December 1 effective January 1, 2007.

Recycling Agreement

The City has contracted for recycling services at \$1.25 per month per water customer through December 2008. The annual cost approximates \$35,000.

NOTE (12) Urban Renewal Development Agreements

The city has entered into agreements with developers to construct certain public improvements related to the development of the Urban Renewal Area Number 3. In exchange, the City has agreed to pay the developers for these costs, plus interest.

These agreements are payable solely from the income and proceeds of the Urban Renewal Tax Increment Fund, and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa.

Gotschall Agreement

The City has agreed to pay the developer a total of \$277,222 plus interest at 7% per annum. Principal and interest payments are due December 1 and June 1, with final payment due June 2011. The City paid the developer \$28,689 in principal and \$23,018 in interest during the year ended June 30, 2007.

Mintle Agreement

The City has agreed to pay the developer a total of \$400,000 plus interest at 7% per annum. Principal and interest are due December 1 and June 1, with final payment due June 2013. The City paid the developer \$37,295 in interest during the year ended June 30, 2007.

City of Glenwood
Notes to Financial Statements
June 30, 2007

NOTE (12) Urban Renewal Development Agreements – Continued

Hughes Agreement

The City has agreed to pay a developer a total of \$369,669 plus interest at 5% per annum. Principal and interest payments are due December 1 and June 1, with final payment due June 2016. The City paid the developer \$240 in interest during the year ended June 30, 2007.

NOTE (13) Subsequent Event

In August 2007, the City approved a bid of \$17,500 for pool deck repair.

Required Supplementary Information

City of Glenwood
 Budgetary Comparison Schedule
 of Receipts, Disbursements, and Changes in Balances -
 Budget and Actual (Cash Basis) – All Governmental Funds
 Required Supplementary Information
 Year ended June 30, 2007

	Governmental Funds Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
Receipts				
Property tax	\$ 1,675,606	1,664,863	1,664,863	10,743
Tax increment financing collections	90,708	94,681	94,681	(3,973)
Other city tax	347,326	290,721	331,082	16,244
Licenses and permits	62,214	46,385	38,385	23,829
Use of money and property	85,453	36,305	76,527	8,926
Intergovernmental	606,625	619,992	607,734	(1,109)
Charges for service	95,072	95,100	105,265	(10,193)
Special assessments	47,397	24,100	46,611	786
Miscellaneous	276,654	143,400	346,977	(70,323)
Total receipts	<u>3,287,055</u>	<u>3,015,547</u>	<u>3,312,125</u>	<u>(25,070)</u>
Disbursements				
Public safety	970,456	1,096,781	1,025,758	55,302
Public works	603,563	638,787	656,673	53,110
Culture and recreation	478,962	516,675	524,038	45,076
Community and economic development	49,411	68,780	64,730	15,319
General government	295,781	374,327	365,587	69,806
Debt service	465,912	544,001	475,180	9,268
Capital projects	709,384	9,082	731,745	22,361
Total disbursements	<u>3,573,469</u>	<u>3,248,433</u>	<u>3,843,711</u>	<u>270,242</u>
Excess (deficiency) of receipts over (under) disbursements	(286,414)	(232,886)	(531,586)	245,172
Other financing sources, net	<u>131,319</u>	<u>155,000</u>	<u>9,004</u>	<u>122,315</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(155,095)	(77,886)	(522,582)	367,487
Balances beginning of year	<u>2,919,430</u>	<u>2,919,430</u>	<u>2,919,430</u>	<u>-</u>
Balances end of year	<u>\$ 2,764,335</u>	<u>2,841,544</u>	<u>2,396,848</u>	<u>367,487</u>

See accompanying independent auditors' report.

City of Glenwood
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2007

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board (GASB) 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 except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon major classes of disbursements known as functions, not by fund or fund type. These functions are: public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Permanent Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$595,278. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2007, disbursements did not exceed the final budgeted amounts.

Other Supplementary Information

City of Glenwood
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds
As of and for the year ended June 30, 2007

	Special Revenue			
	Special Tax Fund	Urban Renewal Tax Increment	Sidewalk Fund	Asset Forfeitures
Receipts:				
Property tax	\$ 29,325	-	-	-
Tax increment financing collections	-	90,708	-	-
Other city tax	780	-	-	-
Use of money and property	-	-	-	-
Charges for services	-	-	-	284
Special assessments	45,816	-	-	-
Miscellaneous	-	-	-	-
Total receipts	75,921	90,708	-	284
Disbursements:				
Operating:				
Public safety	-	-	-	275
Public works	-	-	398	-
Culture and recreation	-	-	-	-
Debt service	-	106,988	-	-
Total disbursements	-	106,988	398	275
Excess (deficiency) of receipts over (under) disbursements	75,921	(16,280)	(398)	9
Other financing uses:				
Operating transfers in	-	-	2,000	-
Operating transfers out	(73,529)	-	-	-
	(73,529)	-	2,000	-
Net change in cash balances	2,392	(16,280)	1,602	9
Cash balances beginning of year	-	118,512	3,418	303
Cash balances end of year	\$ 2,392	102,232	5,020	312
 Cash Basis Fund Balances				
Unreserved:				
Special revenue funds	\$ 2,392	102,232	5,020	312
Permanent fund	-	-	-	-
Total cash basis fund balances	\$ 2,392	102,232	5,020	312

See accompanying independent auditors' report

Schedule 1

Library Building Trust	Permanent Cemetery Perpetual Care	Total
-	-	29,325
-	-	90,708
-	-	780
2,173	-	2,173
-	-	284
-	-	45,816
40,948	2,588	43,536
43,121	2,588	212,622
-	-	275
-	-	398
12,003	-	12,003
-	-	106,988
12,003	-	119,664
31,118	2,588	92,958
-	-	2,000
-	-	(73,529)
-	-	(71,529)
31,118	2,588	21,429
51,823	47,576	221,632
82,941	50,164	243,061
82,941	-	192,897
-	50,164	50,164
82,941	50,164	243,061

City of Glenwood
Combining Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Capital Projects Fund
As of and for the year ended June 30, 2007

	Community Recreation Center	Pool	Cemetery	Total
Receipts:				
Use of money and property	\$ 23,829	-	-	23,829
Miscellaneous	36,300	1,000	-	37,300
Total receipts	<u>60,129</u>	<u>1,000</u>	<u>-</u>	<u>61,129</u>
Disbursements:				
Capital projects	<u>709,384</u>	<u>-</u>	<u>-</u>	<u>709,384</u>
Excess (deficiency) of receipts over (under) disbursements	(649,255)	1,000	-	(648,255)
Other financing sources:				
Operating transfers in	111,498	3,000	-	114,498
Operating transfers out	<u>-</u>	<u>-</u>	<u>(1,872)</u>	<u>(1,872)</u>
	<u>111,498</u>	<u>3,000</u>	<u>3,000</u>	<u>112,626</u>
Net change in cash balances	(537,757)	4,000	(1,872)	(535,629)
Cash balances beginning of year	<u>1,376,056</u>	<u>7,249</u>	<u>3,097</u>	<u>1,386,402</u>
Cash balances end of year	<u>\$ 838,299</u>	<u>11,249</u>	<u>1,225</u>	<u>850,773</u>
Cash Basis Fund Balances				
Unreserved:				
Capital projects fund	<u>\$ 838,299</u>	<u>11,249</u>	<u>1,225</u>	<u>850,773</u>

See accompanying independent auditors' report

City of Glenwood
 Schedule of Indebtedness
 Year ended June 30, 2007

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds and notes:			
Building	Aug 1, 1997	10.00 %	\$ 144,000
Street improvement and refunding	Mar 1, 1999	4.10 - 4.60 %	995,000
Local Option Sales Tax	Jun 15, 2005	3.70 - 4.25 %	3,000,000
Police equipment	Feb 1, 2007	3.50 %	122,315
Urban renewal tax increment financing (TIF) revenue bonds:	Jul 1, 1998	5.00 %	\$ 275,833

See accompanying independent auditors' report

	<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
\$	86,569	-	10,220	76,349	8,196	-
	610,000	-	65,000	545,000	26,678	-
	2,900,000	-	130,000	2,770,000	114,918	-
	<u>-</u>	<u>122,315</u>	<u>20,101</u>	<u>102,214</u>	<u>1,427</u>	<u>-</u>
\$	<u>3,596,569</u>	<u>122,315</u>	<u>225,321</u>	<u>3,493,563</u>	<u>151,219</u>	<u>-</u>
\$	<u>12,833</u>	<u>-</u>	<u>12,833</u>	<u>-</u>	<u>642</u>	<u>-</u>

City of Glenwood
 Bond and Note Maturities
 June 30, 2007

Ending June 30,	General Obligation Bonds and					
	Building		Street Improvement and		Local Option Sales Tax	
	Issued Aug 12, 1997		Refunding Notes		Issued Jun 15, 2005	
	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
2008	10.00 %	\$ 11,289	4.15 %	\$ 70,000	3.80 %	\$ 135,000
2009	10.00 %	12,471	4.25 %	70,000	3.80 %	140,000
2010	10.00 %	13,777	4.30 %	75,000	3.80 %	145,000
2011	10.00 %	15,219	4.40 %	75,000	3.80 %	150,000
2012	10.00 %	16,812	4.50 %	80,000	3.80 %	155,000
2013	10.00 %	6,781	4.55 %	85,000	3.80 %	165,000
2014	-	-	4.60 %	90,000	3.80 %	170,000
2015	-	-	-	-	3.80 %	180,000
2016	-	-	-	-	3.90 %	190,000
2017	-	-	-	-	4.00 %	200,000
2018	-	-	-	-	4.10 %	205,000
2019	-	-	-	-	4.15 %	215,000
2020	-	-	-	-	4.15 %	230,000
2021	-	-	-	-	4.20 %	240,000
2022	-	-	-	-	4.25 %	250,000
Total		\$ 76,349		\$ 545,000		\$ 2,770,000

See accompanying independent auditors' report

Notes

<u>Police Equipment</u>		
<u>Issued Feb 1, 2007</u>		
<u>Interest</u>		
<u>Rate</u>	<u>Amount</u>	<u>Total</u>
3.50 %	\$ 19,740	\$ 236,029
3.50 %	20,085	242,556
3.50 %	20,437	254,214
3.50 %	20,794	261,013
3.50 %	21,158	272,970
-	-	256,781
-	-	260,000
-	-	180,000
-	-	190,000
-	-	200,000
-	-	205,000
-	-	215,000
-	-	230,000
-	-	240,000
-	-	250,000
	<u>\$ 102,214</u>	<u>\$ 3,493,563</u>

City of Glenwood
 Schedule of Receipts By Source and Disbursements By Function -
 All Governmental Funds
 For the Last Four Years

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Receipts				
Property tax	\$ 1,675,606	1,526,033	1,374,290	1,398,277
Tax increment financing collections	90,708	79,780	102,612	85,933
Other city tax	347,326	306,223	287,214	350,584
Licenses and permits	62,214	32,613	4,000	3,081
Use of money and property	85,453	76,937	35,445	28,554
Intergovernmental	606,625	1,909,060	682,825	586,121
Charges for service	95,072	101,220	142,360	185,550
Special assessments	47,397	23,923	25,676	27,067
Miscellaneous	<u>276,654</u>	<u>458,035</u>	<u>329,261</u>	<u>108,677</u>
Total	<u>\$ 3,287,055</u>	<u>4,513,824</u>	<u>2,983,683</u>	<u>2,773,844</u>
Disbursements				
Operating:				
Public safety	\$ 970,456	823,700	788,864	821,823
Public works	603,563	567,186	633,840	457,708
Culture and recreation	478,962	477,647	438,921	450,730
Community and economic development	49,411	59,025	55,226	11,764
General government	295,781	297,993	316,465	337,662
Debt service	465,912	424,435	223,664	213,325
Capital projects	<u>709,384</u>	<u>3,698,967</u>	<u>567,880</u>	<u>41,899</u>
Total	<u>\$ 3,573,469</u>	<u>6,348,953</u>	<u>3,024,860</u>	<u>2,334,911</u>

See accompanying independent auditors' report.

City of Glenwood

November 1, 2007

Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Honorable Mayor and
Members of the City Council:

We have audited the financial statements of the governmental activities, each major fund, and the remaining fund information of the City of Glenwood, Iowa, as of and for the year ended June 30, 2007, and have issued our report thereon dated November 1, 2007. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Glenwood'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 of Glenwood's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Glenwood's internal control over financial reporting.

A control deficiency exists when the design or operation of a 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 significant deficiencies, that adversely affects the City of Glenwood's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Glenwood's financial statements that is more than inconsequential will not be prevented or detected by the City of Glenwood's internal control.

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

Continued...

City of Glenwood
Independent Auditors' Report on Internal Control

Our consideration of 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 internal control that might be 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.

Compliance

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Glenwood's response to our finding identified in our audit is described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's response, we did not audit City of Glenwood's response and, accordingly, we express no opinion on it.

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Glenwood during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

City of Glenwood
Schedule of Findings
Year Ended June 30, 2007

Part I: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

No matters were reported.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

City of Glenwood
Schedule of Findings
Year Ended June 30, 2007

Part II: Other Findings Related to Statutory Reporting:

II-A-07 Certified Budget

Disbursements during the year ended June 30, 2007 did not exceed the amended budgeted amounts.

II-B-07 Entertainment Expense

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

II-C-07 Travel Expense

No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-D-07 Business Transactions

No business transactions were noted between the City and City officials or employees.

II-E-07 Bond Coverage

Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-07 Council Minutes

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

II-G-07 Deposits and Investments

We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

II-H-07 Revenue Note

The City has no revenue debt.

City of Glenwood
Schedule of Findings
Year Ended June 30, 2007

Part II: Other Findings Related to Statutory Reporting Continued:

II-I-06 Excess Balances

Comment – The cash balance in the Special Revenue Fund, Road Use Tax Account at June 30, 2007 was in excess of the disbursements made from the fund during the year.

Recommendation – The City should consider the necessity of maintaining the excess balances.

Response – The excess balances are considered necessary for the payment of future project costs.

Conclusion – Response accepted.

NEWS RELEASE

Schroer & Associates, P.C. today released an audit report on the City of Glenwood, Iowa.

The City's receipts totaled \$3,418,374 for the year ended June 30, 2007, a 24 percent decrease from 2006. The receipts included \$1,720,130 in property tax, \$90,708 from tax increment financing collections, \$232,133 from charges for service, \$840,929 from operating grants, contributions and restricted interest, \$61,129 from capital contributions and restricted interest, \$284,879 from local option sales tax, \$32,666 from unrestricted investment earnings, \$24,481 from other general receipts, \$9,004 in sale of assets, and \$122,315 in note proceeds. The significant decrease was from capital contributions.

Disbursements for the year totaled \$3,573,469, a 44 percent decrease from the prior year, and included \$970,456 for public safety, \$603,563 for public works, and \$709,384 for capital projects. The significant decrease was for capital projects.

A copy of the audit report is available for review in the Office of Auditor of State and the City Clerk's office.

November 17, 2005

David Vaudt
Office of State Auditor
State Capitol Building
Des Moines, IA 50319

Dear Sir:

We have enclosed for your records the following information regarding the audit of the City of Glenwood for the year ended June 30, 2006.

- 2 copies of the audit report
- 1 copy of the news release
- 1 copy of the number of hours worked
- 1 copy of the invoice

Sincerely,

SCHROER & ASSOCIATES, P.C.

Diane McGrain
Shareholder

DM/sh
Enc.

September 27, 2006

To the Honorable Mayor and
Members of the City Council
City of Glenwood
107 Locust
Glenwood, IA 51534

We have compiled the annual financial report of the City of Glenwood for the year ended June 30, 2006, included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the State of Iowa information that is the representation of management. We have not audited or reviewed the financial statements referred to above, and accordingly, do not express an opinion or any other form of assurance on them. These financial statements were compiled by us from financial statements for that same period that we previously audited, as indicated in our report dated September 27, 2006.

These financial statements are presented in accordance with the requirements of the State of Iowa, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

City of Glenwood

Hours Worked: 44.25

November 7, 2007

Mary Smith
City of Glenwood
107 Locust
Glenwood, IA 51534

Dear Mary:

Enclosed are draft copies of the audit for the City of Glenwood. Please review and let me know if we need to make any changes. We will need to insert your MD & A before we issue.

Also, enclosed are copies of the City of Glenwood's Annual Report for publication.

Please sign and forward to the State Auditor in the envelope provided.

Sincerely,

SCHROER & ASSOCIATES, P.C.

Diane McGrain
Shareholder

DM/sh
Enc.

November 27, 2007

David Vaudt
Office of State Auditor
PO Box 333
Des Moines, IA 50302-0333

Dear Sir:

We have enclosed for your records the following information regarding the audit of the City of Glenwood for the year ended June 30, 2007.

- 2 copies of the audit report
- 1 copy of the news release
- 1 copy of the number of hours worked
- 1 copy of the invoice

Sincerely,

SCHROER & ASSOCIATES, P.C.

Diane McGrain
Shareholder

DM/sh
Enc.

November 1, 2007

To the Honorable Mayor and
Members of the City Council
City of Glenwood
107 Locust
Glenwood, IA 51534

We have compiled the annual financial report of the City of Glenwood for the year ended June 30, 2007, included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the State of Iowa information that is the representation of management. We have not audited or reviewed the financial statements referred to above, and accordingly, do not express an opinion or any other form of assurance on them. These financial statements were compiled by us from financial statements for that same period that we previously audited, as indicated in our report dated November 1, 2007.

These financial statements are presented in accordance with the requirements of the State of Iowa, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

City of Glenwood

Hours Worked: 39.50

November 27, 2007

Mary Smith
City of Glenwood
107 S. Locust
Glenwood, IA 51534

Dear Mary:

We have filed the required copies of your audit report with the Office of Auditor of State. A filing fee is required to be paid based on your final amended budget according to the following schedule:

<u>Budgeted Expenditures (In millions of dollars)</u>	<u>Fee Amount</u>
Under 1	\$100.00
At least 1, but less than 3	\$175.00
At least 3, but less than 5	\$250.00
At least 5, but less than 10	\$425.00
At least 10, but less than 25	\$625.00
25 and over	\$850.00

You are required to send the appropriate filing fee. The check should be made payable to "Auditor of State" and mailed to Office of Auditor of State, PO Box 333, Des Moines, IA 50302-0333.

If you have any questions, please do not hesitate to call me at 712-322-8734.

Sincerely,

SCHROER & ASSOCIATES, P.C.

Diane McGrain
Shareholder

DM/sh

