

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

JUNE 30, 2008

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City of Glenwood

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dyle Downing	Mayor	January 2010
Kim Clark	Council Member	January 2010
Clare Bangs	Council Member	January 2010
Ron Bales	Council Member	January 2012
Allan Christiansen	Council Member	January 2012
Craig Florian	Council Member	January 2012
Mary J. Smith	City Administrator	Indefinite
Judith L Groves	City Clerk	January 2010
Matt Woods	Attorney	January 2010
Kristel Mayberry	Library Trustee	June 2011
Willard Stivers	Library Trustee	June 2011
Barbara Taenzler	Library Trustee	June 2013
Theresa Walden	Library Trustee	June 2014
Martha Cheyney	Library Trustee	June 2014
Kay LeFever	Park Commissioner	January 2009
Lyle Mayberry	Park Commissioner	January 2009
Gary Newman	Park Board Chairman	January 2010
Bill Pugsley	Park Commissioner	January 2011
Gary Shepard	Park Commissioner	January 2011
Carol Dean	Amphitheater Board Member	Indefinite
Pete Jacobus	Amphitheater Board Member	Indefinite
William Rowe	Amphitheater Board Member	Indefinite
Jeff Mitts	Amphitheater Board Member	Indefinite
Carol Mitts	Amphitheater Board Member	Indefinite
Ross Garrett	Cemetery Board Chairman	March 2011
Hugh Trask	Cemetery Board Member	March 2011
Don Burwell	Cemetery Board Member	March 2011

City of Glenwood

October 27, 2008

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, 2008, 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, 2008, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2008 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, 2007 (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, 2008. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- **Receipts** of the City's governmental activities decreased approximately 11%, or \$263,469 from FY2007 to FY2008. The major decreases were in property taxes and miscellaneous revenues due to insurance and employee benefit decreases.
- **Disbursements** of the City's governmental activities decreased approximately 16%, or \$585,632 from FY2007 to FY2008. The major decrease was the capital projects fund due to the community recreation center project being completed.
- **Cash Basis Net Assets** of the City increased \$37,912 from FY2007 to FY2008. This increase was due to the community recreation center project being completed and the employee benefits fund.

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 increased from a year ago from \$2.764 million to \$2.802 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)

	Year Ended June 30,			
	2008	2007	2006	2005
RECEIPTS/TRANSFERS:				
Charges for Services	174	232	186	215
Operating grants, contrib & restricted interest	747	841	810	852
Capital grants, contrib & restricted interest	46	61	1577	133
General Receipts:				
Property Tax	1625	1720	1526	1374
Other City Tax, Local Option Sales Tax	282	285	306	287
Grants, contrib not restricted to specific purpose	7	24	4	5
Tax Increment Financing	100	91	80	103
Unrestricted interest	37	33	25	14
Bond Proceeds	0	122	0	3019
Sale of Assets	2	9	1	28
TOTAL RECEIPTS/TRANSFERS:	3026	3418	4515	6030
DISBURSEMENTS:				
Public Safety	922	970	824	789
Public Works	575	604	567	634
Culture & Recreation	535	479	478	439
Community & Economic Development	51	49	59	55
General Government	318	296	298	316
Debt Service	544	466	424	224
Capital Projects	43	709	3699	568
TOTAL DISBURSEMENTS:	2988	3573	6349	3025
Increase in Cash basis net assets	38	-155	-1834	3005
Cash basis net assets beginning of year 7/1/2007	2764	2919	4753	1748
Cash basis net assets end of year 6/30/2008	2802	2764	2919	4753

* - 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 decreased \$263,469 or approximately 11% over last year, due to intergovernmental receipts. The FY2008 tax levy was \$14.60 compared to FY2007 tax levy of \$14.408.

Property Tax	-109062
TIF	9590
Other City Tax/Local Opt Tax	-7184
License/Permits	-34821
Use of Money	10919
Intergovernmental	6842
Charges for Service	2304
Special Assessments	-28136
Miscellaneous	<u>-113921</u>
TOTAL RECEIPTS:	<u>-263469</u>

DISBURSEMENTS FOR ALL FUNDS

The City's disbursements decreased \$585,632 or approximately 16% over last year. The community recreation center project was the major reason for the disbursement decrease.

Public Safety	-48120
Public Works	-28850
Culture & Recreation	56322
Comm & Ec Development	1400
General Governmental	22030
Debt Service	77550
Capital Projects	<u>-665964</u>
TOTAL DISBURSEMENTS:	<u>-585632</u>

CASH BASIS NET ASSET INCREASES/DECREASES BY FUND

The City of Glenwood's total cash basis net assets increased \$37,912 from FY2007 to FY2008 largely due to the community recreation center project and the employee benefits fund.

General Fund	-36077
Road Use Fund	712
Employee Benefits	49087
Local Option Sales Tax	280
Tax Increment Financing	-10188
Asset Forfeitures	40
Library Trust	-51778
Debt Service	4368
Comm Rec Center	52559
Amph Trust	-85
Cem. Perpetual Care	3375
Special Revenue	1473
Capital Pool Project	3000
Hazel Street Bridge	<u>21146</u>
TOTAL INCREASE ALL FUNDS:	37912

The total cost of all governmental activities this year was \$2.988 million compared to \$3.573 million last year. However, the amount that the tax payers ultimately financed for these activities was only \$2.007 million. The costs paid from those directly benefited from programs and services were \$173,478. The costs paid from operating grants, contributions and restricted interest were \$747,464, and the costs paid from capital grants, contributions and restricted interest were \$45,768.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Glenwood completed the year, the total governmental funds reported a combined fund balance of \$2,802,247, an increase of \$37,912 from last year's total of \$2,764,335. The following are the changes in the major fund balances from the prior year:

General Fund – Decreased \$36,077 over last year.

Road Use Fund (Special Revenue) – Increased \$712 over last year.

Employee Benefits Fund (Special Revenue) – Increased \$49,087 over last year.

Debt Service Fund (Special Revenue) – Increased \$4,368 from last year.

Recreation Center Project (Capital Projects) – Increased \$76,705 from last year.

Amphitheater Trust (Permanent Fund) – Decreased \$85 over last year.

Local Option Sales Tax (Other Non-program Fund) – Increased \$280 from last year.

(Other Non-major government funds – Decreased \$57,078)

THREE YEAR COMPARISONS

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THREE YEAR COMPARISONS

BUDGETARY HIGHLIGHTS

The City of Glenwood amended its budget in March 2008, which resulted in an increase in disbursements of \$19,546 and an increase in receipts of \$133,894. There were a number of amendments, but the major changes were for use of grant proceeds for the Amphitheater.

The receipts projected in the final budget compared to the actual receipts taken in at the end of FY2008 decreased \$133,025 primarily because grant proceeds were not received for the Amphitheater. The disbursements anticipated in the final budget compared to the actual disbursements decreased \$236,038. The changes were due to the community recreation center project for \$21,146, general government for \$18,152, culture & recreation for \$86,663, public works for \$61,893, public safety for \$29,713, debt service for \$11,081, and community & economic development for \$7,390.

DEBT ADMINISTRATION

At June 30, 2008, the City had \$3,237,449 in bonds and other long-term debt, compared to \$3,493,563 last year, as shown below:

Outstanding Debt at Year End (Expressed in Thousands)				
	2008	2007	2006	2005
G.O. bonds & notes	3237	3494	3596	3775
TIF revenue bonds	0	0	13	71
	<u>3237</u>	<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 \$3,237,449 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 35% of the total program receipts for all funds in FY2009. 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 FY2008 Actual compared to FY2009 Budget increased by \$762,313 due to the Hazel Street Bridge Project.

Total disbursements of FY2008 Actual compared to FY2009 Budget increased by \$1,053,888 due to the Hazel Street Bridge Project and Debt Service.

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
FY2009	14.538

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, 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, 2008

	Disbursements	Charges for Service	Program Operating Grants Contributions and Restricted Interest
Functions/Programs:			
Primary Government:			
Governmental activities:			
Public safety	\$ 922,336	26,069	93,209
Public works	574,713	62,249	465,271
Culture and recreation	535,284	57,112	182,172
Community and economic development	50,811	26,803	2,750
General government	317,811	1,245	4,062
Debt service	543,462	-	-
Capital projects	43,420	-	-
Total governmental activities	2,987,837	173,478	747,464
Total Primary Government	\$ 2,987,837	173,478	747,464
Component Unit:			
Glenwood Municipal Utilities	\$ 2,098,878	1,808,254	-

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
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
 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		
-	(803,058)	-
-	(47,193)	-
-	(296,000)	-
-	(21,258)	-
-	(312,504)	-
-	(543,462)	-
45,768	2,348	-
<u>45,768</u>	<u>(2,021,127)</u>	<u>-</u>
<u>45,768</u>	<u>(2,021,127)</u>	<u>-</u>
-	-	(290,624)
\$	1,046,973	-
	412,257	-
	29,622	-
	136,336	-
	100,298	-
	281,498	-
	6,928	-
	37,014	43,653
	5,950	6,226
	2,163	2,700
	<u>2,059,039</u>	<u>52,579</u>
	37,912	(238,045)
	<u>2,764,335</u>	<u>2,734,986</u>
\$	<u>2,802,247</u>	<u>2,496,941</u>
\$	455,683	-
	277,500	-
	1,645	-
	927,478	-
	300,294	-
	23,393	-
	185,983	114,416
	630,271	2,382,525
\$	<u>2,802,247</u>	<u>2,496,941</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, 2008

	Special Revenue			
	General	Road Use Tax	Employee Benefits	Local Option Sales Tax
Receipts				
Property tax	\$ 1,002,704	-	401,954	-
Tax increment financing collections	-	-	-	-
Other city tax	44,269	-	10,303	281,498
Licenses and permits	27,393	-	-	-
Use of money and property	62,176	-	-	-
Intergovernmental	88,286	459,034	-	66,147
Charges for service	95,481	-	-	-
Special assessments	3,098	-	-	-
Miscellaneous	127,700	-	3,960	-
Total receipts	1,451,107	459,034	416,217	347,645
Disbursements				
Operating:				
Public safety	767,111	-	153,370	-
Public works	273,629	204,030	97,054	-
Culture and recreation	396,113	-	71,182	-
Community and economic development	34,999	-	15,812	-
General government	269,099	19,000	29,712	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	1,740,951	223,030	367,130	-
Excess (deficiency) of receipts over (under) disbursements	(289,844)	236,004	49,087	347,645
Other financing sources (uses):				
Sale of capital assets	2,163	-	-	-
Operating transfers in	254,604	14,484	-	-
Operating transfers out	(3,000)	(249,776)	-	(347,365)
Total other financing sources (uses)	253,767	(235,292)	-	(347,365)
Net change in cash balances	(36,077)	712	49,087	280
Cash balances beginning of year	666,348	454,971	228,413	1,365
Cash balances end of year	\$ 630,271	455,683	277,500	1,645
Cash Basis Fund Balances				
Unreserved:				
General fund	\$ 630,271	-	-	-
Special revenue funds	-	455,683	277,500	1,645
Debt service fund	-	-	-	-
Capital projects fund	-	-	-	-
Permanent fund	-	-	-	-
Total cash basis fund balances	\$ 630,271	455,683	277,500	1,645

See notes to financial statements

Exhibit B

Debt Service	Capital Projects	Permanent Amphitheater Trust	Other Nonmajor Governmental Funds	Total
133,006	-	-	28,880	1,566,544
-	-	-	100,298	100,298
3,330	-	-	742	340,142
-	-	-	-	27,393
-	34,196	-	-	96,372
-	-	-	-	613,467
-	-	-	1,895	97,376
-	-	-	16,163	19,261
-	11,572	-	19,501	162,733
<u>136,336</u>	<u>45,768</u>	<u>-</u>	<u>167,479</u>	<u>3,023,586</u>
-	-	-	1,855	922,336
-	-	-	-	574,713
-	-	85	67,904	535,284
-	-	-	-	50,811
-	-	-	-	317,811
432,976	-	-	110,486	543,462
-	43,420	-	-	43,420
<u>432,976</u>	<u>43,420</u>	<u>85</u>	<u>180,245</u>	<u>2,987,837</u>
(296,640)	2,348	(85)	(12,766)	35,749
-	-	-	-	2,163
301,008	74,357	-	-	644,453
-	-	-	(44,312)	(644,453)
<u>301,008</u>	<u>74,357</u>	<u>-</u>	<u>(44,312)</u>	<u>2,163</u>
4,368	76,705	(85)	(57,078)	37,912
19,025	850,773	300,379	243,061	2,764,335
<u>23,393</u>	<u>927,478</u>	<u>300,294</u>	<u>185,983</u>	<u>2,802,247</u>
-	-	-	-	630,271
-	-	-	132,444	867,272
23,393	-	-	-	23,393
-	927,478	-	-	927,478
-	-	300,294	53,539	353,833
<u>23,393</u>	<u>927,478</u>	<u>300,294</u>	<u>185,983</u>	<u>2,802,247</u>

City of Glenwood
Notes to Financial Statements
June 30, 2008

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 adoption process of the Utilities is subject to the approval of the City Council.

City of Glenwood
Notes to Financial Statements
June 30, 2008

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, Mills County E911 Board, and Southwest Iowa Solid Waste Management Association.

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, 2008

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 the community recreation center.

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, 2008

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, 2008, 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, 2006, to compute the amounts which became liens on property on July 1, 2007. These taxes were due and payable in two installments on September 30, 2007 and March 31, 2008, 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, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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, 2008

NOTE (2) Cash and Pooled Investments - Continued

At June 30, 2008, the City had the following investments:

Type	Carrying Value	Approximate Fair Value	Maturity
U.S. Treasury Note	\$ 100,000	\$ 100,000	October 2009
U.S. Treasury Note	50,000	50,000	January 2010
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, 2008 totaled \$2,802,247.

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 \$6,000 at June 30, 2008.

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
2009	\$ 263,740	\$ 133,819
2010	254,935	122,799
2011	240,219	112,252
2012	251,812	101,659
2013	256,781	90,623
2014-2018	1,035,000	316,401
2019-2022	<u>935,000</u>	<u>100,755</u>
Total	<u>\$ 3,237,487</u>	<u>\$ 978,308</u>

Interest paid on long term debt during the year totaled \$144,519.

City of Glenwood
Notes to Financial Statements
June 30, 2008

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 City has a general obligation debt limit of approximately \$10,500,000 which was not exceeded during the year ended June 30, 2008.

NOTE (5) Lease Agreement

The City leases copy machines under operating lease agreements. Rent expense for the year ended June 30, 2008 was \$1,560. The future required minimum lease payments are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2009	\$ <u>520</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 3.9 % of their annual covered salary and the City is required to contribute 6.05% 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 contributions to IPERS for the years ended June 30, 2008, 2007, and 2006, were \$72,503, \$68,792, and \$65,787 respectively, equal to the required contributions for each year.

City of Glenwood
Notes to Financial Statements
June 30, 2008

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, 2008, primarily relating to the General Fund is \$38,484. This liability is computed on rates of pay effective as of June 30, 2008.

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, 2008 for sick leave conversion payable upon retirement to these employees is \$75,749.

NOTE (8) Interfund Transfers

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

Transfer to	Transfer from	Amount
General	Special Revenue: Road Use Tax	\$ 224,776
	Special Tax	29,828
		<u>254,604</u>
Special Revenue: Road Use Tax	Special Revenue: Special Tax	14,484
Debt Service	Special Revenue: Local Option Sales Tax	301,008
Capital Projects:	General	3,000
	Special Revenue: Road Use Tax	25,000
	Local Option Sales Tax	46,357
		<u>74,357</u>
		<u>\$ 644,453</u>

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

City of Glenwood
Notes to Financial Statements
June 30, 2008

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 563 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 200 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, 2008 were \$54,695.

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 \$10,000,000 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, 2008

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, 2008, 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 a contract for a bridge replacement project as of June 30, 2008:

		Estimated Contracted Amount		Paid to Date		Remaining Commitment
	\$	63,415	\$	1,157	\$	<u>62,258</u>
Engineer						

The City has been allocated \$603,000 in federal funds for this project.

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, 2008

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. A full year is defined as January 1 through December 1 effective January 1, 2006. The City paid the YMCA \$50,000 in July 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 Urban Renewal Areas. 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 \$56,720 during the year ended June 30, 2008.

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 \$43,206 during the year ended June 30, 2008.

City of Glenwood
Notes to Financial Statements
June 30, 2008

NOTE (12) Urban Renewal Development Agreements – Continued

Hughes Agreements

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. No payments were made to the developer during the year.

The City has agreed to pay the developer a total of \$890,000 plus interest at 7% per annum. Principal and interest payments are due December 1 and June 1, with final payment due June 2019. No payments were made to the developer during the year.

Osterloh and New Century Building Company LLC Agreement

The City has agreed to pay the developers a total of \$245,000 plus interest at 7% per annum. Principal and interest are due December 1 and June 1, with final payment due June 2019. No payments were made to the developers during the year.

NOTE (13) Reciprocal Services with its Component Unit

The City and its component unit, Glenwood Municipal Utilities, have an arrangement in which the City provides office space to the Utilities at no cost and the Utilities provides water and sewer to all City owned and operated facilities at no cost. In addition, the Utilities invoice and collect for recycling fees and remit all monies received to the City.

NOTE (14) Subsequent Event

In July 2008, the City approved a bid of \$25,256 for campground improvements, and in August 2008, the City approved a bid of \$20,661 for roof repairs to the old armory.

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, 2008

	Governmental Funds Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
Receipts				
Property tax	\$ 1,566,544	1,576,706	1,576,706	(10,162)
Tax increment financing collections	100,298	105,970	105,970	(5,672)
Other city tax	340,142	327,457	321,811	18,331
Licenses and permits	27,393	38,385	48,810	(21,417)
Use of money and property	96,372	86,830	97,925	(1,553)
Intergovernmental	613,467	615,162	609,244	4,223
Charges for service	97,376	96,200	99,650	(2,274)
Special assessments	19,261	16,340	17,484	1,777
Miscellaneous	162,733	159,667	279,011	(116,278)
Total receipts	<u>3,023,586</u>	<u>3,022,717</u>	<u>3,156,611</u>	<u>(133,025)</u>
Disbursements				
Public safety	922,336	946,438	952,049	29,713
Public works	574,713	691,673	636,606	61,893
Culture and recreation	535,284	502,542	621,947	86,663
Community and economic development	50,811	67,120	58,201	7,390
General government	317,811	345,470	335,963	18,152
Debt service	543,462	550,448	554,543	11,081
Capital projects	43,420	100,638	64,566	21,146
Total disbursements	<u>2,987,837</u>	<u>3,204,329</u>	<u>3,223,875</u>	<u>236,038</u>
Excess (deficiency) of receipts over (under) disbursements	35,749	(181,612)	(67,264)	103,013
Other financing sources, net	<u>2,163</u>	<u>-</u>	<u>1,501</u>	<u>662</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	37,912	(181,612)	(65,763)	103,675
Balances beginning of year	<u>2,764,335</u>	<u>2,396,848</u>	<u>2,764,337</u>	<u>(2)</u>
Balances end of year	<u>\$ 2,802,247</u>	<u>2,215,236</u>	<u>2,698,574</u>	<u>103,673</u>

See accompanying independent auditors' report.

City of Glenwood
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2008

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 \$19,546. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2008, 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, 2008

	Special Revenue			
	Special Tax Fund	Urban Renewal Tax Increment	Sidewalk Fund	Asset Forfeitures
Receipts:				
Property tax	\$ 28,880	-	-	-
Tax increment financing collections	-	100,298	-	-
Other city tax	742	-	-	-
Charges for services	-	-	-	-
Special assessments	16,163	-	-	1,895
Miscellaneous	-	-	-	-
Total receipts	45,785	100,298	-	1,895
Disbursements:				
Operating:				
Public safety	-	-	-	1,855
Culture and recreation	-	-	-	-
Debt service	-	110,486	-	-
Total disbursements	-	110,486	-	1,855
Excess (deficiency) of receipts over (under) disbursements	45,785	(10,188)	-	40
Other financing uses:				
Operating transfers out	(44,312)	-	-	-
	(44,312)	-	-	-
Net change in cash balances	1,473	(10,188)	-	40
Cash balances beginning of year	2,392	102,232	5,020	312
Cash balances end of year	\$ 3,865	92,044	5,020	352
 Cash Basis Fund Balances				
Unreserved:				
Special revenue funds	\$ 3,865	92,044	5,020	352
Permanent fund	-	-	-	-
Total cash basis fund balances	\$ 3,865	92,044	5,020	352

See accompanying independent auditors' report

Schedule 1

Library Building Trust	Permanent Cemetery Perpetual Care	Total
-	-	28,880
-	-	100,298
-	-	742
-	-	1,895
-	-	16,163
16,126	3,375	19,501
16,126	3,375	167,479
-	-	1,855
67,904	-	67,904
-	-	110,486
67,904	-	180,245
(51,778)	3,375	(12,766)
-	-	(44,312)
-	-	(44,312)
(51,778)	3,375	(57,078)
82,941	50,164	243,061
31,163	53,539	185,983
31,163	-	132,444
-	53,539	53,539
31,163	53,539	185,983

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, 2008

	Community Recreation Center	Pool	Bridge	Cemetery	Total
Receipts:					
Use of money and property	\$ 34,196	-	-	-	34,196
Miscellaneous	11,572	-	-	-	11,572
Total receipts	<u>45,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,768</u>
Disbursements:					
Capital projects	<u>39,566</u>	<u>-</u>	<u>3,854</u>	<u>-</u>	<u>43,420</u>
Excess (deficiency) of receipts over (under) disbursements	6,202	-	(3,854)	-	2,348
Other financing sources:					
Operating transfers in	46,357	3,000	25,000	-	74,357
	<u>46,357</u>	<u>3,000</u>	<u>25,000</u>	<u>-</u>	<u>74,357</u>
Net change in cash balances	52,559	3,000	21,146	-	76,705
Cash balances beginning of year	<u>838,299</u>	<u>11,249</u>	<u>-</u>	<u>1,225</u>	<u>850,773</u>
Cash balances end of year	<u>\$ 890,858</u>	<u>14,249</u>	<u>21,146</u>	<u>1,225</u>	<u>927,478</u>
Cash Basis Fund Balances					
Unreserved:					
Capital projects fund	<u>\$ 890,858</u>	<u>14,249</u>	<u>21,146</u>	<u>1,225</u>	<u>927,478</u>

See accompanying independent auditors' report

City of Glenwood
Schedule of Indebtedness
Year ended June 30, 2008

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

See accompanying independent auditors' report

Schedule 3

<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>
\$ 76,349	-	11,289	65,060	7,127	-
545,000	-	70,000	475,000	24,013	-
2,770,000	-	135,000	2,635,000	110,108	-
<u>102,214</u>	<u>-</u>	<u>39,787</u>	<u>62,427</u>	<u>3,271</u>	<u>-</u>
<u>\$ 3,493,563</u>	<u>-</u>	<u>256,076</u>	<u>3,237,487</u>	<u>144,519</u>	<u>-</u>

City of Glenwood
Bond and Note Maturities
June 30, 2008

Ending June 30,	General Obligation Bonds and					
	<u>Building</u>		<u>Street Improvement and Refunding Notes</u>		<u>Local Option Sales Tax</u>	
	Issued Aug 12, 1997		Issued Mar 1, 1999		Issued Jun 15, 2005	
	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
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		\$ <u>65,060</u>		\$ <u>475,000</u>		\$ <u>2,635,000</u>

See accompanying independent auditors' report

Notes

<u>Police Equipment</u>		
<u>Issued Feb 1, 2007</u>		
Interest		
<u>Rate</u>	<u>Amount</u>	<u>Total</u>
3.50 %	\$ 41,269	\$ 263,740
3.50 %	21,158	254,935
-	-	240,219
-	-	251,812
-	-	256,781
-	-	260,000
-	-	180,000
-	-	190,000
-	-	200,000
-	-	205,000
-	-	215,000
-	-	230,000
-	-	240,000
-	-	250,000
	<u>\$ 62,427</u>	<u>\$ 3,237,487</u>

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Receipts				
Property tax	\$ 1,566,544	1,675,606	1,526,033	1,374,290
Tax increment financing collections	100,298	90,708	79,780	102,612
Other city tax	340,142	347,326	306,223	287,214
Licenses and permits	27,393	62,214	32,613	4,000
Use of money and property	96,372	85,453	76,937	35,445
Intergovernmental	613,467	606,625	1,909,060	682,825
Charges for service	97,376	95,072	101,220	142,360
Special assessments	19,261	47,397	23,923	25,676
Miscellaneous	162,733	276,654	458,035	329,261
Total	\$ <u>3,023,586</u>	<u>3,287,055</u>	<u>4,513,824</u>	<u>2,983,683</u>
Disbursements				
Operating:				
Public safety	\$ 922,336	970,456	823,700	788,864
Public works	574,713	603,563	567,186	633,840
Culture and recreation	535,284	478,962	477,647	438,921
Community and economic development	50,811	49,411	59,025	55,226
General government	317,811	295,781	297,993	316,465
Debt service	543,462	465,912	424,435	223,664
Capital projects	43,420	709,384	3,698,967	567,880
Total	\$ <u>2,987,837</u>	<u>3,573,469</u>	<u>6,348,953</u>	<u>3,024,860</u>

See accompanying independent auditors' report.

City of Glenwood

October 27, 2008

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, 2008, and have issued our report thereon dated October 27, 2008. 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 our opinion on the effectiveness of City of Glenwood's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Glenwood's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a control deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects City of Glenwood's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of City of Glenwood's financial statements that is more than inconsequential will not be prevented or detected by City of Glenwood's internal control. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

City of Glenwood
Independent Auditors' Report on
Internal Control and Compliance

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe the significant deficiency described above is a material weakness.

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, 2008 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.

Part I: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

I A-08 Amphitheater Receipts

Comment – Volunteers collect cash at amphitheater shows and an employee remits collections to the City Clerk for deposit.

Recommendation – To strengthen controls over the accountability of receipts, two people should count and verify the collections received for deposit.

Response – We will implement this.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Part II: Other Findings Related to Statutory Reporting:

II-A-08 Certified Budget

Disbursements during the year ended June 30, 2008 did not exceed the amended budgeted amounts.

II-B-08 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-08 Travel Expense

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

II-D-08 Business Transactions

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

II-E-08 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-08 Council Minutes

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

II-G-08 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-08 Revenue Note

The City has no revenue debt.

Part II: Other Findings Related to Statutory Reporting Continued:

II-I-08 Disbursements

Comment – The City’s bank sold to another bank during the year and received from the new bank, the front image only of electronically retained checks.

Recommendation – The City should request both front and back images of checks in accordance with Chapter 554D.114(5) of the Code of Iowa.

Response – We have contacted the bank to request this.

Conclusion – Response accepted.

II-J-08 Excess Balances

Comment – The balance in the Capitals Projects Fund at June 30, 2008 was in excess of the fund’s disbursements during the year.

Recommendation – The City should consider the necessity of maintaining the substantial balance.

Response – The balance was created by note proceeds issued and Local Option Sales Tax receipts to be used for maintenance and improvements to the YMCA recreational facility.

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 \$3,025,749 for the year ended June 30, 2008, a 11 percent decrease from 2007. The receipts included \$1,625,188 in property tax, \$100,298 from tax increment financing collections, \$173,478 from charges for service, \$747,464 from operating grants, contributions and restricted interest, \$45,768 from capital contributions and restricted interest, \$281,498 from local option sales tax, \$37,014 from unrestricted investment earnings, \$12,878 from other general receipts, \$2,163 in sale of assets.

Disbursements for the year totaled \$2,987,837, a 16 percent decrease from the prior year, and included \$922,336 for public safety, \$574,713 for public works, and \$543,462 for debt service. 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.

October 27, 2008

To the Honorable Mayor and
Members of the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Glenwood, Iowa, as of and for the year ended June 30, 2008, and have issued our report thereon dated October 27, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated December 5, 2006, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the cash basis of accounting. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the City of Glenwood. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of City of Glenwood's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on September 16, 2008.

Continued...

City of Glenwood
Communication with Those Charged with Governance

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Glenwood are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

There were no significant accounting estimates since the financial statements were prepared on the cash basis of accounting.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or to the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 27, 2008.

Continued...

City of Glenwood
Communication with Those Charged with Governance

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultation has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to the retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the City Council and management of the City of Glenwood, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

SCHROER & ASSOCIATES, P.C.

November 27, 2008

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, 2008.

- 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.

October 27, 2008

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, 2008, 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 October 27, 2008.

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 10, 2008

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. Also, enclosed is the client representation letter that we need signed and return to us for our files.

Sincerely,

SCHROER & ASSOCIATES, P.C.

Diane McGrain
Shareholder

DM/sh
Enc.

November 28, 2008

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, 2008.

- 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.

City of Glenwood

Hours Worked: 51.25

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

