

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

JUNE 30, 2009

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City of Glenwood

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dyle Downing	Mayor	January 2010
Susan Hirshman	Council Member	January 2010
Clare Bangs	Council Member	January 2010
Kay LeFever	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
Gary Johnson	Library Trustee	June 2011
Barbara Taenzler	Library Trustee	June 2013
Thomas Nutting	Library Trustee	June 2014
Martha Cheyney	Library Trustee	June 2014
Gary Newman	Park Commissioner	January 2010
Bill Pugsley	Park Board Chairman	January 2011
Gary Shepard	Park Commissioner	January 2011
Ernie North	Park Commissioner	January 2012
Lyle Mayberry	Park Commissioner	January 2012
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



Marilyn Schroer, CPA
Diane McGrain, CPA
Jim Menard, CPA

November 2, 2009

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, 2009, 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, 2009, 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 2, 2009 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.

omni business centre
300 west broadway, suite 41
council bluffs, iowa 51503
712•322•8734 / fax 712•322•4699
www.schroer-cpa.com / e-mail mschroer@schroer-cpa.com

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 four years ended June 30, 2008 (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.

Schroer & Associates, P.C.

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, 2009. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- **Receipts** of the City's governmental activities increased approximately 7%, or \$203,439 from FY2008 to FY2009. The major increases were in property taxes, tax increment financing, local option sales tax, and federal grant funds for Hazel Street Bridge Project.
- **Disbursements** of the City's governmental activities increased approximately 7%, or \$222,754 from FY2008 to FY2009. The major increases were due to the Hazel Street Bridge Project and tax increment financing payments.
- **Cash Basis Net Assets** of the City increased \$17,934 from FY2008 to FY2009. The major increases were due to the Capital Projects Fund for Hazel Street Bridge Project and Recreation Center Capital 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 and Employee Benefits, and Local Option Sales Tax, 3) the Debt Service Fund, which includes Tax Increment Financing, 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 \$2.802 million to \$2.820 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:	2009	2008	2007	2006
Charges for Services	165	174	232	186
Operating grants, contrib & restricted interest	770	747	841	810
Capital grants, contrib & restricted interest	74	46	61	1577
General Receipts:				
Property Tax	1685	1625	1720	1526
Other City Tax, Local Option Sales Tax	298	282	285	306
Grants, contrib not restricted to specific purpose	7	7	24	4
Debt Service/TIF	202	100	91	80
Unrestricted interest	26	37	33	25
Bond Proceeds	0	0	122	0
Sale of Assets	1	2	9	1
TOTAL RECEIPTS/TRANSFERS:	3228	3026	3418	4515
DISBURSEMENTS:				
Public Safety	929	922	970	824
Public Works	671	575	604	567
Culture & Recreation	536	535	479	478
Community & Economic Development	261	51	49	59
General Government	292	318	296	298
Debt Service	430	544	466	424
Capital Projects	91	43	709	3699
TOTAL DISBURSEMENTS:	3210	2988	3573	6349
Increase in Cash basis net assets	18	38	-155	-1834
Cash basis net assets beginning of year 7/1/2008	2802	2764	2919	4753
Cash basis net assets end of year 6/30/2009	2820	2802	2764	2919

RECEIPTS FOR ALL FUNDS

The City's receipts increased \$203,439 or approximately 7% over last year, due to property taxes, tax increment financing, local option sales tax, and federal grant funds for the Hazel Street Bridge Project. The FY2009 tax levy was \$14.53 compared to FY2008 tax levy of \$14.60.

Property Tax	59828
TIF	101364
Other City Tax/Local Opt Tax	16213
License/Permits	-7971
Use of Money	-21625
Intergovernmental	61254
Charges for Service	7379
Special Assessments	-1451
Miscellaneous	<u>-11552</u>
TOTAL RECEIPTS:	<u>203439</u>

DISBURSEMENTS FOR ALL FUNDS

The City's disbursements increased \$222,754 or approximately 7% over last year. The Hazel Street Bridge Project and tax increment financing payments were the reasons for the overall increase in disbursements.

Public Safety	6100
Public Works	96597
Culture & Recreation	1039
Comm & Ec Development	210246
General Governmental	-25684
Debt Service	-113520
Capital Projects	<u>47976</u>
TOTAL DISBURSEMENTS:	<u>222,754</u>

CASH BASIS NET ASSET INCREASES/DECREASES BY FUND

The City of Glenwood's total cash basis net assets increased \$17,934 from FY2008 to FY2009 due to the following:

General Fund	-10757
Road Use Fund	-195734
Employee Benefits	24644
Local Option Sales Tax	19765
Tax Increment Financing	-1178
Asset Forfeitures	1675
Library Trust	-4484
Debt Service	-1602
Comm Rec Center	49988
Amph Trust	10
Cem. Perpetual Care	2400
Special Revenue	-1772
Capital Pool Project	2000
Hazel Street Bridge	125829
Park Trust	1000
Sidewalk Program	5000
Cemetery Trust	1150
TOTAL INCREASE ALL FUNDS:	17934

The total cost of all governmental activities this year was \$3.211 million compared to \$2.988 million last year. However, the amount that the tax payers ultimately financed for these activities was only \$2.184 million. The costs paid from those directly benefited from programs and services were \$165,296. The costs paid from operating grants, contributions and restricted interest were \$769,934, and the costs paid from capital grants, contributions and restricted interest were \$73,915.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Glenwood completed the year, the total governmental funds reported a combined fund balance of \$2,820,181; an increase of \$17,934 from last year's total of \$2,802,247. The following are the changes in the fund balances from the prior year:

General Fund – Decreased \$10,757 over last year.

Road Use Fund (Special Revenue) – Decreased \$195734 over last year.

Employee Benefits Fund (Special Revenue) – Increased \$24,644 over last year.

Debt Service Fund (Debt Service) – Decreased \$1,602 from last year.

Capital Projects (Capital Projects) – Increased \$179,967 from last year.

Amphitheater Trust (Permanent Fund) – Increased \$10 over last year.

Local Option Sales Tax (Other Non-Major Program Fund) – Increased \$19765 from last year.

All Other Non-major Government Funds – Increased \$1641

BUDGETARY HIGHLIGHTS

The City of Glenwood amended its budget in March 2009, which resulted in a decrease in disbursements of \$553,191 and an increase in receipts of \$464,526. There were a number of amendments, but the major changes were for use of federal grant proceeds for the Hazel Street Bridge Project.

The receipts projected in the amended budget compared to the actual receipts taken in at the end of FY2009 decreased \$92,878 primarily because federal grant proceeds were not received this FY for the Hazel Street Bridge Project and unpaid property taxes. The disbursements anticipated in the amended budget compared to the actual disbursements decreased \$277,943. The changes were due to capital projects for \$92,854, general government for \$21,574, culture & recreation for \$54,223, public works for \$36,213, public safety for \$53,562, debt service for \$1, and community & economic development for \$19,516.

DEBT ADMINISTRATION

At June 30, 2009, the City had \$2,973,785 in bonds and other long-term debt, compared to \$3,237,487 last year, as shown below:

	Outstanding Debt at Year End (Expressed in Thousands)		
	2009	2008	2007
G.O. bonds & notes	2974	3237	3494

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 \$2,973,785 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 are reduced as revenues reduce, since the City can not levy over the 8.10 maximum levy on taxable valuations. This does not allow for any increases for inflation.

While property taxes are important to the City, they represent only 45% of the total program receipts for all funds for FY2010. 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 actual receipts for FY2009 compared to FY2010 budgeted receipts increased \$601,777 due to the Hazel Street Bridge Project, as well as property taxes and tax increment financing.

Total actual disbursements for FY2009 compared to FY2010 budgeted disbursements increased \$898,578 due to the Hazel Street Bridge Project, tax increment financing payments, and public safety.

TAX LEVY HISTORY

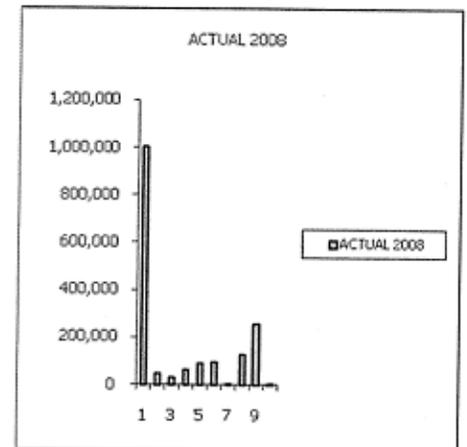
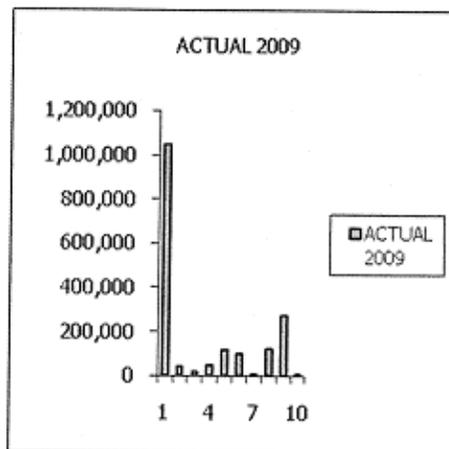
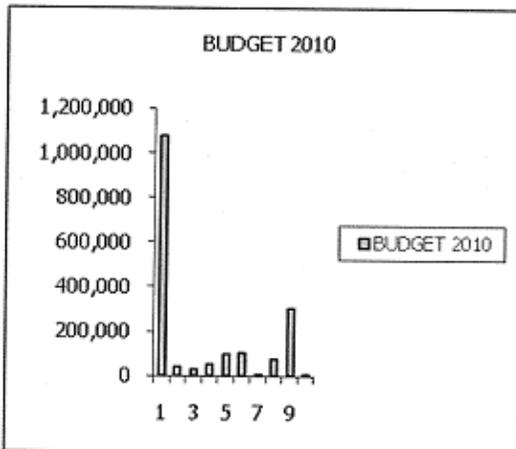
FY2000	11.954
FY2001	13.039
FY2002	13.535
FY2003	13.688
FY2004	13.997
FY2005	14.162
FY2006	14.802
FY2007	14.408
FY2008	14.600
FY2009	14.538
FY2010	14.538

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.

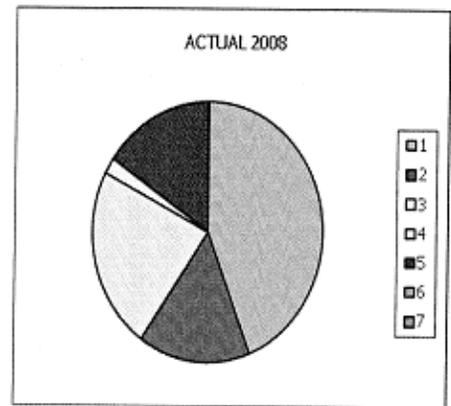
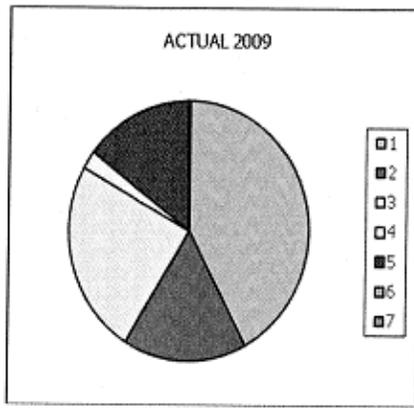
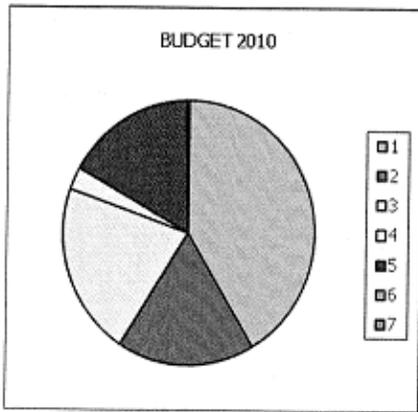
THREE YEAR COMPARISONS

GENERAL FUND RECEIPTS		BUDGET 2010	ACTUAL 2009	ACTUAL 2008
1	Property Taxes	1,076,111	1,043,518	1,002,704
2	Other City Taxes	43,345	43,987	44,269
3	License/Permits	30,510	19,422	27,393
4	Use of Money	54,900	49,063	62,176
5	Intergovernmental	100,122	116,651	88,286
6	Charges for Service	102,700	102,080	95,481
7	Special Assessments	3,000	2,600	3,098
8	Miscellaneous	76,255	123,305	127,700
9	Transfers In	306,106	272,773	254,604
10	Asset/Debt Proceeds	1,500	1,500	2,163
TOTALS		1,794,549	1,774,899	1,707,874



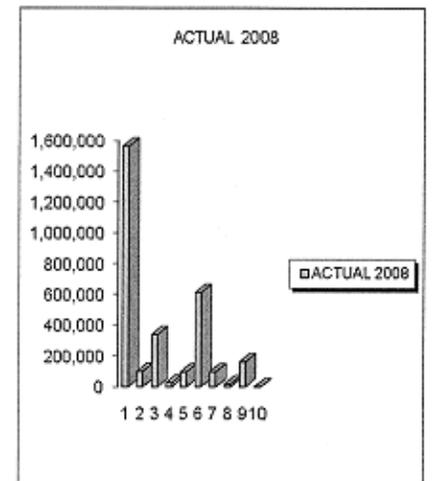
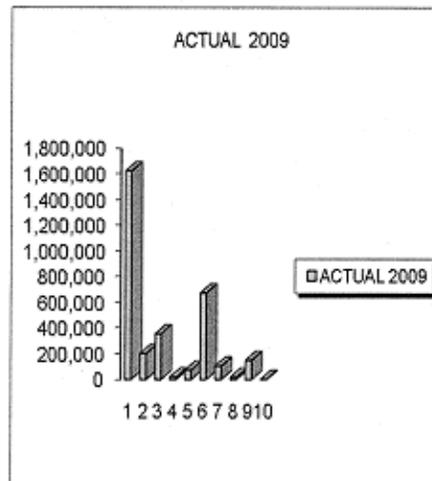
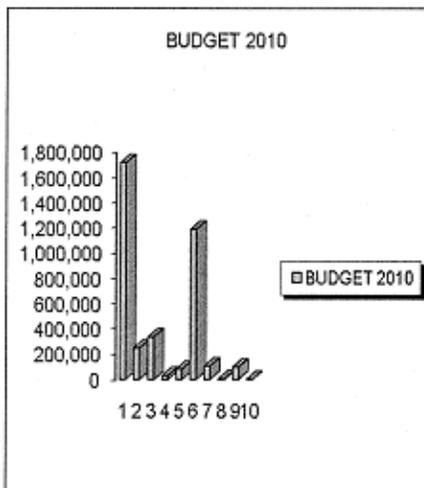
THREE YEAR COMPARISONS

GENERAL FUND DISBURSEMENTS		BUDGET 2010	ACTUAL 2009	ACTUAL 2008
1	Public Safety	780,074	750,599	767,111
2	Public Works	333,140	297,086	273,629
3	Culture and Recreation	400,376	433,604	396,113
4	Community and Economic Development	51,800	40,694	34,999
5	General Government	313,715	259,523	269,099
6	Debt Service	0	0	
7	Transfers Out	6,522	4,150	3,000
TOTALS		1,885,627	1,785,656	1,743,951
Amount Used from Reserve Balance		-91,078	-10,757	-36,077



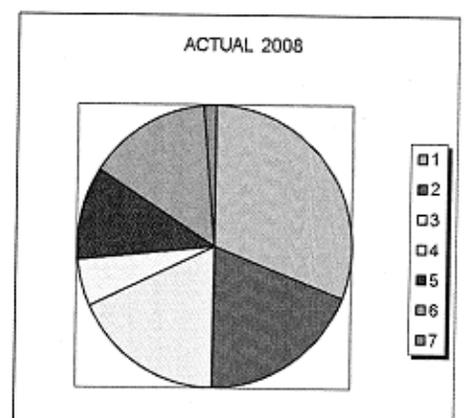
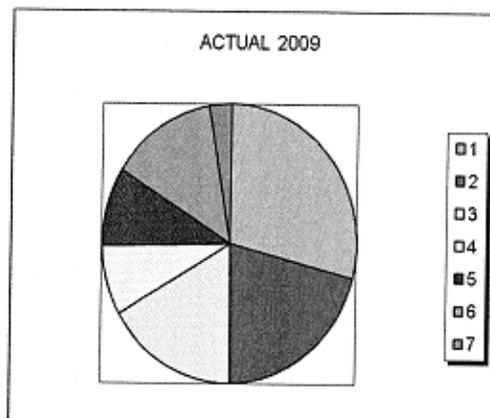
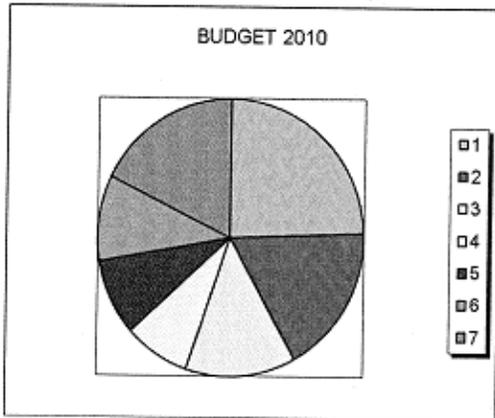
THREE YEAR COMPARISONS

ALL GOVT FUND RECEIPTS		BUDGET 2010	ACTUAL 2009	ACTUAL 2008
1	Property Tax	1,719,782	1,626,372	1,566,544
2	Tax Increment Financing Collections	249,510	201,662	100,298
3	Other City Tax / LOST	338,365	356,355	340,142
4	Licenses and Permits	30,510	19,422	27,393
5	Use of Money and Property	81,900	74,747	96,372
6	Intergovernmental	1,192,920	674,721	613,467
7	Charges for Service	107,700	104,755	97,376
8	Special Assessments	7,360	17,810	19,261
9	Miscellaneous	99,255	149,681	162,733
10	Proceeds-Assets, Debt	1,500	1,500	0
TOTALS		3,828,802	3,227,025	3,023,586



THREE YEAR COMPARISONS

ALL GOVT FUND DISBURSEMENTS		BUDGET 2010	ACTUAL 2009	ACTUAL 2008
1	Public Safety	1,001,952	928,436	922,336
2	Public Works	716,205	671,310	574,713
3	Culture and Recreation	549,353	536,323	535,284
4	Community and Economic Development	329,880	261,057	161,297
5	General Government	369,525	292,127	317,811
6	Debt Service	410,120	429,942	432,976
7	Capital Projects	732,134	91,396	43,420
TOTALS		4,109,169	3,210,591	2,987,837



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, 2009

	Disbursements	Charges for Service	Program Operating Grants Contributions and Restricted Interest
Functions/Programs:			
Primary Government:			
Governmental activities:			
Public safety	\$ 928,436	15,134	68,628
Public works	671,310	62,450	461,498
Culture and recreation	536,323	68,729	237,719
Community and economic development	261,057	18,247	1,010
General government	292,127	736	1,079
Debt service	429,942	-	-
Capital projects	91,396	-	-
Total governmental activities	<u>3,210,591</u>	<u>165,296</u>	<u>769,934</u>
Total Primary Government	\$ 3,210,591	165,296	769,934
Component Unit:			
Glenwood Municipal Utilities	\$ 1,697,467	1,830,146	-
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	Component
	Government	Unit
Capital Contributions and Restricted Interest	Governmental Activities	Glenwood Municipal Utilities
-	(844,674)	-
-	(147,362)	-
-	(229,875)	-
-	(241,800)	-
-	(290,312)	-
-	(429,942)	-
73,915	(17,481)	-
<u>73,915</u>	<u>(2,201,446)</u>	<u>-</u>
<u>73,915</u>	<u>(2,201,446)</u>	<u>-</u>
-	-	132,679
\$	1,087,505	-
	433,355	-
	30,822	-
	132,962	-
	201,662	-
	298,083	-
	7,545	17,595
	25,946	41,881
	-	11,220
	1,500	-
	<u>2,219,380</u>	<u>70,696</u>
	17,934	203,375
	<u>2,802,247</u>	<u>2,496,941</u>
\$	<u>2,820,181</u>	<u>2,700,316</u>
\$	259,949	-
	302,144	-
	21,410	-
	1,107,445	-
	300,304	-
	21,791	-
	187,624	129,691
	<u>619,514</u>	<u>2,570,625</u>
\$	<u>2,820,181</u>	<u>2,700,316</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, 2009

	General	Special Revenue		
		Road Use Tax	Employee Benefits	Local Option Sales Tax
Receipts				
Property tax	\$ 1,043,518	-	422,876	-
Tax increment financing collections	-	-	-	-
Other city tax	43,987	-	10,479	298,083
Licenses and permits	19,422	-	-	-
Use of money and property	49,063	-	-	-
Intergovernmental	116,651	444,552	-	67,827
Charges for service	102,080	-	-	-
Special assessments	2,600	-	-	-
Miscellaneous	123,305	-	9,059	-
Total receipts	<u>1,500,626</u>	<u>444,552</u>	<u>442,414</u>	<u>365,910</u>
Disbursements				
Operating:				
Public safety	750,599	-	176,837	-
Public works	297,086	267,786	106,438	-
Culture and recreation	433,604	-	84,368	-
Community and economic development	40,694	-	17,523	-
General government	259,523	-	32,604	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	<u>1,781,506</u>	<u>267,786</u>	<u>417,770</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	(280,880)	176,766	24,644	365,910
Other financing sources (uses):				
Sale of capital assets	1,500	-	-	-
Operating transfers in	272,773	16,594	-	-
Operating transfers out	(4,150)	(389,094)	-	(346,145)
Total other financing sources (uses)	<u>270,123</u>	<u>(372,500)</u>	<u>-</u>	<u>(346,145)</u>
Net change in cash balances	(10,757)	(195,734)	24,644	19,765
Cash balances beginning of year	630,271	455,683	277,500	1,645
Cash balances end of year	<u>\$ 619,514</u>	<u>259,949</u>	<u>302,144</u>	<u>21,410</u>
Cash Basis Fund Balances				
Unreserved:				
General fund	\$ 619,514	-	-	-
Special revenue funds	-	259,949	302,144	21,410
Debt service fund	-	-	-	-
Capital projects fund	-	-	-	-
Permanent fund	-	-	-	-
Total cash basis fund balances	<u>\$ 619,514</u>	<u>259,949</u>	<u>302,144</u>	<u>21,410</u>

See notes to financial statements

Debt Service	Capital Projects	Permanent Amphitheater Trust	Other Nonmajor Governmental Funds	Total
129,901	-	-	30,077	1,626,372
-	-	-	201,662	201,662
3,061	-	-	745	356,355
-	-	-	-	19,422
-	25,674	10	-	74,747
-	45,691	-	-	674,721
-	-	-	2,675	104,755
-	-	-	15,210	17,810
-	2,550	-	16,267	151,181
<u>132,962</u>	<u>73,915</u>	<u>10</u>	<u>266,636</u>	<u>3,227,025</u>
-	-	-	1,000	928,436
-	-	-	-	671,310
-	-	-	18,351	536,323
-	-	-	202,840	261,057
-	-	-	-	292,127
429,942	-	-	-	429,942
-	91,396	-	-	91,396
<u>429,942</u>	<u>91,396</u>	<u>-</u>	<u>222,191</u>	<u>3,210,591</u>
(296,980)	(17,481)	10	44,445	16,434
-	-	-	-	1,500
295,378	197,448	-	5,000	787,193
-	-	-	(47,804)	(787,193)
<u>295,378</u>	<u>197,448</u>	<u>-</u>	<u>(42,804)</u>	<u>1,500</u>
(1,602)	179,967	10	1,641	17,934
23,393	927,478	300,294	185,983	2,802,247
<u>21,791</u>	<u>1,107,445</u>	<u>300,304</u>	<u>187,624</u>	<u>2,820,181</u>
-	-	-	-	619,514
-	-	-	131,685	715,188
21,791	-	-	-	21,791
-	1,107,445	-	-	1,107,445
-	-	300,304	55,939	356,243
<u>21,791</u>	<u>1,107,445</u>	<u>300,304</u>	<u>187,624</u>	<u>2,820,181</u>

City of Glenwood
Notes to Financial Statements
June 30, 2009

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, 2009

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, 2009

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, 2009

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, 2009, 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, 2007, to compute the amounts which became liens on property on July 1, 2008. These taxes were due and payable in two installments on September 30, 2008 and March 31, 2009, 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, 2009 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, 2009

NOTE (2) Cash and Pooled Investments - Continued

At June 30, 2009, 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>\$ 150,000</u>	<u>\$ 150,000</u>	

The City's cash and investments at June 30, 2009 totaled \$2,820,181.

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 \$4,500 at June 30, 2009.

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
2010	\$ 254,973	\$ 122,838
2011	240,219	112,252
2012	251,812	101,659
2013	256,781	90,623
2014	260,000	80,429
2015-2019	990,000	275,145
2020-2022	720,000	61,583
Total	<u>\$ 2,973,785</u>	<u>\$ 844,529</u>

Interest paid on long term debt during the year totaled \$133,857.

City of Glenwood
Notes to Financial Statements
June 30, 2009

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 \$11,600,000 which was not exceeded during the year ended June 30, 2009.

NOTE (5) Lease Agreement

The City leases copy machines under operating lease agreements. Rent expense for the year ended June 30, 2009 was \$1,609. The future required minimum lease payments are as follows:

Year ending June 30,	Amount
2010	1,644
2011	1,644
2012	1,644
2013	1,644
2014	685
	<u>\$ 7,261</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 4.10% of their annual covered salary and the City is required to contribute 6.35% 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, 2009, 2008, and 2007, were \$74,800, \$72,503, and \$68,792, respectively, equal to the required contributions for each year.

City of Glenwood
Notes to Financial Statements
June 30, 2009

NOTE (7) Other Postemployment Benefits (OPEB)

The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions* during the year ended June 30, 2009.

The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 21 active members and 1 retired member in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark. The City pays a portion of the premium for retirees, which results in an explicit subsidy and an OPEB liability. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$410 for single coverage and \$1,250 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2009, the City made an implicit contribution of approximately \$2,424 to the plan. The retired plan member eligible for benefits contributed \$4,848 to the plan.

NOTE (8) 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, 2009, primarily relating to the General Fund is \$37,053. This liability is computed on rates of pay effective as of June 30, 2009.

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, 2009 for sick leave conversion payable upon retirement to these employees is \$78,660.

City of Glenwood
Notes to Financial Statements
June 30, 2009

NOTE (9) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Road Use Tax	\$ 241,563
	Special Tax	31,210
		<u>272,773</u>
Special Revenue: Road Use Tax	Special Revenue: Special Tax	16,594
Special Revenue: Special Tax	Special Revenue: Road Use Tax	5,000
Debt Service	Special Revenue: Local Option Sales Tax	295,378
Capital Projects:	General	4,150
	Special Revenue: Road Use Tax	142,531
	Local Option Sales Tax	50,767
		<u>197,448</u>
		<u>\$ 787,193</u>

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

NOTE (10) 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 577 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

City of Glenwood
Notes to Financial Statements
June 30, 2009

NOTE (10) Risk Management - Continued

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, 2009 were \$57,431.

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.

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, 2009, 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.

City of Glenwood
Notes to Financial Statements
June 30, 2009

NOTE (11) Construction Commitments

The City has the following commitments on a contract for a bridge replacement project as of June 30, 2009:

	Estimated Contracted Amount	Paid to Date	Remaining Commitment
Engineer	\$ 107,256	\$ 63,848	\$ 43,408
Construction contract	736,000	-	736,000
			\$ 779,408

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

NOTE (12) 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.

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 for 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 2008.

Recycling Agreement

The City has contracted for recycling services at \$1.25 per month per water customer through December 2009. The annual cost approximates \$35,000.

City of Glenwood
Notes to Financial Statements
June 30, 2009

NOTE (13) 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 \$81,605 during the year ended June 30, 2009.

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 \$62,032 during the year ended June 30, 2009.

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. The City paid the developer \$55,964 during the year ended June 30, 2009.

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 developer 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 (14) 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.

City of Glenwood
Notes to Financial Statements
June 30, 2009

NOTE (15) Subsequent Event

In August 2009, the City approved a bid of \$42,263 for street improvements.

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, 2009

	Governmental Funds Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
Receipts				
Property tax	\$ 1,626,372	1,646,028	1,646,028	(19,656)
Tax increment financing collections	201,662	209,422	209,422	(7,760)
Other city tax	356,355	360,070	339,425	16,930
Licenses and permits	19,422	30,810	30,460	(11,038)
Use of money and property	74,747	99,950	79,192	(4,445)
Intergovernmental	674,721	1,221,444	715,543	(40,822)
Charges for service	104,755	103,550	109,227	(4,472)
Special assessments	17,810	16,340	15,729	2,081
Miscellaneous	151,181	96,815	174,877	(23,696)
Total receipts	<u>3,227,025</u>	<u>3,784,429</u>	<u>3,319,903</u>	<u>(92,878)</u>
Disbursements				
Public safety	928,436	974,402	981,998	53,562
Public works	671,310	708,080	707,523	36,213
Culture and recreation	536,323	499,152	590,546	54,223
Community and economic development	261,057	279,986	280,573	19,516
General government	292,127	381,262	313,701	21,574
Debt service	429,942	435,443	429,943	1
Capital projects	91,396	763,400	184,250	92,854
Total disbursements	<u>3,210,591</u>	<u>4,041,725</u>	<u>3,488,534</u>	<u>277,943</u>
Excess (deficiency) of receipts over (under) disbursements	16,434	(257,296)	(168,631)	185,065
Other financing sources, net	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	17,934	(255,796)	(167,131)	185,065
Balances beginning of year	<u>2,802,247</u>	<u>2,802,247</u>	<u>2,802,247</u>	<u>-</u>
Balances end of year	<u>\$ 2,820,181</u>	<u>2,546,451</u>	<u>2,635,116</u>	<u>185,065</u>

See accompanying independent auditors' report.

City of Glenwood
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2009

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 decreased budgeted disbursements by \$553,191. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2009, 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, 2009

	Special Revenue			
	Special Tax Fund	Urban Renewal Tax Increment	Sidewalk Fund	Asset Forfeitures
Receipts:				
Property tax	\$ 30,077	-	-	-
Tax increment financing collections	-	201,662	-	-
Other city tax	745	-	-	-
Charges for services	-	-	-	2,675
Special assessments	15,210	-	-	-
Miscellaneous	-	-	-	-
Total receipts	<u>46,032</u>	<u>201,662</u>	<u>-</u>	<u>2,675</u>
Disbursements:				
Operating:				
Public safety	-	-	-	1,000
Culture and recreation	-	-	-	-
Community and economic development	-	202,840	-	-
Total disbursements	<u>-</u>	<u>202,840</u>	<u>-</u>	<u>1,000</u>
Excess (deficiency) of receipts over (under) disbursements	46,032	(1,178)	-	1,675
Other financing uses:				
Operating transfers in	-	-	5,000	-
Operating transfers out	(47,804)	-	-	-
	<u>(47,804)</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Net change in cash balances	(1,772)	(1,178)	5,000	1,675
Cash balances beginning of year	<u>3,865</u>	<u>92,044</u>	<u>5,020</u>	<u>352</u>
Cash balances end of year	<u>\$ 2,093</u>	<u>90,866</u>	<u>10,020</u>	<u>2,027</u>
Cash Basis Fund Balances				
Unreserved:				
Special revenue funds	\$ 2,093	90,866	10,020	2,027
Permanent fund	-	-	-	-
Total cash basis fund balances	<u>\$ 2,093</u>	<u>90,866</u>	<u>10,020</u>	<u>2,027</u>

See accompanying independent auditors' report

Library Building Trust	Permanent Cemetery Perpetual Care	Total
-	-	30,077
-	-	201,662
-	-	745
-	-	2,675
-	-	15,210
13,867	2,400	16,267
<u>13,867</u>	<u>2,400</u>	<u>266,636</u>
-	-	1,000
18,351	-	18,351
-	-	202,840
<u>18,351</u>	<u>-</u>	<u>222,191</u>
(4,484)	2,400	44,445
-	-	5,000
<u>-</u>	<u>-</u>	<u>(47,804)</u>
<u>-</u>	<u>-</u>	<u>(42,804)</u>
(4,484)	2,400	1,641
<u>31,163</u>	<u>53,539</u>	<u>185,983</u>
<u>26,679</u>	<u>55,939</u>	<u>187,624</u>
26,679	-	131,685
<u>-</u>	<u>55,939</u>	<u>55,939</u>
<u>26,679</u>	<u>55,939</u>	<u>187,624</u>

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, 2009

	Community Recreation Center	Pool	Bridge	Park	Cemetery	Total
Receipts:						
Use of money and property	\$ 25,674	-	-	-	-	25,674
Intergovernmental	-	-	45,691	-	-	45,691
Miscellaneous	2,550	-	-	-	-	2,550
Total receipts	<u>28,224</u>	<u>-</u>	<u>45,691</u>	<u>-</u>	<u>-</u>	<u>73,915</u>
Disbursements:						
Capital projects	<u>29,003</u>	<u>-</u>	<u>62,393</u>	<u>-</u>	<u>-</u>	<u>91,396</u>
Deficiency of receipts under disbursements	(779)	-	(16,702)	-	-	(17,481)
Other financing sources:						
Operating transfers in	<u>50,767</u>	<u>2,000</u>	<u>142,531</u>	<u>1,000</u>	<u>1,150</u>	<u>197,448</u>
	<u>50,767</u>	<u>2,000</u>	<u>142,531</u>	<u>1,000</u>	<u>1,150</u>	<u>197,448</u>
Net change in cash balances	49,988	2,000	125,829	1,000	1,150	179,967
Cash balances beginning of year	<u>890,858</u>	<u>14,249</u>	<u>21,146</u>	<u>-</u>	<u>1,225</u>	<u>927,478</u>
Cash balances end of year	<u>\$ 940,846</u>	<u>16,249</u>	<u>146,975</u>	<u>1,000</u>	<u>2,375</u>	<u>1,107,445</u>
Cash Basis Fund Balances						
Unreserved:						
Capital projects fund	<u>\$ 940,846</u>	<u>16,249</u>	<u>146,975</u>	<u>1,000</u>	<u>2,375</u>	<u>1,107,445</u>

See accompanying independent auditors' report

City of Glenwood
 Schedule of Indebtedness
 Year ended June 30, 2009

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
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>
\$	65,060	-	12,471	52,589	5,945	-
	475,000	-	70,000	405,000	21,108	-
	2,635,000	-	140,000	2,495,000	104,978	-
	62,427	-	41,231	21,196	1,826	-
\$	<u>3,237,487</u>	<u>-</u>	<u>263,702</u>	<u>2,973,785</u>	<u>133,857</u>	<u>-</u>

City of Glenwood
Bond and Note Maturities
June 30, 2009

Ending June 30,	General Obligation Bonds and					
	Building		Street Improvement and Refunding Notes		Local Option Sales Tax	
	Issued Aug 12, 1997		Issued Mar 1, 1999		Issued Jun 15, 2005	
	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
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>52,589</u>		\$ <u>405,000</u>		\$ <u>2,495,000</u>

See accompanying independent auditors' report

Notes

Police Equipment		
Issued Feb 1, 2007		
Interest Rate	Amount	Total
3.50 %	\$ 21,196	\$ 254,973
-	-	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>\$ 21,196</u>	<u>\$ 2,973,785</u>

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

	2009	2008	2007	2006	2005
Receipts					
Property tax	\$ 1,626,372	1,566,544	1,675,606	1,526,033	1,374,290
Tax increment financing collections	201,662	100,298	90,708	79,780	102,612
Other city tax	356,355	340,142	347,326	306,223	287,214
Licenses and permits	19,422	27,393	62,214	32,613	4,000
Use of money and property	74,747	96,372	85,453	76,937	35,445
Intergovernmental	674,721	613,467	606,625	1,909,060	682,825
Charges for service	104,755	97,376	95,072	101,220	142,360
Special assessments	17,810	19,261	47,397	23,923	25,676
Miscellaneous	151,181	162,733	276,654	458,035	329,261
Total	\$ 3,227,025	3,023,586	3,287,055	4,513,824	2,983,683
Disbursements					
Operating:					
Public safety	\$ 928,436	922,336	970,456	823,700	788,864
Public works	671,310	574,713	603,563	567,186	633,840
Culture and recreation	536,323	535,284	478,962	477,647	438,921
Community and economic development	261,057	50,811	49,411	59,025	55,226
General government	292,127	317,811	295,781	297,993	316,465
Debt service	429,942	543,462	465,912	424,435	223,664
Capital projects	91,396	43,420	709,384	3,698,967	567,880
Total	\$ 3,210,591	2,987,837	3,573,469	6,348,953	3,024,860

See accompanying independent auditors' report.

City of Glenwood



Marilyn Schroer, CPA
Diane McGrain, CPA
Barbara Mass, CPA

November 2, 2009

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, 2009, and have issued our report thereon dated November 2, 2009. 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.

omni business centre
300 west broadway, suite 41
council bluffs, iowa 51503
712•322•8734 / fax 712•322•4699
www.schroer-cpa.com / e-mail mschroer@schroer-cpa.com

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, 2009 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.

Schroer & Associates, P.C.

Part I: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

I A-09 Identification of Federal Receipts

Comment – We noted receipts for federal disaster grant payments were posted to miscellaneous income.

Recommendation – The City should implement procedures to insure federal receipts and disbursements are properly identified in the City's financial statements.

Response – We will review our classifications for federal programs.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

City of Glenwood
Schedule of Findings
June 30, 2009

Part II: Other Findings Related to Statutory Reporting:

II-A-09 Certified Budget

Disbursements during the year ended June 30, 2009 did not exceed the amended budgeted amounts.

II-B-09 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-09 Travel Expense

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

II-D-09 Business Transactions

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

II-E-09 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-09 Council Minutes

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

II-G-09 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-09 Revenue Note

The City has no revenue debt.

City of Glenwood
Schedule of Findings
June 30, 2009

Part II: Other Findings Related to Statutory Reporting Continued:

II-I-09 Excess Balances

Comment – The balance in the Capitals Projects Fund at June 30, 2009 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 through the term of the debt.

Conclusion – Response accepted.