

CITY OF GLADBROOK

Independent Auditors' Reports
Basic Financial Statements and Supplementary Information
Schedule of Findings

June 30, 2009

CITY OF GLADBROOK

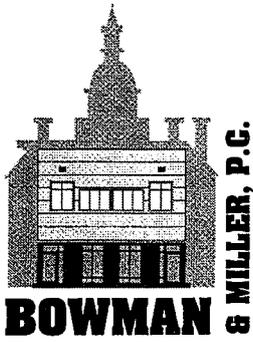
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CITY OF GLADBROOK

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Tim Hendricks	Mayor	Jan 2010
Roger Luehring	Mayor Pro Tem	Jan 2010
Brad Smoldt	Council Member	Jan 2012
Amanda Gehring	Council Member	Jan 2012
Sam Goos	Council Member	Jan 2010
Patrick White	Council Member	Jan 2010
Lori Bearden	Clerk/Treasurer	Indefinite
John Livingston	Attorney	Indefinite



C E R T I F I E D ♦ P U B L I C ♦ A C C O U N T A N T S

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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 business type activities, each major fund and the aggregate remaining fund information of the City of Gladbrook, 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 Gladbrook's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Gladbrook, 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 September 14, 2009 on our consideration of the City of Gladbrook's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 internal control over financial reporting or 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.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 9 and 19 through 21 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gladbrook'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 eight years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 4 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.

Bowman and Miller, P.C.

Marshalltown, Iowa
September 14, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Gladbrook 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 decreased 41%, or approximately \$379,000 from fiscal 2008 to fiscal 2009. Capital grants and contributions decreased approximately \$382,000.
- Disbursements decreased 40.6% or approximately \$369,000 in fiscal 2009 from fiscal 2008 in the governmental activities. Capital projects decreased approximately \$355,000.
- The City's total cash basis net assets increased 4.9%, or approximately \$43,000 from June 30, 2008 to June 30, 2009. Of this amount, the assets of the governmental activities increased approximately \$6,000 and the assets of the business type activities increased by approximately \$37,000.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Other Supplementary Information provides detailed information about the nonmajor 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 accounting principles generally accepted in the United States of America. 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 and decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks, sanitary sewer system, the City Center movie theater and Matchstick Marvels museum and the Gladbrook Fitness Center. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Local Option Sales Tax, 3) the Debt Service Fund and 4) the Capital Projects 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 statement for governmental funds is a statement of cash receipts, disbursements and changes in cash balances.

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains four Enterprise Funds to provide separate information for the water and sewer funds, for the operation of the City's movie theater and Matchstick Marvels museum and for the operation of the Gladbrook Fitness Center. These funds are considered to be major funds of the City.

The required financial statement for proprietary funds is 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 \$613,846 to \$620,179. The analysis that follows focuses on the changes in cash basis net assets of governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities		
	Year ended June 30,	
	2009	2008
Receipts:		
Program receipts:		
Charges for service	\$ 46,156	50,850
Operating grants, contributions and restricted interest	143,869	137,600
Capital grants, contributions and restricted interest	25,863	408,219
General receipts:		
Property tax	248,874	243,441
Local option sales tax	58,981	57,996
Franchise tax	4,384	4,385
Unrestricted interest on investments	11,058	16,357
Other general receipts	<u>6,918</u>	<u>6,370</u>
Total receipts	<u>546,103</u>	<u>925,218</u>
Disbursements:		
Public safety	174,666	172,034
Public works	126,280	159,858
Culture and recreation	49,445	51,767
Community and economic development	32,868	23,766
General government	66,702	56,457
Debt service	70,613	70,741
Capital projects	<u>20,225</u>	<u>375,298</u>
Total disbursements	<u>540,799</u>	<u>909,921</u>
Change in cash basis net assets before transfers	5,304	15,297
Transfers, net	<u>1,029</u>	<u>10,741</u>
Change in cash basis net assets	6,333	26,038
Cash basis net assets beginning of year	<u>613,846</u>	<u>587,808</u>
Cash basis net assets end of year	\$ <u>620,179</u>	<u>613,846</u>

The City’s total receipts for governmental activities decreased by 41% or approximately \$379,000. The total cost of all programs and services decreased by approximately \$369,000, or 40.6%, with no new programs added.

The significant decrease in receipts was primarily the result of \$126,987 received from the State of Iowa through the CAT grant program and \$237,334 received from the Gladbrook Community Foundation to use for the construction of the new Gladbrook Fitness Center in fiscal year 2008. These amounts were reflected in the capital grants and contributions.

The cost of all governmental activities this year was approximately \$541,000 compared to approximately \$910,000 last year. However, as shown on the Statement of Activities and Net Assets on pages 10-11, the amount taxpayers ultimately financed for these activities was only \$324,911 because some of the cost was paid by those directly benefited from the programs (\$46,156) or by other governments and organizations that subsidized certain programs with grants, contributions, and restricted interest (\$169,732). Overall, the City's governmental activities receipts, including intergovernmental aid and fees for service, decreased in 2009 from approximately \$597,000 to approximately \$216,000. The City paid for the remaining "public benefit" portion of governmental activities (\$325,000) with taxes (some of which could only be used for certain programs) and with other receipts, such as interest and general entitlements.

Changes in Cash Basis Net Assets of Business Type Activities		
	Year ended June 30,	
	2009	2008
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 102,465	115,797
Sewer	98,608	101,279
Concessions and admissions	112,566	109,968
Memberships	41,838	26,973
Operating grants, contributions and restricted interest	4,280	6,150
General receipts:		
Unrestricted interest on investments	<u>2,611</u>	<u>3,632</u>
Total receipts	<u>362,368</u>	<u>363,799</u>
Disbursements:		
Water	108,006	152,295
Sewer	73,937	80,905
City center	120,798	121,090
Fitness center	<u>21,858</u>	<u>2,125</u>
Total disbursements	<u>324,599</u>	<u>356,415</u>
Change in cash basis net assets before transfers	37,769	7,384
Transfers, net	<u>(1,029)</u>	<u>(10,741)</u>
Change in cash basis net assets	36,740	(3,357)
Cash basis net assets beginning of year	<u>268,592</u>	<u>271,949</u>
Cash basis net assets end of year	\$ <u>305,332</u>	<u>268,592</u>

Total business type activities receipts for the fiscal year were virtually unchanged from the previous year. Total disbursements for the fiscal year decreased by 9% to a total of \$324,599.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Gladbrook completed the year, its governmental funds reported a combined fund balance of \$620,179, an increase of \$6,333 from last year's total of \$613,846. The following are the major reasons for the changes in fund balance of the major funds from the prior year.

- The General Fund cash balance increased \$19,609 from the prior year to \$567,466.
- The Road Use Tax Fund cash balance decreased by \$19,622 to \$22,746 during the fiscal year. The decrease was primarily due to fewer dollars being transferred in from other funds and a decrease in the amount of road use tax received from the State of Iowa.

- The Debt Service Fund cash balance remained approximately the same from 2008. This fund is used to pay off general obligation bonds and notes. In 2009, the City transferred funds from the Local Option Sales Tax Fund and the Tax Increment Financing Fund to pay a portion of the debt.
- The Capital Projects Fund was used to account for the completion of the Gladbrook Fitness Center.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance decreased by \$4,660 to \$111,006, primarily due to increase costs in repairs and maintenance of the water facilities.
- The Sewer Fund cash balance increased by \$28,072 to \$164,320, primarily due to a decrease in costs related to capital improvements.
- The City Center cash balance decreased by \$5,623 due primarily to an increase in the cost of concessions.
- The Fitness Center cash balance increased by \$18,951 due primarily to an increase in fitness center memberships.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended their budget twice. The first amendment was approved on May 11, 2009 and resulted in an increase in operating disbursements of approximately \$71,000. This amendment was made to provide for additional disbursements in certain City departments. The second amendment was approved on May 26, 2009 to provide for the purchase of a rescue truck by the City fire department.

DEBT ADMINISTRATION

At June 30, 2009, the City had \$575,831 in bonds and other long-term debt, compared to \$654,441 last year, as shown below.

	Outstanding Debt at Year-End	
	June 30,	
	2009	2008
General obligation notes	\$ 273,831	331,441
Revenue notes	<u>302,000</u>	<u>323,000</u>
Total	\$ <u>575,831</u>	<u>654,441</u>

Debt decreased as a result of the annual retirement of the general obligation notes and revenue notes.

The Constitution of the State of Iowa limits the amount of general obligation debt that 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 \$273,831 is below its constitutional debt limit of \$1,040,315.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Gladbrook's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 budget, tax rates, and fees that will be charged for various City activities.

The City is considering a major capital project to replace its' existing water supply tower and for improvements to the water delivery infrastructure for its' municipal customers. The project will be dependent upon receiving a Community Development Block Grant for approximately one half of the funds needed. The City applied for a Community Development Block Grant in fiscal year 2009, but did not receive funding. The City is in the process of re-applying for the funds in fiscal year 2010. The balance of the funds needed for the project is expected to come from a combination of available reserves, a state revolving loan and usage rate adjustments.

The increase in fuel costs and the higher than projected expenses from last year's snow removal are a concern and have been factored into next year's budget. The City's property tax base appears to be stable and may increase which should allow for little or no change to the current property tax levy.

In August 2009, the City issued \$250,000 of general obligation capital loan notes and entered into a contract totaling \$510,900 for the construction of a new daycare facility.

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 Lori Bearden, City Clerk, at 319 2nd Street, Gladbrook, Iowa 50635.

CITY OF GLADBROOK
Statement of Activities and Net Assets-Cash Basis
As of and for the year ended June 30, 2009

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 174,666	40,648	45,709	-
Public works	126,280	2,300	85,695	6,667
Culture and recreation	49,445	1,558	12,465	-
Community and economic development	32,868	-	-	-
General government	66,702	1,650	-	-
Debt service	70,613	-	-	-
Capital projects	20,225	-	-	19,196
Total governmental activities	540,799	46,156	143,869	25,863
Business type activities:				
Water	108,006	102,465	-	-
Sewer	73,937	98,608	1,710	-
City center	120,798	112,566	2,570	-
Fitness center	21,858	41,838	-	-
Total business type activities	324,599	355,477	4,280	-
Total	\$ 865,398	401,633	148,149	25,863
General receipts:				
Property and other city tax levied for:				
General purposes				
Tax increment financing				
Debt service				
Local option sales tax				
Franchise tax				
Unrestricted interest on investments				
Miscellaneous				
Transfers				
Total general receipts and transfers				
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				
Debt service				
Other purposes				
Unrestricted				
Total cash basis net assets				

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(88,309)	-	(88,309)
(31,618)	-	(31,618)
(35,422)	-	(35,422)
(32,868)	-	(32,868)
(65,052)	-	(65,052)
(70,613)	-	(70,613)
(1,029)	-	(1,029)
(324,911)	-	(324,911)
-	(5,541)	(5,541)
-	26,381	26,381
-	(5,662)	(5,662)
-	19,980	19,980
-	35,158	35,158
(324,911)	35,158	(289,753)
215,659	-	215,659
17,422	-	17,422
15,793	-	15,793
58,981	-	58,981
4,384	-	4,384
11,058	2,611	13,669
6,918	-	6,918
1,029	(1,029)	-
331,244	1,582	332,826
6,333	36,740	43,073
613,846	268,592	882,438
\$ 620,179	305,332	925,511
\$ 22,746	-	22,746
-	30,060	30,060
29,967	-	29,967
567,466	275,272	842,738
\$ 620,179	305,332	925,511

CITY OF GLADBROOK
Statement of Cash Receipts, Disbursements and
Changes in Cash Balances
Governmental Funds
As of and for the year ended June 30, 2009

	Special Revenue					Total
	General	Road Use Tax	Local Option Sales Tax	Debt Service	Nonmajor	
Receipts:						
Property tax	\$ 189,353	-	-	15,338	20,092	224,783
Tax increment financing	-	-	-	-	17,422	17,422
Other city tax	5,617	-	58,981	455	597	65,650
Intergovernmental	53,072	91,683	-	-	5,128	149,883
Licenses and permits	701	-	-	-	-	701
Charges for service	40,164	-	-	-	-	40,164
Use of money and property	10,579	-	-	-	479	11,058
Special assessments	-	573	-	-	-	573
Miscellaneous	14,853	300	-	-	20,716	35,869
Total receipts	314,339	92,556	58,981	15,793	64,434	546,103
Disbursements:						
Operating:						
Public safety	174,666	-	-	-	-	174,666
Public works	10,416	115,864	-	-	-	126,280
Culture and recreation	43,420	-	-	-	6,025	49,445
Community and economic development	32,868	-	-	-	-	32,868
General government	66,702	-	-	-	-	66,702
Debt service	-	-	-	70,613	-	70,613
Capital projects	-	-	-	-	20,225	20,225
Total disbursements	328,072	115,864	-	70,613	26,250	540,799
Excess (deficiency) of receipts over (under) disbursements	(13,733)	(23,308)	58,981	(54,820)	38,184	5,304
Other financing sources (uses):						
Operating transfers in	33,342	3,686	-	54,820	1,029	92,877
Operating transfers out	-	-	(58,981)	-	(32,867)	(91,848)
Total other financing sources (uses)	33,342	3,686	(58,981)	54,820	(31,838)	1,029
Net change in cash balances	19,609	(19,622)	-	-	6,346	6,333
Cash balances beginning of year	547,857	42,368	-	-	23,621	613,846
Cash balances end of year	\$ 567,466	22,746	-	-	29,967	620,179
Cash Basis Fund Balances						
Unreserved:						
General fund	\$ 567,466	-	-	-	-	567,466
Special revenue funds	-	22,746	-	-	29,967	52,713
Total cash basis fund balances	\$ 567,466	22,746	-	-	29,967	620,179

CITY OF GLADBROOK
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Proprietary Funds
As of and for the year ended June 30, 2009

	Enterprise				Total
	Water	Sewer	City Center	Fitness Center	
Operating receipts:					
Charges for service	\$ 102,465	96,608	112,566	41,838	353,477
Total operating receipts	<u>102,465</u>	<u>96,608</u>	<u>112,566</u>	<u>41,838</u>	<u>353,477</u>
Operating disbursements:					
Business type activities	108,006	43,247	120,798	21,858	293,909
Total operating disbursements	<u>108,006</u>	<u>43,247</u>	<u>120,798</u>	<u>21,858</u>	<u>293,909</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	(5,541)	53,361	(8,232)	19,980	59,568
Non-operating receipts (disbursements):					
Intergovernmental	-	1,710	-	-	1,710
Interest on investments	881	1,691	39	-	2,611
Land rent	-	2,000	-	-	2,000
Contributions	-	-	2,570	-	2,570
Debt service	-	(30,690)	-	-	(30,690)
Net non-operating receipts (disbursements)	<u>881</u>	<u>(25,289)</u>	<u>2,609</u>	<u>-</u>	<u>(21,799)</u>
Excess (deficiency) of receipts over (under) disbursements	(4,660)	28,072	(5,623)	19,980	37,769
Operating transfers out	-	-	-	(1,029)	(1,029)
Net change in cash balances	(4,660)	28,072	(5,623)	18,951	36,740
Cash balances beginning of year	115,666	136,248	2,571	14,107	268,592
Cash balances end of year	<u>\$ 111,006</u>	<u>164,320</u>	<u>(3,052)</u>	<u>33,058</u>	<u>305,332</u>
Cash Basis Fund Balances					
Reserved for debt service	\$ -	30,060	-	-	30,060
Unreserved	111,006	134,260	(3,052)	33,058	275,272
Total cash basis fund balances	<u>\$ 111,006</u>	<u>164,320</u>	<u>(3,052)</u>	<u>33,058</u>	<u>305,332</u>

CITY OF GLADBROOK

Notes to Financial Statements

June 30, 2009

Note 1 – Summary of Significant Accounting Policies

The City of Gladbrook is a political subdivision of the State of Iowa located in Tama County. It was first incorporated in 1880 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, health and social services, culture and recreation, community and economic development and general government services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Gladbrook 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. The City of Gladbrook has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Tama County Assessor's Conference Board, Tama County Emergency Management Commission, Tama County Solid Waste Disposal Commission, Tama County Joint E911 Service Board, Region Six Planning Commission and Tama County Economic Development Board.

B. Basis of Presentation

Government-wide Financial Statement – The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

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

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

CITY OF GLADBROOK
Notes to Financial Statements (Continued)
June 30, 2009

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

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 and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

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 Local Option Sales Tax Fund is used to account for local sales and services tax receipts received and related disbursements.

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 acquisition and construction of capital facilities.

The City reports the following major proprietary funds:

The Water and Sewer Funds account for the operation and maintenance of the City's water and sewer systems.

The City Center accounts for the operation and maintenance of the City's movie theater and Matchstick Marvels museum.

CITY OF GLADBROOK
Notes to Financial Statements (Continued)
June 30, 2009

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

The City of Gladbrook 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 accounting principles generally accepted in the United States of America.

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.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

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

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.

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 needs and use of the City.

CITY OF GLADBROOK
Notes to Financial Statements (Continued)
June 30, 2009

Note 3 – Notes Payable

Annual debt service requirements to maturity for general obligation notes and a sewer revenue capital loan note are as follows:

Year Ending June 30,	General Obligation Notes		Sewer Revenue Capital Loan Note		Total		The sewer
	Principal	Interest	Principal	Interest	Principal	Interest	
2010	\$ 60,127	10,317	21,000	9,060	81,127	19,377	
2011	62,204	7,736	22,000	8,430	84,204	16,166	
2012	48,500	5,510	23,000	7,770	71,500	13,280	
2013	50,500	3,575	23,000	7,080	73,500	10,655	
2014	52,500	1,560	24,000	6,390	76,500	7,950	
2015-2019	-	-	131,000	20,730	131,000	20,730	
2020-2021	-	-	58,000	2,610	58,000	2,610	
Total	\$ 273,831	28,698	302,000	62,070	575,831	90,768	

revenue capital loan note was issued for the purpose of defraying a portion of the costs of carrying out a sewer project of the City. The resolution providing for the issuance of the revenue note included the following provisions: (a) the note will only be redeemed from the future earnings of the enterprise activity fund and the note holders hold a lien on the future earnings of the fund, and (b) sufficient monthly transfers shall be made to a separate sewer revenue note sinking account for the purpose of making the note principal and interest payments when due.

Note 4 – 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, PO Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.10% of their annual covered salary and the City is required to contribute 6.35% of 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 \$8,101, \$7,251 and 6,660, respectively, equal to the required contributions for each year.

Note 5 – Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation payments payable to employees at June 30, 2009 was \$891, primarily relating to the General Fund. This liability has been computed based on rates of pay in effect at June 30, 2009.

CITY OF GLADBROOK
Notes to Financial Statements (Continued)
June 30, 2009

Note 6 – Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Special Revenue:	
	Local Option Sales Tax	\$ 37,398
	Urban Renewal Tax Increment	<u>17,422</u>
		54,820
General	Special Revenue:	
	Local Option Sales Tax	21,583
	Employee Benefits	6,307
	Emergency Services	<u>5,452</u>
		33,342
Special Revenue:	Special Revenue:	
Road Use Tax	Employee Benefits	<u>3,686</u>
Capital Projects:	Proprietary Fund:	
Fitness Center	Fitness Center	<u>1,029</u>
Total		<u>\$ 92,877</u>

Note 7 – Risk Management

The City of Gladbrook is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 8 – Deficit Balance

At June 30, 2009, the Special Revenue, City Center Fund had a deficit balance of \$3,052. The deficit balance was the result of costs exceeding receipts. The City has increased the ticket prices to the theater to eliminate the deficit.

Note 9 – Subsequent Events

In August 2009, the City issued \$250,000 of general obligation capital loan notes and entered into a contract totaling \$510,900 for the construction of a new daycare facility.

Required Supplementary Information

CITY OF GLADBROOK
Budgetary Comparison Schedule of Receipts, Disbursements,
and Changes in Balances-Budget and Actual (Cash Basis)
All Governmental Funds and Proprietary Funds
Required Supplementary Information
Year ended June 30, 2009

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Property tax	\$ 224,783	-
Tax increment financing	17,422	-
Other city tax	65,650	-
Intergovernmental	149,883	1,710
Licenses and permits	701	-
Charges for service	40,164	353,477
Use of money and property	11,058	4,611
Special assessments	573	-
Miscellaneous	35,869	2,570
Total receipts	546,103	362,368
Disbursements:		
Public safety	174,666	-
Public works	126,280	-
Health and social services	-	-
Culture and recreation	49,445	-
Community and economic development	32,868	-
General government	66,702	-
Debt service	70,613	-
Capital projects	20,225	-
Business type activities	-	324,599
Total disbursements	540,799	324,599
Excess (deficiency) of receipts over (under) disbursements	5,304	37,769
Other financing sources, net	1,029	(1,029)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	6,333	36,740
Balances beginning of year	613,846	268,592
Balances end of year	\$ 620,179	305,332

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
224,783	225,369	225,369	(586)
17,422	17,486	17,486	(64)
65,650	67,090	67,090	(1,440)
151,593	124,518	149,518	2,075
701	2,075	2,075	(1,374)
393,641	442,905	442,905	(49,264)
15,669	9,400	9,400	6,269
573	1,000	1,000	(427)
38,439	8,700	8,700	29,739
908,471	898,543	923,543	(15,072)
174,666	150,656	195,656	(20,990)
126,280	127,990	127,990	(1,710)
-	999	999	(999)
49,445	49,851	53,523	(4,078)
32,868	27,500	34,023	(1,155)
66,702	62,963	69,714	(3,012)
70,613	70,653	70,653	(40)
20,225	-	30,000	(9,775)
324,599	355,189	379,205	(54,606)
865,398	845,801	961,763	(96,365)
43,073	52,742	(38,220)	81,293
-	-	-	-
43,073	52,742	(38,220)	81,293
882,438	800,132	800,132	82,306
925,511	852,874	761,912	163,599

CITY OF GLADBROOK

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 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. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Enterprise 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, two budget amendments increased budgeted disbursements by \$115,962. The budget amendments are reflected in the final budgeted amounts.

Other Supplementary Information

CITY OF GLADBROOK
Statement of Cash Receipts, Disbursements and
Changes in Cash Balances
Nonmajor Governmental Funds
As of and for the year ended June 30, 2009

	Urban	Special	Revenue
	Renewal Tax Increment	Employee Benefits	Emergency Services Library
Receipts:			
Property tax	\$ -	14,797	5,295
Tax increment financing	17,422	-	-
Other city tax	-	440	157
Intergovernmental	-	-	1,139
Use of money and property	-	-	479
Miscellaneous	-	-	3,034
Total receipts	<u>17,422</u>	<u>15,237</u>	<u>5,452</u>
Disbursements:			
Operating:			
Culture and recreation	-	-	3,873
Capital projects	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>3,873</u>
Excess (deficiency) of receipts over (under) disbursements	<u>17,422</u>	<u>15,237</u>	<u>5,452</u>
Other financing uses:			
Operating transfers in	-	-	-
Operating transfers out	(17,422)	(9,993)	(5,452)
Total other financing sources (uses)	<u>(17,422)</u>	<u>(9,993)</u>	<u>(5,452)</u>
Net change in cash balances	-	5,244	779
Cash balances beginning of year	-	3,669	14,778
Cash balances end of year	<u>\$ -</u>	<u>8,913</u>	<u>15,557</u>
Cash Basis Fund Balances			
Unreserved:			
Special revenue funds	\$ -	8,913	15,557
Total cash basis fund balances	<u>\$ -</u>	<u>8,913</u>	<u>15,557</u>

Museum	Recreational Trust	Capital Projects	Total
-	-	-	20,092
-	-	-	17,422
-	-	-	597
-	-	3,989	5,128
-	-	-	479
-	2,475	15,207	20,716
-	2,475	19,196	64,434
8	2,144	-	6,025
-	-	20,225	20,225
8	2,144	20,225	26,250
(8)	331	(1,029)	38,184
-	-	1,029	1,029
-	-	-	(32,867)
-	-	1,029	(31,838)
(8)	331	-	6,346
2,064	3,110	-	23,621
2,056	3,441	-	29,967
2,056	3,441	-	29,967
2,056	3,441	-	29,967

CITY OF GLADBROOK
Schedule of Indebtedness
Year ended June 30, 2009

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes:			
Storm sewer improvement	Mar 15, 2001	5.25%	\$ 128,000
Corporate purpose	Aug 1, 2004	3.95%	413,643
Total			
Sewer revenue capital loan note:			
Sewer improvement	Sept 15, 2001	3.00%	\$ 706,000

	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
\$	45,941	-	14,610	31,331	2,190	-
	285,500	-	43,000	242,500	10,813	-
\$	331,441	-	57,610	273,831	13,003	-
\$	323,000	-	21,000	302,000	9,690	-

CITY OF GLADBROOK
Bond and Note Maturities
June 30, 2009

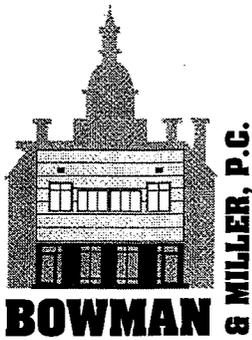
General Obligation Notes				
Year Ending June 30,	Storm Sewer Improvement		Corporate Purpose	
	Issued Mar 15, 2001		Issued August 1, 2004	
	Interest Rates	Amount	Interest Rates	Amount
2010	5.25 %	\$ 15,627	3.95 %	\$ 44,500
2011	5.25	15,704	3.95	46,500
2012		-	3.95	48,500
2013		-	3.95	50,500
2014		-	3.95	52,500
Total		\$ 31,331		\$ 242,500

Revenue Note			
Sewer Improvement			
Issued Sept 15, 2001			
Year Ending June 30,	Interest		Total
	Rates	Amount	
2010	3.00 %	\$ 21,000	\$ 81,127
2011	3.00	22,000	84,204
2012	3.00	23,000	71,500
2013	3.00	23,000	73,500
2014	3.00	24,000	76,500
2015	3.00	25,000	25,000
2016	3.00	25,000	25,000
2017	3.00	26,000	26,000
2018	3.00	27,000	27,000
2019	3.00	28,000	28,000
2020	3.00	29,000	29,000
2021	3.00	29,000	29,000
Total		\$ 302,000	\$ 575,831

CITY OF GLADBROOK
Schedule of Receipts By Source and Disbursements by Function-
All Governmental Funds
For the Last Nine Years

	2009	2008	2007	2006
Receipts:				
Property tax	\$ 224,783	216,960	212,379	194,340
Tax increment financing	17,422	19,773	24,578	23,773
Other city tax	65,650	64,704	64,725	52,884
Intergovernmental	149,883	532,978	145,859	125,569
Licenses and permits	701	260	410	758
Charges for service	40,164	44,710	38,486	36,477
Use of money and property	11,058	16,357	13,873	11,503
Special assessments	573	3,423	1,620	-
Miscellaneous	35,869	25,378	14,375	13,784
Total	\$ 546,103	924,543	516,305	459,088
Disbursements:				
Operating:				
Public safety	\$ 174,666	172,034	165,539	109,181
Public works	126,280	159,858	108,031	97,212
Health and social services	-	-	-	-
Culture and recreation	49,445	51,767	46,052	41,642
Community and economic development	32,868	23,766	25,718	14,379
General government	66,702	56,457	51,588	51,783
Debt service	70,613	70,741	70,819	70,909
Capital projects	20,225	375,298	-	-
Total	\$ 540,799	909,921	467,747	385,106

2005	2004	2003	2002	2001
192,653	173,949	177,067	153,517	137,680
42,104	-	715	61,823	148,437
43,307	46,026	-	-	-
126,178	205,263	130,053	179,367	185,816
893	1,010	2,448	2,253	1,648
23,166	6,539	17,041	13,108	5,792
6,957	17,104	9,441	19,515	36,155
15,127	-	-	575	583
26,523	55,149	422,490	337,537	19,486
<u>476,908</u>	<u>505,040</u>	<u>759,255</u>	<u>767,695</u>	<u>535,597</u>
88,359	146,763	82,585	194,385	71,694
99,973	100,335	102,955	81,614	130,310
-	260	103	31	-
56,019	44,434	37,934	39,474	33,409
20,572	71,212	24,184	53,438	68,396
56,019	73,800	53,600	42,681	55,448
87,020	39,218	39,218	128,188	434,031
24,251	464,341	420,061	493,925	158,966
<u>432,213</u>	<u>940,363</u>	<u>760,640</u>	<u>1,033,736</u>	<u>952,254</u>



C E R T I F I E D ♦ P U B L I C ♦ A C C O U N T A N T S

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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 accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Gladbrook, 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 and have issued our report thereon dated September 14, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Gladbrook'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 the City of Gladbrook's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Gladbrook'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 deficiency in internal control over financial reporting that we consider to be a significant deficiency, including a deficiency we consider to be a material weakness.

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 the City of Gladbrook'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 the City of Gladbrook's financial statements that is more than inconsequential will not be prevented or detected by the City of Gladbrook's internal control. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Gladbrook'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, of the significant deficiencies described above, we believe item II-A-09 is a material weakness.

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether the City of Gladbrook'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 or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the City's operation 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.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Gladbrook and other parties to whom the City of Gladbrook 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 Gladbrook 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.

Bowman and Miller, P.C.

Marshalltown, Iowa
September 14, 2009

CITY OF GLADBROOK
Schedule of Findings
Year ended June 30, 2009

Part I: Summary of the Independent Auditors' Results:

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

CITY OF GLADBROOK
Schedule of Findings
Year ended June 30, 2009

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCY:

II-A-09 Segregation of Duties – One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted one person has control over each of the following areas:

- (1) Cash receipts - collecting, depositing, journalizing, and posting.
- (2) Disbursements - check writing, signing, and reconciling.
- (3) Payroll preparation and distribution.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the City should review its operating procedures to obtain the maximum internal control possible under the circumstances. In instances where it is not possible to segregate duties, the City should utilize administrative personnel to provide additional internal control through review of financial transactions and reports.

Response – The noted areas will be reviewed to identify duties that could be handled by other personnel or council members.

Conclusion – Response accepted.

Part III: Other Findings Related to Required Statutory Reporting:

III-A-09 Certified Budget – Disbursements during the year ended June 30, 2009, did not exceed the amounts budgeted.

III-B-09 Questionable Disbursements – We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 24, 1979.

III-C-09 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

CITY OF GLADBROOK
Schedule of Findings
Year ended June 30, 2009

Part III: Other Findings Related to Required Statutory Reporting (continued):

III-D-09 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Roger Luehring, Council Member and Mike Bearden, spouse of the City Clerk Shareholders in Clapsaddle-Garber and Associates	Engineering services	<u>\$ 8,467</u>

The transaction does not appear to represent a conflict of interest since it was entered into through a competitive selection process in accordance with Chapter 362.5(4) of the Code of Iowa.

III-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.

III-F-09 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

The City did not publish total disbursements from each City fund and the purpose of each claim as required by Chapter 372.13(6)

Recommendation – The City should publish minutes as required by the Code of Iowa.

Response – We are currently publishing total disbursements by fund and the purpose of each claim.

Conclusion – Response accepted.

III-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.

III-H-09 Financial Condition – The City Center Fund had a deficit balance at June 30, 2009 of \$3,052.

Recommendation – The city should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Response – Ticket prices have been increased which has allowed the theater to obtain more current movies. The fund is currently in a sound financial position.

Conclusion – Response accepted.

III-I-09 Revenue Notes – The City was in compliance with all applicable revenue note provisions.

CITY OF GLADBROOK

Staff

This audit was performed by:

Bowman and Miller, P.C.
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Marshalltown, IA 50158

Personnel:

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