City of Ankeny, Iowa

Comprehensive Annual Financial Report

For the Year Ended June 30, 2005

Submitted By:

Office of Finance and Budget
City of Ankeny, Iowa

Cover photo: Des Moines Area Community College

CITY OF ANKENY, IOWA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2005

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410 West First Street
Ankeny, Iowa 50023
515-965-6400
515-965-6416 fax

December 28, 2005

TO: The Honorable Mayor, Members of the City Council, Citizens of Ankeny

State law requires that all general purpose local governments publish within nine months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants or by the State Auditor's Office. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Ankeny, Iowa, for the fiscal year ended June 30, 2005.

This report consists of management's representations concerning the finances of the City of Ankeny. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, of misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of the internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement. As management, we assert that, to the best of our knowledge and belief, the financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Clifton Gunderson, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2005 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Ankeny, Iowa was incorporated on February 28, 1903. The City was the idea and plan of John Fletcher Ankeny who acquired the land and laid out the plan for the city in 1875. In 1910, the U.S. census indicated the population to be 445 persons. The City experienced tremendous growth from 1960 to 1980 and then again from 1990 to the present. The 2005 U.S. special census preliminary report indicated the population to be 36,187. Ankeny's population is projected to exceed 40,000 by the year 2010. The City is empowered to levy a property tax on real property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

Ankeny is governed by a Mayor/Council/City Manager form of government. The City Council consists of the Mayor and five council members who are elected at large. The Council sets the policy for the City, adopts ordinances and resolutions, approves the annual budget, and approves all expenditures. The City Manager is responsible for carrying out the policies and ordinances of the City Council as well as overseeing the day to day operations of the City. The Mayor and City Council members are elected to four year staggered terms.

The City provides a full range of services including police and fire protection, street and sewer maintenance, water and wastewater treatment, library services, and parks and recreational activities. The financial reporting entity (The City) includes all the funds of the primary government (i.e. The City of Ankeny as legally defined). The City is not a component unit of another government, but does report the financial activities of three component units: the Arts Council, the Ankeny Sports Complex Foundation, and Keep Ankeny Beautiful. Component units are legally separate entities for which the primary government is financially accountable. The Arts Council is the only discretely presented component unit and was created for the purpose of the promotion of performing and fine arts within the City.

The annual budget serves as the foundation for the City's financial planning and control. The department directors submit budgets to the City Manager for their individual departments requesting appropriations to fund program, service and capital needs. Following several months of review and revision, the City Manager submits a proposed budget to the City Council. The budget contains estimates of revenues and expenditures for the coming year, as well as, re-estimates of revenues and expenditures for the current year. The six-month preparation

process culminates in March when the City Council, following a public hearing, adopts the annual budget and certifies it to the State of Iowa by March 15. The current budget is amended at this same time. Budget appropriations are prepared by department (e.g. police), fund, and program (e.g. Public Safety). Department directors may make transfers of appropriations within a department with the City Manager's approval. Transfers of appropriations between departments, however, require the approval of City Council. Budget-to-actual comparisons are provided in this report and are presented as part of the required supplementary information on pages 65-70.

Factors Affecting Financial Condition

Local Economy. Ankeny currently enjoys a favorable economic environment and is experiencing strong economic and geographic expansion. Numerous business parks and industrial centers are currently under development with new employers and business being added consistently each year. Major taxpayers include Casey's General Stores corporate headquarters, Tone's Spices, John Deere Des Moines Works, and Perishable Distributors of Iowa. In addition, many of these companies are in the process of expanding their facilities or are planning expansions.

Ankeny has also seen considerable residential and population growth over the past five years. With the population growing over 30% since the 2000 census, retail and commercial development has followed suit. The City's shopping opportunities continue to expand as well as medical and professional opportunities. Ankeny is the home to several shopping centers with several others currently under development. Notable retailers include Wal-Mart Supercenter, Super Target, Menard's, Home Depot, Sportsman's Warehouse, and Kohl's Department Store.

Long Term Financial Planning.

The City is currently involved in planning for development in numerous areas of the community. Of these areas throughout the City, two significant areas of development are currently underway. One development, entitled Prairie Trail, is approximately 1,100 acres and was formerly owned by Iowa State University as a research farm and is encircled by the City entirely. This land is now owned by a local developer and is being planned for both commercial and residential development. The second area, entitled Corporate Woods, was annexed into the City within the past two years and has a new intersection with Interstate 35 constructed in it. Utilities are currently being extended to this area as well as arterial roadway. Both of these areas offer wide stretches of land, arterial or highway access, and full utilities and are expected to be areas of development for many years to come.

Also underway is the planning for several large annexations in the Northwest and Northeast parts of the City. Planning includes arterial street extensions and

improvements, sewer interceptor extensions, water main extensions, and park construction. Cooperation with private enterprises is occurring to help develop the infrastructure in order to keep pace with the private development. The City is also working with the Des Moines Water Works and the Wastewater Reclamation Authority to utilize intergovernmental cooperation in order to ensure adequate water and sewer services in the future.

Cash Management Policies and Practices. Cash temporarily idle during the year is primarily invested in certificates of deposit of local financial institutions, invested in federal government securities or highly rated corporate debt through investment brokerages, or invested in open-end mutual funds or money market funds. Bids are informally solicited from those institutions and the funds invested at the best rate obtainable at the desired maturity. Interest rate on investments ranged from 1.14% to 3.97% during the year. The wide variance was due to a continual increase in interest rates during the year and variances due to lengths of maturity. Total interest and investment earnings during the year amounted to $882,854 on an accrual basis.

Risk Management. The City purchases commercial insurance to cover various risks related to torts, theft, destruction of assets, injuries to employees, and other potential losses. Insurance coverages in effect for the City of Ankeny as of June 30, 2005 are listed in the Insurance Schedule of the Statistical Section of the report on pages 106-107. The City assumes the liability for any deductibles and claims in excess of coverage limitations or for potential liabilities that are not covered by the commercial insurance.

The City also maintains a Health Insurance fund to account for the health insurance benefits provided by the City to its employees including a flexible spending plan. All payments of premiums from the City, employees, and retirees are credited to this fund. From this fund, the City pays all actual medical claims that have been paid by an administrative agency. The City also pays a monthly management fee per employee for this service. In addition, the City maintains re-insurance from a commercial insurance company to mitigate the City's exposure in the event of catastrophic losses. The unrestricted net assets of the Health Insurance Fund as of June 30, 2005 are $960,915.

Pension Benefits. All employees of the City of Ankeny are required by state law to participate in either the Iowa Public Employees Retirement System (IPERS) established by Chapter 97B of the Iowa State Code or the Municipal Fire and Police Retirement System of Iowa (MFPRSI) as established by Chapter 411 of the Iowa State Code.

Both IPERS and MFPRSI systems are administered by other agencies. Both systems are funded by contributions from both employees and employers; on an actuarial basis and contributions are sufficient to fully fund benefits being created. The City's responsibility is limited to the payment of contributions. For the IPERS

system, employer contributions are at a rate of 5.75% except for covered fire fighters for which the rate is 9.23%. Employees contribute 3.70% except for covered fire fighters who contribute 6.16%. For MFPRSI, employer contributions are at a rate of 24.92% and employee contributions are at a rate of 9.35%.

Additional information on the City of Ankeny's pension arrangements can be found in the notes to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Ankeny for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2004. This was the second consecutive year that the government has received this prestigious award. In order to be awarded the Certificate of Achievement, the City was required to publish an easily readable and efficiently organized CAFR. This report satisfied both the GAAP and legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated March 15, 2004. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Preparations for this report could not have been possible without the dedication and hard work of the members of the Finance Department. I would like to express my appreciation to all members of this department for their assistance and contribution for this endeavor. Also appreciated is the continued interest and support of the City Manager, Carl Metzger, and the entire City Council in planning and conducting the financial operations of the City in a prudent and responsible manner.

Respectfully submitted,

Dennis Bockenstedt, CPA
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Ankeny, Iowa

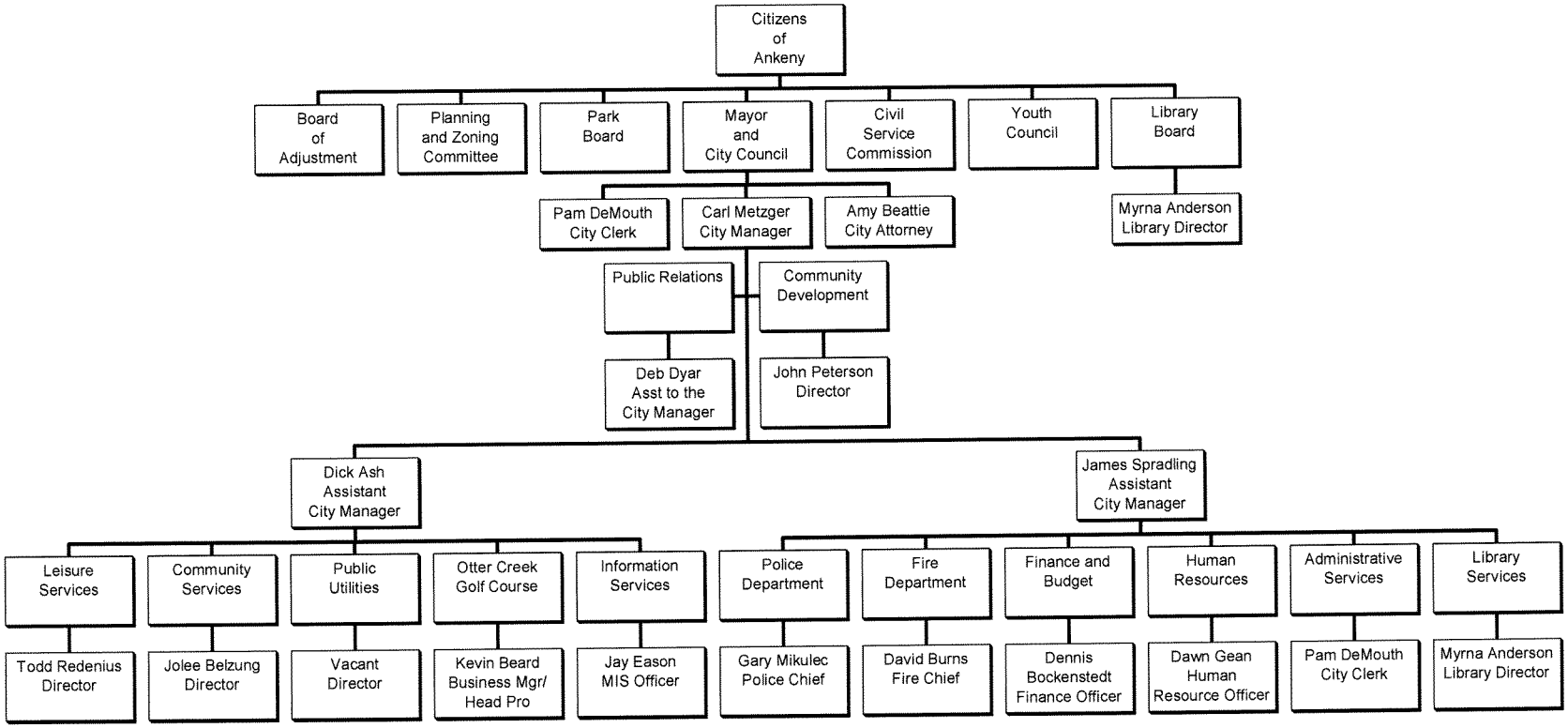
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

City of Ankeny, Iowa
FY 2005 Functional/Management Organization Chart



CITY OF ANKENY, IOWA

List of Principal Officials
June 30, 2005

ELECTED OFFICIALS

Mayor	Merle Johnson
Council Member	Craig Block
Council Member	Gary Lorenz
Council Member	Tom Strait
Council Member	Steve Van Oort
Council Member	Gary Welch

APPOINTED OFFICIALS

City Manager	Carl Metzger
Assistant City Manager	Dick Ash
Assistant City Manager	James Spradling
City Clerk	Pam DeMouth
Community Development Director	John Peterson
Fire Chief	David Burns
Library Director	Myrna Anderson
Leisure Services Director	Todd Redenius
Police Chief	Gary Mikulec
Community Services Director	Jolee Belzung
Public Utilities Director	Vacant

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report

To the Honorable Mayor
and Members of the City Council
City of Ankeny, Iowa
Ankeny, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ankeny, Iowa as of and for the year ended June 30, 2005 which collectively comprise City of Ankeny, Iowa's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Ankeny, Iowa'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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Ankeny, Iowa as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2005 on our consideration of City of Ankeny, Iowa's internal control over financial reporting and on 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 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.

The management's discussion and analysis and budgetary comparison information on pages 13 through 25 and 65 through 70 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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. However, 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 Ankeny, Iowa's basic financial statements. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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.

The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clifton Gunderson LLP

Cedar Rapids, Iowa
October 17, 2005

Management's Discussion and Analysis

Our discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2005 is intended to give the readers an overview of and additional insight into the financial activities of the City over the past year. This will be done most effectively by reading this discussion in conjunction with the letter of transmittal and the financial statements.

Financial Highlights

- The current assets of the City were $69,286,370 while the current liabilities were $32,468,935, a ratio of 2.13:1. In 2004, the current assets were $64,142,963 while current liabilities were $34,509,411, a ratio of 1.86:1.
- The City had an increase in total net assets from the previous fiscal year of $17,994,922, which included an increase in capital assets net of related debt of $13,162,256. Capital asset contributions and grants totaled $13,572,730 for the fiscal year.
- The assets of the City exceeded its liabilities at the close of the year by $104,555,216 (net assets). Of this amount, $15,905,786 (unrestricted net assets) may be used to meet the City's ongoing obligations.
- The General fund's unreserved ending fund balance was $2,953,483 and $2,356,907 or 25.0% and 21.7% of total General fund expenditures in fiscal years 2005 and 2004, respectively

Using this annual report

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements.

Government-wide financial statements

The government-wide financial statements are designed to be corporate-like in that the governmental and business-type activities are consolidated into statements intended to present the operations of the City as a whole.

The *Statement of Net Assets* presents the City's financial position, in its entirety, as of June 30 excluding fiduciary funds that are not expendable for City programs. All of the City's assets (except Governmental Activities' infrastructure acquired prior to fiscal year 2003) and liabilities are presented with the difference between the two reported as net assets. In order to consolidate and present the City's activities as a whole, it is necessary to convert the governmental fund statements from a measurement focus of financial resources to a measurement

focus of economic resources. Essentially, this adds long-term assets and liabilities to the fund financial statements.

The *Statement of Activities* presents information showing how the City's net assets changed during the fiscal year. It focuses on the gross and net cost of various programs. This is intended to simplify the user's analysis of the cost of providing various government services and their funding sources.

The Governmental Activities reflects the City's basic services such as police, fire, parks, library, engineering, public works, and general administration. Primary funding sources include road use taxes, property taxes, service charges, and intergovernmental grants and funds. The Business-type Activities are intended to be self-funding through user fees and charges.

The government-wide financial statements include not only the City of Ankeny itself, but also a legally separate government agency known as the Arts Council. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements are on pages 26-27 of this report.

Fund financial statements

Traditional users of the City's financial statements will find the fund financial statements more familiar. The most noticeable change is the shift away from fund types and towards major funds. The City's funds are divided into two major categories: governmental funds and proprietary funds. Information is also presented for the City's agency funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities (the government-wide level). However, unlike the government-wide level, governmental funds focus on short-term inflows and outflows of financial resources rather than flow of economic (all) resources. This information is useful in evaluating short-term financing requirements. A more detailed list of differences between the governmental funds and the governmental activities can be found in the reconciliations provided in the fund financial statements.

The City has five major funds: the General fund, the Debt Service fund, the Road Use Tax fund, the Tax Increment Financing fund, and the Capital Projects fund. The City also has eleven non-major governmental funds. These funds are combined and reported in a single column in the governmental fund financial statements, but are reported individually in the supplementary information of this report.

Proprietary funds. The City maintains two different types of proprietary funds. They are the enterprise funds and the internal service funds. These funds are called proprietary, because the funds are run in a business-like manner. Enterprise funds primarily serve external customers and are self-funding through user charges. The enterprise funds present the same functions and use the same measurement focus as the business-type activities on the government-wide level, but in more detail.

The City maintains five enterprise funds: the Solid Waste fund, the Sewer fund, the Storm Water fund, the Water fund, and the Otter Creek Golf Course fund. They are all presented as major funds in the fund statements.

The internal service funds primarily serve City functions or other governmental entities. They are considered governmental in nature and are not operated to make a profit. For these reasons, the internal service funds are consolidated into the governmental activities at the government-wide level.

The City maintains four internal service funds: the Central Garage fund, the Risk Management fund, the Equipment Reserve fund, and the Health Insurance fund. They are combined into a single, aggregated column in the proprietary fund financial statements.

Agency funds. Agency funds are used to account for resources that are being held by the City in a fiduciary capacity for the benefit of parties outside the City. Agency funds are not reflected in the government-wide financial statements, because the resources of those funds are not available to support the City's own programs. The accounting for these funds is much like that used for proprietary funds.

The basic fund financial statements can be found on pages 28-35 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on pages 37-61 of this report.

Government-wide Financial Analysis

Over time, net assets may serve as a useful indicator of a government's financial position. In the case of City of Ankeny, assets exceeded liabilities by $104,555,216 at the close of the most recent fiscal year.

The largest portion of the City's net assets (nearly 84%) is invested in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses

these capital assets to provide services to the citizens, consequently, these assets are *not* available for future spending. Although, the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Ankeny's Net Assets (000's)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current assets	60,188	56,618	9,099	7,525	69,287	64,143
Noncurrent assets	57,032	39,722	68,312	64,338	125,344	104,060
Total assets	117,220	96,340	77,411	71,863	194,631	168,203
Current liabilities	30,759	32,568	1,710	1,941	32,469	34,509
Noncurrent liabilities	49,565	39,188	8,041	7,945	57,606	47,133
Total liabilities	80,324	71,756	9,751	9,886	90,075	81,642
Invested in capital assets, net of related debt	30,125	20,560	57,574	53,977	87,699	74,537
Restricted	0	0	950	1,420	950	1,420
Unrestricted	6,771	4,023	9,135	6,580	15,906	10,603
Total net assets	36,896	24,583	67,659	61,977	104,555	86,560

A portion of the City's net assets (0.91%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* ($15,905,786) may be used to meet the government's ongoing obligations.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year even though governmental infrastructure acquired prior to fiscal year 2003 has not yet been recorded. The deadline for recording these historical assets is June 30, 2007.

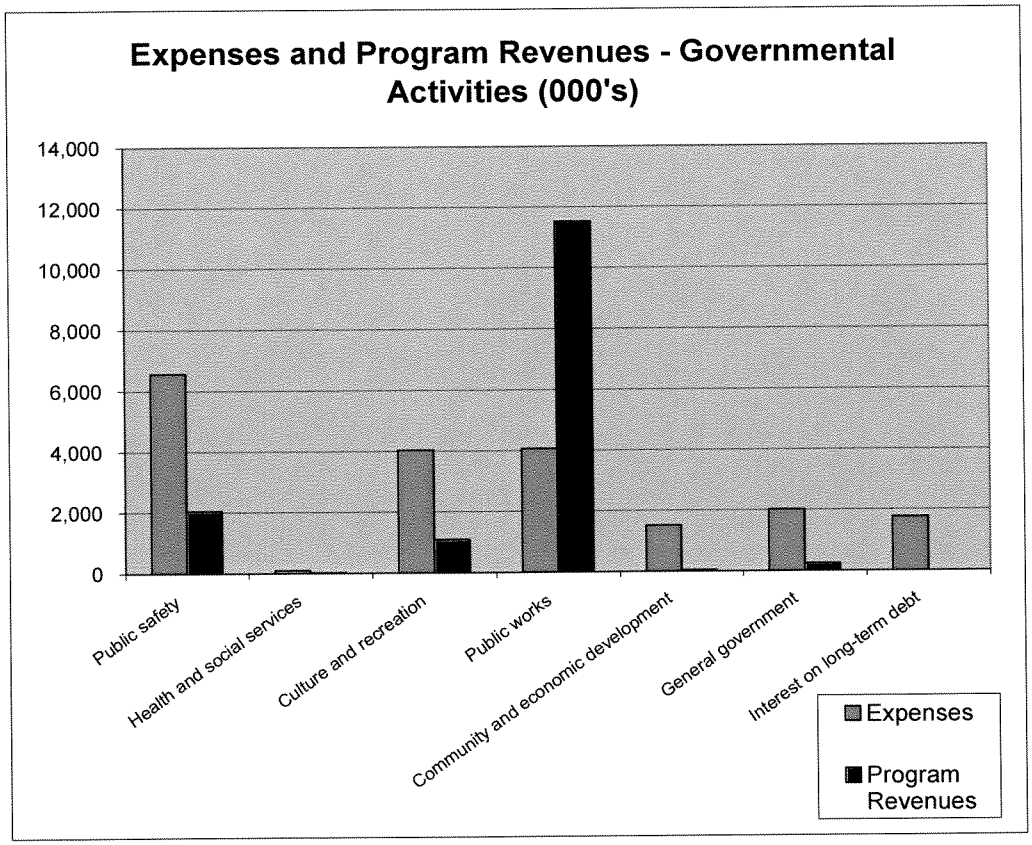
The net assets of the City increased by $17,994,922 during the current fiscal year. Most of this (nearly 75%) is directly related to capital grants and capital contributions. The remainder is primarily due to the reduction of bonded debt repaid from property taxes.

The following tables summarize the City's operating activities for the fiscal year 2005.

City of Ankeny's Net Assets (000's)

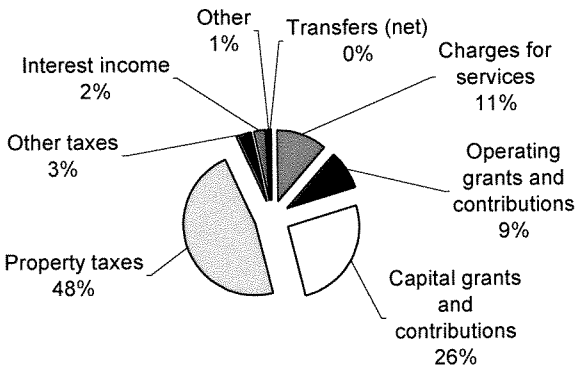
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	3,650	3,208	9,837	8,666	13,487	11,874
Operating grants and contributions	2,899	2,762	0	0	2,899	2,762
Capital grants and contributions	8,417	5,307	5,155	4,017	13,572	9,324
General revenues:						
Property taxes	15,241	13,189	0	0	15,241	13,189
Nonproperty taxes	1,082	1,020	0	0	1,082	1,020
Grants and contributions not restricted to specific programs	0	35	0	0	-	35
Interest	779	555	84	50	863	605
Other	227	368	53	0	280	368
Total revenues	32,295	26,444	15,129	12,733	47,424	39,177
Expenses:						
Public safety	6,563	5,953			6,563	5,953
Health and social services	96	212			96	212
Culture and recreation	4,039	3,614			4,039	3,614
Public works	4,065	4,463			4,065	4,463
Community & economic development	1,513	1,154			1,513	1,154
General government	2,009	1,935			2,009	1,935
Interest of long-term debt	1,762	1,625			1,762	1,625
Solid waste			277	245	277	245
Water			3,993	4,011	3,993	4,011
Sewer			3,999	3,334	3,999	3,334
Storm Water			4	0	4	0
Otter Creek golf course			1,109	1,139	1,109	1,139
Total expenses	20,047	18,956	9,382	8,729	29,429	27,685
Transfers	65	267	(65)	(267)	0	0
Changes in net assets	12,313	7,755	5,682	3,737	17,995	11,492
Net assets - beginning	24,583	16,828	61,977	58,240	86,560	75,068
Net assets - ending	36,896	24,583	67,659	61,977	104,555	86,560

Governmental activities. Governmental activities increased the City's net assets by $12,312,871, which accounted for 68.4% of the total increase in net assets. Of this increase, approximately 68.4% is related to capital grants and capital contributions. The remaining increase in net assets is due to the reduction of bonded debt repaid from property taxes. The change in net assets due to program activities is represented as follows:

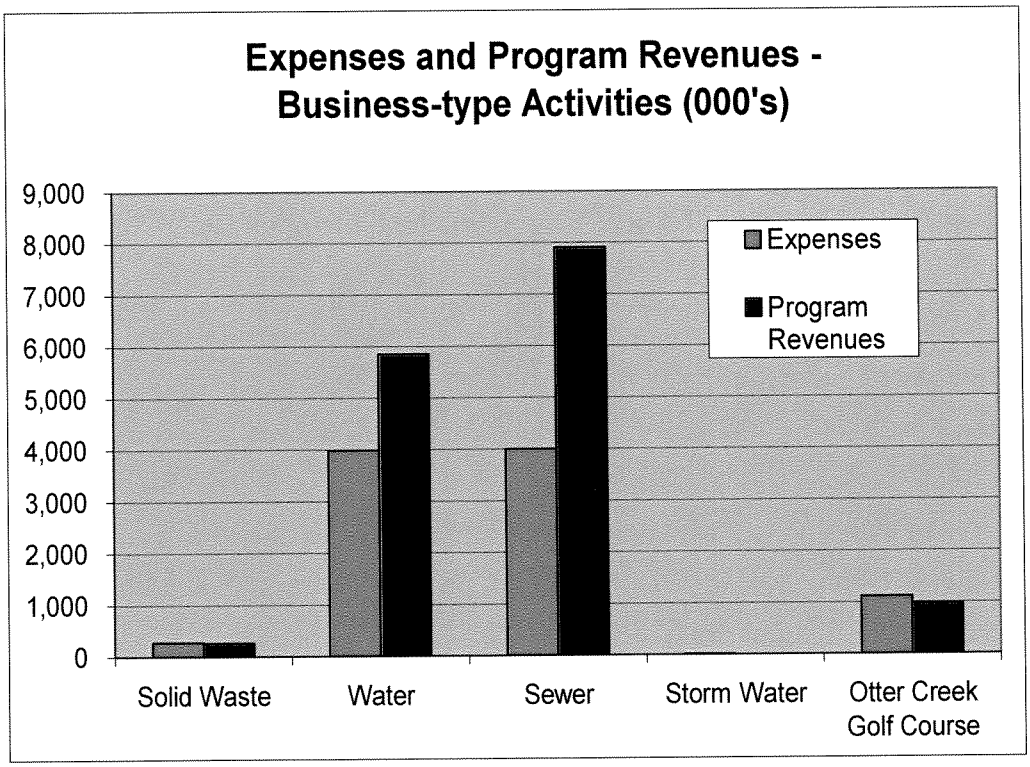


Expenses are higher than revenues for many of these programs due to the fact that many of the governmental activities are supported by general governmental revenues including property and non-property taxes and interest income. The one governmental program that does have program revenues in excess of expenses is the public works activity. This is directly related to the contribution of infrastructure such as streets and storm sewers to the City from development. Revenues for the governmental activities are derived as follows:

Revenues by Source - Governmental Activities

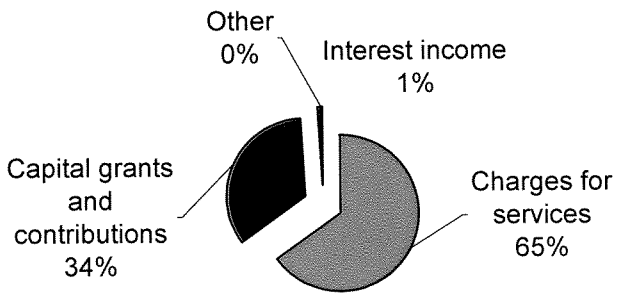


Business-type activities. Business-type activities increased the City's net assets by $5,682,051, which accounted for 32.2% of the total increase in net assets. Of this increase, nearly all is related to the capital grants and capital contributions. The change in net assets due to program activities is represented as follows:



The program revenues exceed the expenses or were near even for each of the business-type activities. This graph reflects the fact that the business-type activities are operated in a business-like manner and are intended to be self-supporting through service charges. This is also reflected in the chart below.

Revenues by Source - Business-type Activities



Financial Analysis of Government's Funds

As noted earlier, the City uses fund accounting to demonstrate and ensure compliance with finance-related legal and managerial requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2005, the City's governmental funds reported combined ending fund balances of $35,626,936, an increase of $1,754,126 from the prior year. Nearly 100% of this total amount ($35,550,893) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to pay debt service ($76,043).

As of the end of fiscal year 2004, the City's governmental funds reported combined ending fund balances of $33,872,810, an increase of $11,042,521 from the prior year. Nearly 100% of this total amount ($33,770,910) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to pay debt service ($101,900).

The general fund is the chief operating fund of the City. At the end of the fiscal year, 100% of the general fund's fund balance ($2,953,483) was unreserved. The fund balance of the general fund increased from last year by $596,576 or 25.31% primarily due to strong revenue growth which outpaced expenditure growth.

The debt service fund has a total fund balance of $76,043, all of which is reserved for the payment of debt service. The decrease in fund balance from the prior year was $25,857 or 25.37%. The decrease is due to delinquent tax collections. Although tax collections were at 99.51% of the levy, it still resulted in a shortfall of over $27,000 in revenue.

The road use tax fund, a special revenue fund, has a total fund deficit of $26,937, all of which is unreserved. The fund had a decrease in fund balance of $306,184 or 109.65%. The decrease was primarily due to the shifting of some of the street lighting expense from the general fund to the road use tax fund as well as the addition of new staffing in anticipation of a special census scheduled for

fiscal year 2006. With this special census, revenue growth over the next several years in state shared revenue is expected to eliminate the fund deficit in this fund

The tax increment financing fund, a special revenue fund, has a total fund balance of $1,192,486, all of which is unreserved. The fund had a decrease in fund balance of $1,493,584 after transfers out of $2,366,263 to the debt service fund for debt retirement and of $1,664,000 to the capital projects fund for capital construction.

The capital projects fund has a fund balance of $28,178,834, all of which is unreserved. The fund had an increase in fund balance of $2,715,468 or 10.66%. This increase was a direct result of the issuance of bond anticipation notes and the receipt of transfers in from other funds that had not been fully spent as of June 30.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail and without the internal activity removed.

As of the end of fiscal year 2005, unrestricted net assets for the sewer fund was $5,418,313, the water fund was $3,846,586, the Otter Creek golf course fund was $19,185, the storm water fund was $1,500, and the solid waste fund was ($1,622). The sewer fund's net assets grew by $3,928,569 and the water fund's net assets grew by $1,904,434. As mentioned previously, this growth was due almost entirely to capital contributions. The golf course fund's net assets decreased by $133,059 and the solid waste fund's net assets decreased by $15,030. The golf course's net asset decrease was related to the fund's inability to fund depreciation and capital replacement, which is supported through the governmental activities. The solid waste fund's net asset decrease was due to a customer charge that is below the City's cost. This has not been changed intentionally in order to lower the fund's net assets, but will be adjusted upward in fiscal year 2006. The storm water fund is a new proprietary fund to account for the City's new storm water utility. A transfer in from the hotel/motel special revenue fund of $5,000 is the seed money to get this fund started.

As of the end of fiscal year 2004, unrestricted net assets for the sewer fund was $3,664,065, the water fund was $3,086,762, the Otter Creek golf course fund was ($38,871), and the solid waste fund was $13,408. The sewer fund's net assets grew by $2,931,013 and the water fund's net assets grew by $1,083,168. As mentioned previously, this growth was due almost entirely to capital contributions. The golf course fund's net assets decreased by $170,563 and the solid waste fund's net assets decreased by $2,502. The golf course's net asset decrease was related to the fund's inability to fund depreciation and capital replacement, which is supported through the governmental activities. The solid waste fund's net asset decrease was due to a customer charge that is slightly below the City's cost.

Budgetary Highlights

As previously mentioned, the City's budget is prepared on a cash basis, which is an accounting basis not consistent with accounting principles generally accepted in the United States of America (GAAP). The budgetary comparison schedule and its reconciliation to GAAP can be found in the required supplementary information on pages 65-70.

Total revenues were over budget by $1,052,254. The largest contributors to this overage were special assessment collections, which were over budget by $861,229 primarily due to assessments on new developments for the purpose of extending arterial streets and service charges, which were over budget by $350,037 primarily due to the growth in hook-up fees for new water and sewer connections. Another notable item was that intergovernmental revenue finished under budget by $927,373. This was due to the timing of grant collections.

Total expenditures were below budget by $11,450,320. The reasons for being under budget are many and are spread across many activities. The biggest contributors to this were the water and sewer funds and other business-type funds, which were below budget, in total, by $861,453 and the capital projects fund which was below budget by $9,422,340 due to the timing of capital expenditures.

Total fund balances were over budget by $9,169,276.

During fiscal year 2005, the City amended its budget to reflect changes and events that occurred subsequent to the original filing with the state. Revenues were increased by $1,411,652 to reflect the increase in license and permit activity, intergovernmental grant activity, interest income, and other revenue increases. The increase in license and permit revenue was due to high volume, the increase in grant activity was due to the award of a federal highway grant, and the increase in interest income was due to the continual rise in interest rates. Charges for services were revised downward to reflect the delay of a water and sewer rate increase and the decreased usage of water due to weather conditions.

Expenditures are re-estimated during each fiscal year and re-certified through the amendment process. Total expenditures were revised downward by $5,774,098 primarily due to the timing of capital projects. Transfers in and transfers out were adjusted upward by $3,465,961 to reflect an increase in the transfer of funds for capital improvements. Other financing sources were amended upward by $4,767,500 primarily due to an increase in the expected bond issue.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounts to $87,699,296 (net of accumulated depreciation and related debt). The investment in capital assets includes land, buildings, land improvements, machinery and equipment, furniture and fixtures, construction in progress, and infrastructure. All required infrastructure has been recorded for the business-type activities, however, infrastructure has only been reported in the governmental activities if acquired after June 30, 2002. All other infrastructure to be reported in the governmental activities (roads, bridges, street lights, etc.) but acquired prior to July 1, 2002 is not required to be reported until the fiscal year ending June 30, 2007.

The total increase in the City's investment in capital assets for the current fiscal year was $13,162,256 or 17.66% (46.52% increase for governmental activities and 6.67% for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Completion of the north side rural water main at a finished cost of $1,224,130.
- Completion of NW 18th Street extension at a finished cost of $1,998,112.
- Donation of water, sewer, and street and storm sewer infrastructure from private development in the amounts of $1,470,120, $3,685,107, and $5,647,173, respectively.
- Completion of the north 4-mile trunk sewer main at a finished cost of $1,208,597.
- Construction on the NW Ash Drive improvements at an unfinished cost of $2,467,836 as of June 30.
- Reconstruction and widening of East First Street at an unfinished cost of $1,301,909 as of June 30.
- Reconstruction and widening of NE Delaware at an unfinished cost of $1,962,127 as of June 30.
- Construction of the extension of SE Delaware to the Corporate Woods interchange at an unfinished cost of $1,835,167 as of June 30.
- Completion of the City's share of the Corporate Woods interchange at a finished cost of $4,991,742.

City of Ankeny's Capital Assets (000's)

(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	4,345	3,112	1,101	1,101	5,446	4,213
Construction in progress	21,328	10,567	3,027	1,649	24,355	12,216
Other improvements	5,692	5,331	291	321	5,983	5,652
Infrastructure	14,681	9,288	62,049	58,869	76,730	68,157
Buildings	8,105	8,517	415	441	8,520	8,958
Machinery and equipment	2,717	2,679	460	522	3,177	3,201
Furniture and fixtures	82	142	-	-	82	142
Total capital assets	56,950	39,636	67,343	62,903	124,293	102,539

Additional information can be found on the City's capital assets in the notes to the financial statements on pages 49-50 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $68,916,000. Of this amount, $62,160,000 comprises general obligation bonded debt backed by the full faith and credit of the City. The remainder, $6,756,000, represents revenue bonds and capital loan notes secured solely by specified revenue sources (ie., water and sewer revenue).

City of Ankeny's Outstanding Debt (000's)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
General obligation bonds	59,449	51,634	2,711	1,731	62,160	53,365
Capital loan notes	345	675	6,411	6,632	6,756	7,307
Revenue bonds	-	-	-	615	-	615
Total outstanding debt	59,794	52,309	9,122	8,978	68,916	61,287

The City's total debt increased by $7,629,000 (12.45%) during the current fiscal year. The City's total debt increased because the size of the bond issues during fiscal year 2005 exceeded the amount of debt that the City was retiring. This was necessary in order to fund the City's capital improvement program.

The City maintains an "Aa3" rating for general obligation bonds, an "A2" rating for taxable tax increment capital loan notes, and "MIG1" rating for bond anticipation notes. These ratings were assigned by Moody's Investors Service.

Iowa statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total assessed valuations. The current debt limit for the City is $99,535,913. The City's current applicable debt, $62,160,000, is 62.45% of the statutory limit.

Additional information on the City's long-term debt can be found in the notes to the financial statements on pages 52-56 of this report.

Economic Factors and Next Year's Budgets

- The City issued a record number of building permits (1,112) for new construction in calendar year 2004, which exceeded the previous record set in calendar year 2003 (1,072).
- The City has annexed more than 3,000 acres over the last five years.
- The City's taxable property valuation has increased at an average of 11.49% per year over the last five years.
- The Municipal Fire and Police Retirement System of Iowa has raised the municipal contribution rate from 17% to 28.21% over the last three years.

The City continues to have strong growth and economic expansion despite state and national trends that are contrary. The economic growth has allowed the City to maintain a stable property tax rate, however, for fiscal year 2005 the City increased the property tax rate by $.45 per $1,000 of value. This increase primarily addressed two issues for the City. The first issue was funding for the police and fire pension system that has seen the City's contribution rate increase by nearly 66% in three years. The second issue was the expansion of the fire department in order to meet the growing needs of the community. The City also budgeted a building permit fee increase in order to add more building inspectors that are needed as a result of the continued growth in construction activity. The building permit fee is budgeted to increase again in fiscal year 2006, however, no tax rate increases are budgeted for fiscal year 2006.

The City's water and sewer funds continue to generate good net operating income due to the growth of the community. As a result of the growth, however, the two utilities are threatening to hit their capacity limitations. Due to this, rate increases are budgeted for both the water and sewer funds in order to expand the capacity levels in order to continue to meet the City's needs into the future. The first increase took place in fiscal year 2005 with another increase budgeted for fiscal year 2006.

Requests for Information

This financial report is designed to provide a general overview of the City of Ankeny's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Ankeny, Office of Finance and Budget, 410 West First Street, Ankeny, Iowa 50023. Additional information is also available at the City's web site www.ci.ankeny.ia.us.

City of Ankeny, Iowa

Statement of Net Assets
June 30, 2005

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Arts Council
Assets				
Current assets:				
Cash and cash equivalents	$ 31,649,528	$ 4,866,143	$ 36,515,671	$ 45,297
Investments	9,516,712	2,988,700	12,505,412	0
Monies held by primary government	0	0	0	76,711
Receivables:				
Interest	260,355	37,125	297,480	0
Taxes	16,680,233	0	16,680,233	0
Accounts	574,726	1,063,750	1,638,476	0
Special assessments	128,970	0	128,970	0
Intergovernmental	1,375,930	0	1,375,930	0
Prepaid expenses	8,794	0	8,794	1,370
Internal balances	(132,498)	132,498	0	0
Unamortized bond issuance cost and deferred amount on refunding	125,083	10,321	135,404	0
Total current assets	60,187,833	9,098,537	69,286,370	123,378
Noncurrent assets:				
Restricted cash and cash equivalents	82,662	968,989	1,051,651	0
Capital assets:				
Land	4,344,519	1,100,894	5,445,413	0
Work-in-progress	21,327,886	3,026,837	24,354,723	0
Depreciable assets, net of accumulated depreciation	31,277,377	63,215,098	94,492,475	14,928
Total noncurrent assets	57,032,444	68,311,818	125,344,262	14,928
Total assets	$ 117,220,277	$ 77,410,355	$ 194,630,632	$ 138,306
Liabilities				
Current liabilities:				
Accounts payable	$ 2,381,756	$ 351,764	$ 2,733,520	$ 1,251
Accrued wages	502,267	92,235	594,502	253
Claims payable	157,922	0	157,922	0
Customers deposits	82,662	18,855	101,517	0
Unearned revenue	16,833,169	33,880	16,867,049	0
Bond and capital loan note interest payable	190,867	48,385	239,252	0
Bonds and capital loan notes payable, net of unamortized discount	10,350,689	1,125,325	11,476,014	0
Compensated absences payable	259,563	39,596	299,159	0
Total current liabilities	30,758,895	1,710,040	32,468,935	1,504
Noncurrent liabilities:				
Bonds and capital loan notes payable, net of unamortized discount	49,498,995	7,991,360	57,490,355	0
Compensated absences payable	66,426	49,700	116,126	0
Total noncurrent liabilities	49,565,421	8,041,060	57,606,481	0
Total liabilities	80,324,316	9,751,100	90,075,416	1,504
Net Assets				
Investment in capital assets, net of related debt	30,124,884	57,574,412	87,699,296	0
Restricted for:				
Bond sinking reserve	0	950,134	950,134	0
Unrestricted	6,771,077	9,134,709	15,905,786	136,802
Total net assets	36,895,961	67,659,255	104,555,216	136,802
Total liabilities and net assets	$ 117,220,277	$ 77,410,355	$ 194,630,632	$ 138,306

The notes to the financial statements are an integral part of this statement.

City of Ankeny, Iowa

Statement of Activities
For the Year Ended June 30, 2005

Programs/Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit: Arts Council
Primary government:								
Governmental activities:								
Public safety	$ 6,563,401	$ 1,771,657	$ 277,238	$ 0	$ (4,514,506)	$ 0	$ (4,514,506)	$ 0
Health and social services	95,944	21,455	1,000	0	(73,489)	0	(73,489)	0
Culture and recreation	4,039,270	650,012	323,064	122,978	(2,943,216)	0	(2,943,216)	0
Public works	4,065,180	972,044	2,251,379	8,294,525	7,452,768	0	7,452,768	0
Community and economic development	1,513,129	15,959	22,195	0	(1,474,975)	0	(1,474,975)	0
General government	2,008,601	218,789	23,943	0	(1,765,869)	0	(1,765,869)	0
Interest on long-term debt	1,762,124	0	0	0	(1,762,124)	0	(1,762,124)	0
Total governmental activities	20,047,649	3,649,916	2,898,819	8,417,503	(5,081,411)	0	(5,081,411)	0
Business-type activites:								
Solid waste	277,336	262,306	0	0	0	(15,030)	(15,030)	0
Water	3,992,676	4,382,184	0	1,470,120	0	1,859,628	1,859,628	0
Sewer	3,999,585	4,221,821	0	3,685,107	0	3,907,343	3,907,343	0
Storm Water	3,500	0	0	0	0	(3,500)	(3,500)	0
Otter Creek golf course	1,108,882	970,988	0	0	0	(137,894)	(137,894)	0
Total business-type activities	9,381,979	9,837,299	0	5,155,227	0	5,610,547	5,610,547	0
Total primary government	$ 29,429,628	$ 13,487,215	$ 2,898,819	$ 13,572,730	$ (5,081,411)	$ 5,610,547	$ 529,136	$ 0
Component unit:								
Arts council	$ 67,834	$ 80,627	$ 4,832	$ 0	$ 0	$ 0	$ 0	$ 17,625
General revenues:								
Taxes:								
Property taxes					15,240,675	0	15,240,675	0
Other taxes					1,082,129	0	1,082,129	0
Interest					778,632	83,974	862,606	1,804
Other					227,433	52,943	280,376	2,000
Transfers					65,413	(65,413)	0	0
Total general revenues and transfers					17,394,282	71,504	17,465,786	3,804
Changes in net assets					12,312,871	5,682,051	17,994,922	21,429
Net assets - beginning					24,583,090	61,977,204	86,560,294	115,373
Net assets - ending					$ 36,895,961	$ 67,659,255	$ 104,555,216	$ 136,802

The notes to the financial statements are an integral part of this statement.

City of Ankeny, Iowa

Balance Sheet
Governmental Funds
June 30, 2005

	General	Debt Service	Road Use Tax	Tax Increment Financing	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	$ 671,476	$ 58,218	$ 585,569	$ 1,565,928	$ 24,361,174	$ 2,563,821	$ 29,806,186
Investments	5,626,881	0	0	0	3,141,976	747,855	9,516,712
Receivables:							
Interest	199,735	0	0	0	59,418	1,202	260,355
Taxes	8,679,593	3,890,378	0	3,799,827	0	310,435	16,680,233
Accounts	554,593	0	0	0	9,372	2,012	565,977
Special assessments	0	0	0	0	0	128,970	128,970
Intergovernmental	184,003	528	178,767	0	1,012,632	0	1,375,930
Due from other funds	94,015	0	13,925	0	3,500,431	25,000	3,633,371
Restricted assets, cash and cash equivalents	82,662	0	0	0	0	0	82,662
Total assets	$ 16,092,958	$ 3,949,124	$ 778,261	$ 5,365,755	$ 32,085,003	$ 3,779,295	$ 62,050,396
Liabilities and fund balances (deficits)							
Liabilities							
Accounts payable	$ 296,268	$ 0	$ 78,278	$ 77,851	$ 1,852,382	$ 26,367	$ 2,331,146
Accrued wages	411,455	0	46,934	0	0	36,945	495,334
Due to other funds	2,725,688	0	211,312	0	1,340,184	25,000	4,302,184
Advances from other funds	445,611	0	468,674	0	0	0	914,285
Customer deposits	82,662	0	0	0	0	0	82,662
Deferred revenue	9,177,791	3,873,081	0	4,095,418	713,603	437,956	18,297,849
Total liabilities	13,139,475	3,873,081	805,198	4,173,269	3,906,169	526,268	26,423,460
Fund balances (deficits)							
Reserved for debt service	0	76,043	0	0	0	0	76,043
Unreserved, reported in:							
General fund	2,953,483	0	0	0	0	0	2,953,483
Special revenue funds	0	0	(26,937)	1,192,486	0	1,354,720	2,520,269
Capital projects funds	0	0	0	0	28,178,834	1,898,307	30,077,141
Total fund balances (deficits)	2,953,483	76,043	(26,937)	1,192,486	28,178,834	3,253,027	35,626,936
Total liabilities and fund balances (deficits)	$ 16,092,958	$ 3,949,124	$ 778,261	$ 5,365,755	$ 32,085,003	$ 3,779,295	$ 62,050,396

The notes to the financial statements are an integral part of this statement.

City of Ankeny, Iowa

Reconciliation of the Balance Sheet to the Statement of Net Assets
June 30, 2005

Fund balances--total governmental funds		$ 35,626,936
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental fixed assets:		
Land	$ 4,344,519	
Work-in-progress	21,327,886	
Depreciable capital assets	44,931,320	
Accumulated depreciation	(13,653,943)	56,949,782
The assets and liabilities of internal service funds are included in the governmental activites in the statement of net assets. Internal service fund net assets:		
Current assets	$ 2,361,427	
Internal balances	1,026,828	
Other noncurrent assets	-	
Current liabilities	(445,325)	
Noncurrent liabilities, compensated absences	(7,889)	2,935,041
Internal service funds allocated to business-type activities		149,253
Deferred revenue is reported in governmental funds for revenues that have been earned but are not yet available to liquidate current liabilities. All earned revenues are reported as income at government-wide level. The following deferred revenues for unavailable items were reported in the governmental funds:		
Various funds - property tax receivable	$ 83,166	
Special assessments fund - special assessment receivable	128,970	
General fund - accounts receivable	397,949	
Hotel/Motel tax fund - intergovernmental receivable	140,992	
Capital projects fund - intergovernmental receivable	713,603	1,464,680
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds	$ (59,794,289)	
Unamortized bond issuance costs	125,083	
Unamortized premium on general obligation bonds	(71,043)	
Unamortized discount on general obligation bonds	15,648	
Bond interest payable	(190,867)	
Compensated absences	(314,263)	(60,229,731)
Net assets of governmental activities		$ 36,895,961

The notes to the financial statements are an integral part of this statement.

City of Ankeny, Iowa

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

	General Fund	Debt Service	Road Use Tax	Tax Increment Financing	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Property taxes	$ 7,912,646	$ 3,535,379	$ 0	$ 3,437,740	$ 0	$ 279,328	$ 15,165,093
Other taxes and assessments	473,193	87,117	0	0	858,583	350,119	1,769,012
Licenses and permits	1,157,466	0	0	0	0	0	1,157,466
Intergovernmental	1,017,842	0	2,253,744	12,640	1,928,190	11,674	5,224,090
Charges for services	977,211	0	0	0	0	4,840	982,051
Use of money and property	702,415	0	0	0	157,217	24,600	884,232
Miscellaneous	386,173	0	0	0	77,470	154,879	618,522
Total revenues	12,626,946	3,622,496	2,253,744	3,450,380	3,021,460	825,440	25,800,466
Expenditures:							
Current operating:							
Public safety	5,980,529	0	0	0	0	621,058	6,601,587
Health and social services	88,979	0	0	0	0	0	88,979
Culture and recreation	2,748,933	0	0	0	0	372,267	3,121,200
Public works	610,779	0	2,559,928	0	0	0	3,170,707
Community and economic development	595,730	0	0	913,701	0	13,390	1,522,821
General government	1,774,991	4,200	0	0	0	0	1,779,191
Debt service:							
Principal	0	4,772,488	0	0	14,195,000	0	18,967,488
Interest and other charges	0	1,237,928	0	0	367,748	0	1,605,676
Capital projects	0	0	0	0	13,766,135	0	13,766,135
Total expenditures	11,799,941	6,014,616	2,559,928	913,701	28,328,883	1,006,715	50,623,784
Excess (deficiency) of revenues over expenditures	827,005	(2,392,120)	(306,184)	2,536,679	(25,307,423)	(181,275)	(24,823,318)
Other financing sources (uses):							
Issuance of long-term debt	0	0	0	0	26,452,303	0	26,452,303
Premium on long-term debt	0	0	0	0	59,728	0	59,728
Sale of capital assets	0	0	0	0	0	0	0
Transfers in	478,249	2,366,263	0	0	1,664,447	723,678	5,232,637
Transfers out	(708,678)	0	0	(4,030,263)	(153,587)	(274,696)	(5,167,224)
Total other financing sources (uses)	(230,429)	2,366,263	0	(4,030,263)	28,022,891	448,982	26,577,444
Net change in fund balances	596,576	(25,857)	(306,184)	(1,493,584)	2,715,468	267,707	1,754,126
Fund balances, beginning	2,356,907	101,900	279,247	2,686,070	25,463,366	2,985,320	33,872,810
Fund balances (deficits), ending	$ 2,953,483	$ 76,043	$ (26,937)	$ 1,192,486	$ 28,178,834	$ 3,253,027	$ 35,626,936

The notes to the financial statements are an integral part of this statement.

City of Ankeny, Iowa

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities For the Year Ended June 30, 2005

Net change in fund balances--total governmental funds		$ 1,754,126
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period:		
Capital outlay	$ 13,527,435	
Depreciation expense	(1,882,708)	11,644,727
Governmental funds do not report capital assets and therefore do not report gains or losses on the disposal of those assets.		(2,787)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		589,963
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Issuance of long-term debt	$ (26,452,303)	
Principal repayment	18,967,488	
Premium on long-term debt	(59,728)	
Bond issuance costs	79,222	(7,465,321)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The following expenses did not require current financial resources:		
Compensated absences	$ (4,228)	
Amortization of bond discounts, issuance costs, premiums, and deferrals	(182,319)	
Adjustment to bond interest payable	(57,710)	(244,257)
Governmental funds do not report capital assets and therefore do not report the contribution of capital assets.		5,672,352
Internal service funds are used by management to charge costs of certain activities, such as vehicle and property maintenance, to individual funds. The net revenue (expense) of the internal service funds is reported with the governmental activities.		359,705
Change in internal service fund allocation to business-type activities.		4,363
Changes in net assets of governmental activities		$ 12,312,871

The notes to the financial statements are an integral part of this statement.

City of Ankeny, Iowa

Statement of Net Assets
Proprietary Funds
June 30, 2005

	Business Type Activities - Enterprise Funds						Governmental Activities- Internal Service Funds
	Solid Waste	Water	Sewer	Storm Water	Otter Creek Golf Course	Totals	
Assets							
Current assets:							
Cash and cash equivalents	$ 9,019	$ 2,474,189	$ 2,303,659	$ 1,500	$ 77,776	$ 4,866,143	$ 1,843,342
Investments	0	991,750	1,996,950	0	0	2,988,700	0
Receivables:							
Interest	0	6,209	30,916	0	0	37,125	0
Accounts	12,788	585,031	447,128	0	18,803	1,063,750	8,749
Prepaid expenses	0	0	0	0	0	0	8,794
Due from other funds	0	594,699	863,568	0	0	1,458,267	500,542
Unamortized bond issuance cost and deferred amount on refunding	0	7,836	2,485	0	0	10,321	0
Total current assets	21,807	4,659,714	5,644,706	1,500	96,579	10,424,306	2,361,427
Noncurrent assets:							
Restricted cash and cash equivalents	0	85,407	883,582	0	0	968,989	0
Advances to other funds	0	0	0	0	0	0	1,026,828
Capital assets:							
Land	0	39,764	190,188	0	870,942	1,100,894	0
Construction-in-progress	0	1,510,995	1,490,842	0	25,000	3,026,837	0
Depreciable assets, net of accumulated depreciation	0	19,389,462	42,886,032	0	939,604	63,215,098	0
Total noncurrent assets	0	21,025,628	45,450,644	0	1,835,546	68,311,818	1,026,828
Total assets	$ 21,807	$ 25,685,342	$ 51,095,350	$ 1,500	$ 1,932,125	$ 78,736,124	$ 3,388,255
Liabilities							
Current liabilities:							
Accounts payable	$ 23,429	$ 226,574	$ 73,722	$ 0	$ 28,039	$ 351,764	$ 50,610
Accrued wages	0	25,034	33,134	0	34,067	92,235	6,933
Due to other funds	0	775,933	255,173	0	32,867	1,063,973	226,023
Claims payable	0	0	0	0	0	0	157,922
Customer deposits	0	18,855	0	0	0	18,855	0
Unearned revenue	0	33,880	0	0	0	33,880	0
Bond and capital loan note interest payable, net of unamortized discount	0	6,856	41,529	0	0	48,385	0
Bonds and capital loan notes payable	0	221,211	904,114	0	0	1,125,325	0
Compensated absences payable	0	21,174	11,024	0	7,398	39,596	3,837
Total current liabilities	23,429	1,329,517	1,318,696	0	102,371	2,774,013	445,325
Noncurrent liabilities:							
Bonds and capital loan notes payable, net of unamortized discount	0	2,216,389	5,774,971	0	0	7,991,360	0
Compensated absences payable	0	22,994	18,816	0	7,890	49,700	7,889
Advances from other funds	0	48,949	0		63,594	112,543	0
Total noncurrent liabilities	0	2,288,332	5,793,787	0	71,484	8,153,603	7,889
Total liabilities	23,429	3,617,849	7,112,483	0	173,855	10,927,616	453,214
Net Assets							
Investment in capital assets, net of related debt	0	18,154,355	37,680,972	0	1,739,085	57,574,412	0
Restricted for:							
Bond sinking reserve	0	66,552	883,582	0	0	950,134	0
Unrestricted	(1,622)	3,846,586	5,418,313	1,500	19,185	9,283,962	2,935,041
Total net assets	(1,622)	22,067,493	43,982,867	1,500	1,758,270	67,808,508	2,935,041
Total liabilities and net assets	$ 21,807	$ 25,685,342	$ 51,095,350	$ 1,500	$ 1,932,125		$ 3,388,255
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.						(149,253)	
Net assets of business-type activities						$ 67,659,255	

The notes to the financial statements are an integral part of this statement.

City of Ankeny, Iowa

Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2005

	Business Type Activities - Enterprise Funds						Governmental Activities- Internal Service Funds
	Solid Waste	Water	Sewer	Storm Water	Otter Creek Golf Course	Totals	
Operating revenues:							
Charges for services	$ 262,306	$ 4,382,184	$ 4,221,821	$ 0	$ 970,988	$ 9,837,299	$ 2,195,597
Other	0	44,640	0	0	8,303	52,943	119,218
Total operating revenues	262,306	4,426,824	4,221,821	0	979,291	9,890,242	2,314,815
Operating expenses:							
Personal services	0	578,175	665,850	0	515,018	1,759,043	276,442
Contractual services	277,336	969,360	1,759,325	3,500	254,724	3,264,245	1,640,144
Operating supplies	0	1,828,616	150,921	0	222,380	2,201,917	116,472
Depreciation	0	535,540	1,116,661	0	116,184	1,768,385	0
Total operating expenses	277,336	3,911,691	3,692,757	3,500	1,108,306	8,993,590	2,033,058
Operating income (loss)	(15,030)	515,133	529,064	(3,500)	(129,015)	896,652	281,757
Nonoperating revenues (expenses):							
Interest earnings	0	30,312	53,662	0	0	83,974	77,948
Interest expense	0	(89,718)	(290,264)	0	(4,044)	(384,026)	0
Loss on disposal of assets	0	0	0	0	0	0	0
Total nonoperating revenues (expenses)	0	(59,406)	(236,602)	0	(4,044)	(300,052)	77,948
Net income (loss) before contributions and transfers	(15,030)	455,727	292,462	(3,500)	(133,059)	596,600	359,705
Capital contributions	0	1,470,120	3,685,107	0	0	5,155,227	0
Transfers in	0	153,587	126,000	5,000	0	284,587	150,000
Transfers out	0	(175,000)	(175,000)	0	0	(350,000)	(150,000)
Change in net assets	(15,030)	1,904,434	3,928,569	1,500	(133,059)	5,686,414	359,705
Total net assets, beginning	13,408	20,163,059	40,054,298	0	1,891,329		2,575,336
Total net assets, ending	$ (1,622)	$ 22,067,493	$ 43,982,867	$ 1,500	$ 1,758,270		$ 2,935,041
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.						(4,363)	
Change in net assets of business-type activities						5,682,051	

The notes to the financial statements are an integral part of this statement.

City of Ankeny, Iowa

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005

	Business Type Activities - Enterprise Funds						Governmental Activities- Internal Service Funds
	Solid Waste	Water	Sewer	Storm Water	Otter Creek Golf Course	Totals	
Cash flows from operating activities:							
Receipts from customers	$ 260,203	$ 4,235,724	$ 4,114,466	$ 0	$ 981,876	$ 9,592,269	$ 2,323,002
Payments to suppliers	(274,279)	(2,823,375)	(2,194,727)	(3,500)	(479,819)	(5,775,700)	(1,875,413)
Payments to employees	0	(575,210)	(661,290)	0	(512,521)	(1,749,021)	(166,053)
Net cash provided (used) by operating activities	$ (14,076)	$ 837,139	$ 1,258,449	$ (3,500)	$ (10,464)	$ 2,067,548	$ 281,536
Cash flows from noncapital financing activities:							
Payments received on interfund accounts	$ 0	$ 31,917	$ 0	$ 0	$ 0	$ 31,917	$ 498,658
Payments made on interfund accounts	0	(73,978)	(1,562,177)	0	(33,657)	(1,669,812)	0
Loans issued to other funds	0	(476,616)	(863,568)	0	0	(1,340,184)	(618,306)
Loans received from other funds	0	166,039	255,173	0	0	421,212	0
Transfers from other funds	0	153,587	126,000	5,000	0	284,587	150,000
Transfers to other funds	0	(175,000)	(175,000)	0	0	(350,000)	(150,000)
Net cash provided (used) by noncapital financing activities	$ 0	$ (374,051)	$ (2,219,572)	$ 5,000	$ (33,657)	$ (2,622,280)	$ (119,648)
Cash flows from capital and related financing activities:							
Proceeds from long-term debt, net of bond issue costs	$ 0	$ 523,480	$ 693,089	$ 0	$ 0	$ 1,216,569	$ 0
Purchase of capital assets	0	(823,867)	(565,049)	0	0	(1,388,916)	0
Capital contributions	0	0	359,757	0	0	359,757	0
Principal paid on long-term debt	0	(213,260)	(860,254)	0	0	(1,073,514)	0
Interest paid on long-term debt	0	(72,120)	(272,294)	0	0	(344,414)	0
Net cash (used) by capital and related financing activities	$ 0	$ (585,767)	$ (644,751)	$ 0	$ 0	$ (1,230,518)	$ 0
Cash flows from investing activities:							
Proceeds from investment maturity	$ 0	$ 500,000	$ 991,000	$ 0	$ 0	$ 1,491,000	$ 0
Purchase of investments	0	0	(2,017,704)	0	0	(2,017,704)	0
Interest received	0	22,408	80,356	0	0	102,764	77,948
Net cash provided (used) by investing activities	$ 0	$ 522,408	$ (946,348)	$ 0	$ 0	$ (423,940)	$ 77,948
Net increase (decrease) in cash and cash equivalents	$ (14,076)	$ 399,729	$ (2,552,222)	$ 1,500	$ (44,121)	$ (2,209,190)	$ 239,836
Balances, beginning of year	23,095	2,159,867	5,739,463	0	121,897	8,044,322	1,603,506
Balances, end of year	$ 9,019	$ 2,559,596	$ 3,187,241	$ 1,500	$ 77,776	$ 5,835,132	$ 1,843,342
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	$ (15,030)	$ 515,133	$ 529,064	$ (3,500)	$ (129,015)	$ 896,652	$ 281,757
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	0	535,540	1,116,661	0	116,184	1,768,385	0
Changes in assets and liabilities:							
Receivables, net	(2,104)	(201,993)	(107,280)	0	3,252	(308,125)	5,858
Prepaid expenses	0	0	0	0	0	0	(8,794)
Accounts and other payables	3,058	(22,482)	(279,996)	0	(885)	(300,305)	35,488
Claims payable	0	0	0	0	0	0	(20,647)
Customer deposits	0	3,615	0	0	0	3,615	(12,126)
Deferred revenue	0	7,326	0	0	0	7,326	0
Net cash provided (used) by operating activites	$ (14,076)	$ 837,139	$ 1,258,449	$ (3,500)	$ (10,464)	$ 2,067,548	$ 281,536
Noncash capital and related financing activities:							
Contribution of capital assets	$ 0	$ 1,470,120	$ 3,685,107	$ 0	$ 0	$ 5,155,227	$ 0
Noncash investing activities:							
Net change in unrealized gain (loss) on investments	$ 0	$ 6,905	$ (16,261)	$ 0	$ 0	$ (9,356)	$ 0

The notes to the financial statements are an integral part of this statement.

City of Ankeny, Iowa

Statement of Assets and Liabilities
Agency Funds
June 30, 2005

Assets:		
Cash and cash equivalents	$	81,484
Receivables:		
Interest		256
	$	81,740
Liabilities:		
Monies held for other agencies	$	81,740

The notes to the financial statements are an integral part of this statement.

I. Summary of significant accounting policies

A. Financial Reporting Entity

The City operates under the Mayor-Council-Manager form of government. The City has five council members that are elected at-large and an elected mayor. The mayor presides over the council but is a non-voting member with executive powers. The City retains a city manager to administer the City's business from day-to-day and to implement council policy.

The City of Ankeny has quickly grown to an organization with over 230 permanent employees and offers a wide variety of services including water and sewer services, police and fire protection, library services, street maintenance, a public golf course, parks and recreation facilities and activities, planning and zoning, and general administration.

As required by accounting principles generally accepted in the United States of America, these financial statements are to include the primary government and its component units--organizations for which the primary government is financially accountable or for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City of Ankeny, Iowa is a municipal corporation governed by a Board of Trustees, which is elected by the public and has the exclusive responsibility and accountability for the decisions it makes. The City has the statutory authority to adopt its own budget, to levy taxes, and to issue bonded debt without the approval of another government. It has the right to sue and be sued, and has the right to buy, sell, lease, or mortgage property in its own name. Based on these criteria, the City is considered a primary government.

Component Units

There are several organizations that meet the conditions to be classified as a component unit of the City. Component units can be reported in two different ways – blended or discretely presented. Blended component units are integrated into the City's financial statements and are presented as funds of the City. Discretely presented component units are presented separately and appear in the financial statements as a separate entity. There are three entities that qualify as component units of the City. They

are the Ankeny Sports Complex Foundation, Keep Ankeny Beautiful, and the Arts Council.

The Ankeny Sports Complex Foundation (ASCF) was created for the purpose of raising funds to assist in the construction of the Prairie Ridge Youth Sports Complex, which is a facility operated and maintained by the City. All board members are appointed by the Mayor, and the City provides oversight and administrative services to the Foundation. The ASCF is a blended component unit, because it exclusively provides services and benefits to the City and is presented as a special revenue fund. The Ankeny Sports Complex Foundation has a June 30 year-end.

The Keep Ankeny Beautiful committee was formed in order to implement projects intended to enhance the physical appearance of the City. The committee is funded through contributions from private and public enterprises. All board members are appointed by the Mayor, and the City provides oversight and administrative services to the committee. Keep Ankeny Beautiful is a blended component unit, because it almost exclusively provides services and benefits to the City and is presented as a special revenue fund. Keep Ankeny Beautiful has a June 30 year-end.

The Arts Council was established for the purpose of the promotion of performing and fine arts within the City. All board members are appointed by the Mayor, and the City provides administrative and financial assistance to the Council. The Arts Council's fiscal year end is December 31. The Arts Council is a discretely presented component unit, because the relationship between the City and the Arts Council is such that without the Arts Council's financial presentation, the City's financial statements would be incomplete. However, the relationship between the City and the Arts Council does not meet the criteria for blending their financial data. The financial data presented for the Arts Council is from the last fiscal year-end, which was December 31, 2004.

Separate financial statements for the component units can be obtained from the City of Ankeny, Office of Finance and Budget, 410 West First Street, Ankeny, Iowa 50023.

B. Measurement Focus and Basis of Accounting

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The City has the following fund types:

Governmental funds are used to account for the City's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means that the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after year-end.

Property taxes, service charges, special assessments, intergovernmental revenue, and interest revenue are susceptible to accrual. Licenses and permits, fines and forfeitures, and other miscellaneous receipts become measurable and available when cash is received by the City and are recognized as revenue at that time.

Intergovernmental revenues are recognized at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure driven grants, however, are recognized as revenue when the qualifying expenditures have been incurred, all other grant requirements have been met, and the amounts are available.

Expenditures are recorded when the related fund liability is incurred, except for certain long-term obligations including debt service principal and interest, compensated absences, and claims and judgments. Expenditures related to such liabilities are only recognized under modified accrual accounting when they mature (when due).

Governmental funds include the following fund types:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *special revenue funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including revenues restricted for general fund activities, debt service expenditures, or capital projects) and are not fiduciary.

The *Debt Service Fund* accounts for the servicing of general long-term debt not being financed by proprietary funds.

The *capital project funds* accounts for acquisition of capital assets or construction of major capital projects not being financed by proprietary or fiduciary funds.

Proprietary funds are accounted for using the flow of economic resources measurement focus and the full accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized at the time the liabilities are incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues from the City's proprietary funds are charges to customers for sales, rentals and services. Operating expenses for the proprietary funds include cost of personal services, contractual services, operating supplies, self-insurance claims, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Proprietary funds include the following fund types:

The *enterprise funds* are used to account for those operations that are financed and operated in a manner similar to private business or where the City Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The City applies all applicable Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, to the enterprise funds.

The *internal service funds* account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

Fiduciary funds account for assets held by the City in a trustee or agency capacity for the benefit of others. Fiduciary funds account for assets held by the City under the terms of a trust agreement and which cannot be used to support City activities. The City uses *agency funds* to report monies being held for the organizations of the Ankeny Arts Council and the Ankeny Foundation. *Agency funds* do not record revenues and expenses but instead report assets held for others and the related liability.

C. Financial Statement Presentation

The basic financial statements include the government-wide financial statements (based on the City as a whole) and the fund financial statements. The government-wide statements present consolidated information from both the governmental and business-type activities using the economic resource measurement focus and the accrual basis of accounting. The government-wide statements are the Statement of Net Assets and the Statement of Activities.

The Statement of Activities presents, for each City activity, the extent to which direct expenses are being supported by program revenues or by general revenues. Direct expenses are those that are clearly identifiable with the specific activity (including depreciation). Program revenues are charges, grants, contributions, or other revenues that are either restricted for use or are directly associated with the particular activity. General revenues include interest, taxes, and other revenues used to support City operations that are not directly associated with a particular activity.

The City does not employ an indirect cost allocation system. Administrative transfers are made to the General Fund by other operating funds to cover General Fund services such as finance, legal, management, and information services. These transfers are eliminated for government-wide reporting by reducing revenues and expenses in the General fund.

Governmental activities in the government-wide statements include the operations from the governmental funds: the General Fund, the special revenue funds, the Debt Service Fund, and the capital projects funds adjusted from the modified accrual to the full accrual basis of accounting. Governmental activities also include the activities from the internal service funds, because their operations are governmental in nature. Business-type activities in the government-wide statements are comprised of the enterprise funds. Agency funds are not reported in the government-wide statements, because these funds cannot be used to support City activities. As a general rule, interfund activity has been eliminated from the government-wide statements.

The fund financial statements present the City's activities at the fund level rather than on a city-wide basis. The fund financial statements report the governmental funds using the modified accrual basis of accounting and the proprietary funds using the full accrual basis of accounting. Fund financial statements would also include statements for the fiduciary funds, which are reported on a full accrual basis of accounting. The fund financial statements for both the governmental and the proprietary funds report the major funds individually and the non-major funds combined.

GASB Statement No. 34 sets forth the minimum criteria for the determination of major funds. If a fund's assets, liabilities, revenues, or expenditures/expenses are at least ten percent of those of its fund type and at least five percent of those of both governmental fund types and enterprise funds, then it must be a major fund. The City also elects to report certain funds as major funds that did not meet the percentage test, but are of a special interest to the City Council and the community.

The City has the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the servicing of general long-term debt not being financed by proprietary funds.

The *Capital Projects Fund* accounts for acquisition of capital assets or construction of major capital projects not being financed by proprietary or fiduciary funds.

The *Road Use Tax Fund*, a special revenue fund, accounts for state road use taxes allocated to the City to be used to maintain and improve the City's street system.

The *Tax Increment Financing Fund,* a special revenue fund, accounts for taxes collected on the incremental increase in the value of property located within the tax increment financing districts and to be used for activities within those districts.

The City has the following major enterprise funds:

The *Sewer Fund* accounts for the operations of a municipally owned wastewater treatment plant and its related sewer infrastructure.

The *Water Fund* accounts for the operation and maintenance of the municipal water infrastructure including towers, pumps, wells, and pipes and accounts for the provision of water to City.

The *Solid Waste Fund* accounts for the collection of recycling fees and the cost of recycling services.

The *Storm Water Fund* accounts for the collection of storm water fees the cost of storm water management and disposal.

The *Otter Creek Golf Course Fund* accounts for the operation of the municipally owned golf course.

The non-major funds are shown combined in the fund financial statements but are presented individually in the supplementary information following the notes to the financial statements.

The internal service funds are shown combined at the far right of the proprietary fund financial statements. The individual internal service funds are presented in the supplementary information. The City has the following internal service funds:

The *Central Garage Fund* accounts for the operations of a central vehicle maintenance garage. All costs incurred for vehicle maintenance operations are charged to departments on a cost reimbursement basis.

The *Risk Management Fund* accounts for the purchase of insurance and related activities. All costs incurred for such activities are charged to funds based upon property value and employee wages and are allocated on a cost reimbursement basis.

The *Equipment Reserve Fund* accounts for a revolving loan fund that provides low interest loans to departments to purchase equipment. The loans are designed on a cost reimbursement basis.

The *Health Insurance Fund* accounts for insurance claims against the City and the administration of the self-insured plan. All paid claims and administration costs are charged to departments as premiums based on employee coverage. Premiums are designed on a cost reimbursement basis.

The modified accrual basis of accounting as employed by the governmental funds and the full accrual basis of accounting as employed by the proprietary and fiduciary funds have numerous timing and treatment differences. Differences that include the recording of long-term liabilities, the recording of capital asset purchases and disposals, and the timing of recognized revenues. Reconciliations are provided for governmental funds to reconcile fund balance to net assets and to reconcile the changes in fund balance to the changes in net assets.

D. Assets, Liabilities, and Fund Equity

Cash, Cash Equivalents and Investments

The City maintains a cash pool in order to maximize interest returns. Accounting records are maintained to show the portion of the pooled account attributable to each participating fund. Fund cash deficits are treated as interfund loans.

The City considers petty cash, bank deposits, certificates of deposit, and investments in open-end mutual funds to be cash or cash equivalents. Short-term investments with original maturities of three months or less are also considered cash equivalents.

The City is authorized by statute to invest in 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 City Council; the Iowa Public Agency Investment Trust (IPAIT), prime eligible bankers acceptances; certain highly rated commercial paper or other short-term corporate debt; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments for the City are reported at their fair value based on market prices as of June 30. The fair value of the position in SEC registered mutual funds and in State of Iowa regulated Iowa Public Agency Investment Trust is the same as the value of the pool shares.

Investment income includes interest income and the net increase (decrease) in the fair value of investments that includes realized and unrealized gains and losses on investments.

Interfund Balances

Transactions between funds that are representative of long-term lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds" to indicate the non-current nature of the interfund loans. All other outstanding balances between funds are expected to be repaid within one year and reported as "due to/from other funds."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

Interfund balances are eliminated at the government-wide level. Those that are between governmental and business-type activities are shown as internal balances and eliminated from the totals column. Those that are between funds that are within the same activity are eliminated altogether.

Property Taxes Receivable

Property taxes are recognized as a receivable at the time an enforceable legal claim is established. This is determined to occur when the budget is certified. No property tax levy date is established by the State of Iowa,

however, the current tax levy, which is due and collectable during the year ending June 30, 2005 was certified on March 15, 2004 by the local taxing authority, Polk County, based on January 1, 2003 valuations establishing a lien date of March 15, 2004. Property taxes are due in two installments with the first half becoming delinquent after September 30 and the second half after March 31 of the following year. Property taxes are recognized as revenue at year-end if they are measurable and are available to pay current liabilities.

Property taxes certified on March 15, 2005 for the fiscal year beginning on July 1, 2005 are recognized as a receivable as of June 30, 2005 but are shown as deferred revenue, because these taxes are not permitted for use until July 1, 2005.

Restricted Assets

Certain proceeds of the City's sewer fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets. These assets are restricted due to revenue bond covenants requiring that monies be set aside and used solely for the protection and repayment of the revenue bond holders.

The City also has restricted assets relating to customer deposits.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

Capital Assets

Capital assets used in governmental and business-type activities of the City are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value at the date of donation.

The City capitalizes new public domain (infrastructure) capital assets (e.g., roads, bridges, sidewalks, street lights, etc.) used in governmental activities beginning with the year ending June 30, 2003. Retroactive reporting of infrastructure capital assets used in governmental activities is not reported but is required to be presented by June 30, 2007. All infrastructure assets for business-type activities that meet the capitalization threshold are reported.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

All assets capitalized by the City must have useful life of two years or more and have a cost that exceeds the following minimum thresholds:

Assets	Threshold
Infrastructure	$ 50,000
Other improvements	25,000
Buildings	25,000
Machinery and equipment	5,000
Furniture and fixtures	5,000
Land	0

Depreciable capital assets are depreciated using the straight-line method of depreciation with half-year convention over the following estimated useful lives:

Assets	Years
Infrastructure	30-60
Other improvements	10-40
Buildings	30
Machinery and equipment	3-10
Furniture and fixtures	10-20

Capital assets are reported at the fund level for proprietary funds but not for governmental funds.

The City's collection of works of art, library books, and similar assets are not capitalized. These collections are unencumbered, held for exhibition and education, protected, cared for and preserved, and subject to City policy that requires proceeds from the sale of these items to be used to acquire other collection items.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is payable to employees upon termination or retirement while sick pay is payable only upon termination to American Federation of State, County, and Municipal Employees and to Ankeny Police Department Employees Union. A liability has been recorded for all earned but unused vacation benefits, and for those earned but unused sick leave benefits that vest in the governmental and business-type activities at the government-wide level.

Accrued vacation and sick leave benefits are reported as a liability in the proprietary funds using the same basis as the activities at the government-wide level. In governmental funds, however, these accrued benefits are not considered due and are not reported as a fund liability.

Long-term Obligations

In the government-wide financial statements the City reports long-term debt of governmental and business-type activities at face value net of the applicable premiums or discounts. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using a method that approximates the effective interest method. Issuance costs are treated as deferred charges and are reported as unamortized bond issuance costs. The same treatment is applied to proprietary fund types in the fund financial statements.

For governmental funds, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face value of bonds issued is reported as an other financing source as is the applicable premium or discount. Issuance costs are reported as an expenditure. Long-term debt and associated accrued interest are reported in governmental funds at maturity.

Fund Equity and Net Assets

Reservations of fund balance represent amounts that are not appropriable or are legally separated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as the date of the basic financial statements as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*, the City presents budgetary comparison schedules as required supplementary information based on the program structure of nine functional areas as required by state statute for its legally adopted budget.

III. DEPOSITS AND INVESTMENTS

As of June 30, 2005, the City had investments in debt securities with the following original maturities:

	Original Maturity			
Investment Type	Within 6 Months	6 Months to 1 Year	1 Year to 3 Years	Totals
U.S. Treasuries	$ 249,885			$ 249,885
U.S. Instrumentalities	1,003,778	498,250	10,757,276	12,259,304
Open-end mutual funds	6,804,853			6,804,853
IPAIT mutual funds	4,365,309			4,365,309
Commercial paper	1,999,447			1,999,447
Corporate bonds		1,000,000		1,000,000
	$ 14,423,272	$ 1,498,250	$ 10,757,276	$ 26,678,798

The City held certificates of deposit totaling $16,918,541 at June 30, 2005. Of this total $16,057,000 had original maturities of 6 months to 1 year and $861,541 had original maturities of 1 year to 3 years.

Risk Exposure

The City manages its exposure to *interest rate risk* through its investment policy by limiting the maturities of investments of operating funds to 397 days and the investment of commercial paper and short-term corporate debt to 270 days. Reserve funds may be invested for greater than 397 days.

The City manages its exposure to *concentration risk* by limiting its purchase of commercial paper and other short-term corporate debt to no more than 10% of its investment portfolio and to no more than 5% in the securities of a single issuer.

The City's investment policy also expressly calls for the diversification of the City's portfolio from a concentration in a specific maturity, a specific issuer, or a specific class of securities as a means of avoiding *interest rate risk* and *concentration risk*.

The individual issuer or institution in which the City had its highest concentration of investments was in debt obligations of the Federal Home

Loan Bank. These investments were rated Aaa by Moody's Investors Service and totaled $9,048,615 or 18.04% of the City's cash and investments.

The City manages its exposure to *credit risk* by limiting its purchase of commercial paper and other short-term corporate debt to securities rated in the two highest classifications as established by one of the standard rating services approved by the State of Iowa superintendent of banking. Ratings are evaluated at time of purchase. Corporate bonds of $1,000,000 held by the City were rated A3 by Moody's Investors Service. Commercial paper of $1,999,447 held by the City was rated P1 by Moody's Investors Service.

All of the $12,259,304 in obligations of U.S. instrumentalities held by the City on June 30, 2005 were rated Aaa by Moody's Investors Service. The City also had investments of $4,365,309 in IPAIT mutual funds, which were not rated by any of the standard rating services, however, the mutual funds' investments were limited to obligations of the U.S. Treasury and of U.S. agencies and instrumentalities that were rated Aaa. The City had investments in other open-end mutual funds that totaled $6,804,853 at year-end and were rated Aaa by Moody's Investors Service.

Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2005, the carrying amount of the City's cash deposits, which include certificates of deposit, totaled $23,485,676 with bank balances of $23,766,697. The bank balances are covered entirely 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 ensure there will be no loss of public funds.

As of December 31, 2004, the carrying amount of the Arts Council's (a discretely presented component unit) cash deposits totals $45,297 with bank balances of $46,804. The bank balances are covered entirely by federal depository insurance.

Custodial credit risk, in the case of investments, is the risk that in the event of the failure of the counterparty the City will not be able to recover the value of its investments. All securities of the U.S. Treasury and of U.S. Instrumentalities purchased by the City are insured, registered, and held by the City's agent in the City's name and are not subject to custodial credit risk. The City's investments in commercial paper and corporate bonds are subject to custodial credit risk, because they are uninsured, unregistered, and held by the City's agent in the City's name. The City's investments subject to custodial credit risk total $2,999,447.

IV. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005, is as follows:

	Balance June 30, 2004	Increases	Decreases	Balance June 30, 2005
Governmental activities:				
Undepreciated:				
Land	$ 3,112,471	$ 1,232,048	$ 0	$ 4,344,519
Construction in progress	10,567,469	11,530,010	769,593	21,327,886
Total, undepreciated	13,679,940	12,762,058	769,593	25,672,405
Depreciated:				
Other improvements	7,092,338	769,593	0	7,861,931
Infrastructure	9,472,803	5,647,173	0	15,119,976
Buildings	12,388,702	0	0	12,388,702
Machinery and equipment	8,287,860	790,554	737,652	8,340,762
Furniture and fixtures	1,219,949	0	0	1,219,949
Total, depreciated	38,461,652	7,207,320	737,652	44,931,320
Accumulated depreciation:				
Other improvements	1,761,216	409,187	0	2,170,403
Infrastructure	185,033	253,677	0	438,710
Buildings	3,872,458	411,369	0	4,283,827
Machinery and equipment	5,609,186	749,325	734,868	5,623,643
Furniture and fixtures	1,078,211	59,150	0	1,137,361
Total accumulated depreciation	12,506,104	1,882,708	734,868	13,653,944
Governmental activities fixed assets, net	$ 39,635,488	$ 18,086,670	$ 772,377	$ 56,949,781

	Balance June 30, 2004	Increases	Decreases	Balance June 30, 2005
Business-type activities:				
Undepreciated:				
Land	$ 1,100,894	$ 0	$ 0	$ 1,100,894
Construction in progress	1,648,876	1,377,961	0	3,026,837
Total, undepreciated	2,749,770	1,377,961	0	4,127,731
Depreciated:				
Other improvements	562,639	0	0	562,639
Infrastructure	76,572,156	4,763,813	0	81,335,969
Buildings	1,134,102	0	0	1,134,102
Machinery and equipment	1,395,653	67,836	63,994	1,399,495
Furniture and fixtures	36,016	0	0	36,016
Total, depreciated	79,700,566	4,831,649	63,994	84,468,221
Accumulated depreciation:				
Other improvements	242,461	29,429	0	271,890
Infrastructure	17,702,528	1,584,227	0	19,286,755
Buildings	692,456	26,199	0	718,655
Machinery and equipment	873,835	128,530	62,558	939,807
Furniture and fixtures	36,016	0	0	36,016
Total accumulated depreciation	19,547,296	1,768,385	62,558	21,253,123
Business-type activities fixed assets, net	$ 62,903,040	$ 4,441,225	$ 1,436	$ 67,342,829

Depreciation expense was charged to the activities of the primary government as follows:

Governmental activities:	
Public safety	$ 371,025
Health and social services	7,067
Culture and recreation	755,744
Public works	572,511
Community and economic development	5,025
General government	171,336
Total depreciation expense - governmental activities	$ 1,882,708
Business-type activities:	
Water	$ 535,540
Sewer	1,116,661
Otter Creek Golf Course	116,184
Total depreciation expense - business-type activities	$ 1,768,385

V. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Nonmajor:	
	Internal service	$ 94,015
	Special revenue	13,925
Capital projects	General	2,500,000
	Enterprise:	
	Water	745,258
	Sewer	255,173
Nonmajor, special revenue	Police/Fire pension	25,000
Sewer	Capital Projects	863,568
Water	Capital Projects	476,616
	Nonmajor, internal service	118,083
Nonmajor, internal service	General fund	225,688
	Special revenue, road use tax	211,312
	Enterprise:	
	Water	30,675
	Otter creek golf course	32,867
		$ 5,592,180

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
Nonmajor, internal service	General fund	$ 445,611
	Special revenue, road use tax	468,674
	Enterprise:	
	Water	48,949
	Otter creek golf course	63,594
		$ 1,026,828

Interfund balances result from financing activities for the acquisition of capital equipment and improvements. The internal service fund, Equipment Reserve fund, loans money to other funds for the acquisition

of capital equipment; the resulting loan is reported as an interfund receivable/payable. The capital projects fund accounts for the capital construction and related financing for many water and sewer projects, which are funded through debt financing. The timing differences between the debt issuance and the capital construction create an interfund balance between the Capital Projects fund and the enterprise fund involved.

Interfund transfers for the year ended June 30, 2005 were as follows:

	Transfers In								
	General Fund	Debt Service Fund	Capital Project Funds	Nonmajor Governmental Funds	Water Fund	Sewer Fund	Storm Water Fund	Nonmajor Internal Service Funds	Total
Transfers out:									
General	$ 0	$ 0	$ 0	$ 708,678	$ 0	$ 0	$ 0	$ 0	$ 708,678
Tax increment financing	0	2,366,263	1,664,000	0	0	0	0	0	4,030,263
Water	175,000	0	0	0	0	0	0	0	175,000
Sewer	175,000	0	0	0	0	0	0	0	175,000
Nonmajor:									
Special revenue funds	128,249	0	447	15,000	0	0	5,000	0	148,696
Capital project funds	0	0	0	0	153,587	126,000	0	0	279,587
Internal service funds	0	0	0	0	0	0	0	150,000	150,000
	$ 478,249	$ 2,366,263	$ 1,664,447	$ 723,678	$ 153,587	$ 126,000	$ 5,000	$ 150,000	$ 5,667,224

Transfers are used to move resources from the fund that will be providing the resources to the fund in which certain expenditures/expenses are being accounted for. Transfers are generally used to fund the cost of administration, debt service, or capital projects.

VI. DEFERRED REVENUE

Under both the accrual and the modified accrual methods of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset with a corresponding liability for deferred (unearned) revenue. The following funds had deferred (unearned) revenue at June 30, 2005:

General	Succeeding year taxes	$ 8,603,727
Debt service	Succeeding year taxes	3,855,499
Special revenue:		
Tax increment financing	Succeeding year taxes	3,764,763
	MTA lease agreement	303,360
Police/fire pension	Succeeding year taxes	305,820
Water	Unearned charges	33,880
		$16,867,049

Governmental funds also record deferred (unavailable) revenue for revenues that have been earned but are not available to liquidate current liabilities. The following funds had deferred (unavailable) revenues at June 30, 2005:

General:	Delinquent taxes	$ 35,123
	Accounts receivable	397,949
	Hotel/motel taxes	140,992
Debt service:	Delinquent taxes	17,582
Special revenue,		
Police/fire pension	Delinquent taxes	3,166
Tax increment financing	Delinquent taxes	27,295
Capital project,		
Capital projects	Intergovernmental receivable	713,603
Special assessments	Special assessments	128,970
		$ 1,464,680

VII. LONG-TERM DEBT

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of infrastructure, major capital facilities, and other major capital assets. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in proprietary funds if they are expected to be repaid from proprietary fund revenues.

General obligation bonds as of June 30, 2005 consist of the following individual issues:

Debt	Issue Date	Final Maturity	Amount Issued	Interest Rate Range Outstanding	Balance June 30, 2005
TIF capital loan notes	07/01/02	06/01/06	$ 1,290,000	4.35	$ 345,000
General corporate	07/02/03	06/01/09	4,335,000	2.00 - 2.30	4,050,000
General corporate	05/15/98	06/01/09	8,110,000	4.35	3,680,000
General corporate	06/01/98	06/01/09	2,900,000	4.25 - 4.45	1,310,000
General corporate	12/01/96	06/01/07	4,025,000	4.65 - 4.75	970,000
General corporate	05/15/00	06/01/11	5,270,000	5.25 - 5.375	3,450,000
General corporate	05/15/01	06/01/12	2,895,000	4.00 - 4.55	2,145,000
General corporate	05/15/02	06/01/13	3,885,000	3.15 - 4.25	3,225,000
General corporate	05/15/02	06/01/13	2,540,000	3.00 - 4.20	2,110,000
General corporate	05/01/03	06/01/14	9,000,000	2.30 - 3.70	8,200,000
General corporate	05/27/05	06/01/18	14,790,000	3.50 - 4.05	14,790,000
Bond anticipation notes	06/22/04	06/01/06	5,350,000	2.50	5,350,000
Bond anticipation notes	05/01/05	06/01/07	12,880,000	3.50	12,880,000
			$ 77,270,000		$ 62,505,000

Future debt service requirements for outstanding general obligation bonded indebtedness are as follows:

Year Ending June 30	General Obligation Principal	General Obligation Interest	Total
2006	$ 10,575,000	$ 2,265,187	$ 12,840,187
2007	18,780,000	1,937,169	20,717,169
2008	5,610,000	1,275,376	6,885,376
2009	5,820,000	1,075,301	6,895,301
2010	3,615,000	860,764	4,475,764
2011	3,755,000	719,129	4,474,129
2012	3,250,000	567,493	3,817,493
2013	3,010,000	439,480	3,449,480
2014	2,315,000	321,295	2,636,295
2015	1,350,000	231,770	1,581,770
2016	1,410,000	177,770	1,587,770
2017	1,475,000	121,370	1,596,370
2018	1,540,000	62,370	1,602,370
	$ 62,505,000	$ 10,054,474	$ 72,559,474

Sewer capital loan notes. The City issues capital loan notes to provide for the construction of sewer system infrastructure. These notes are reported in the sewer fund in the enterprise funds. Sewer capital loan notes as of June 30, 2005 consist of the following issues:

Debt	Issue Date	Final Maturity	Amount Issued	Interest Rate Range Outstanding	Balance June 30, 2005
Sewer capital loan note	12/01/91	05/01/12	$ 925,000	4.62	$ 422,000
Sewer capital loan note	05/02/94	05/01/15	1,785,000	4.37	1,079,000
Sewer capital loan note	04/01/97	05/01/17	4,344,000	3.92	4,144,000
			$ 7,054,000		$ 5,645,000

Future debt service requirements for the outstanding sewer capital loan notes are as follows:

Year ending June 30	Principal	Interest	Total
2006	$ 840,000	$ 229,094	$ 1,069,094
2007	747,000	195,406	942,406
2008	753,000	165,324	918,324
2009	660,000	134,976	794,976
2010	668,000	108,234	776,234
2011	676,000	81,134	757,134
2012	527,000	53,678	580,678
2013	369,000	32,024	401,024
2014	175,000	17,024	192,024
2015	180,000	9,601	189,601
2016	30,000	1,960	31,960
2017	20,000	784	20,784
	$ 5,645,000	$ 1,029,237	$ 6,674,237

The following provisions are included in the sewer capital loan note agreement:

Cash from the Sewer Fund shall be transferred monthly into the Sewer Sinking Fund to pay the interest on, and to redeem the principal amount of, the bonds at maturity. The monthly transfers must be equal to one-sixth of the interest due on the next payment date plus one-twelfth of the principal maturing on the next retirement date.

Cash from the Sewer Fund shall be transferred into the Sewer Reserve Fund to maintain a balance which is equal to the lesser of 1)the maximum amount of principal and interest coming due on the notes in any succeeding fiscal year, 2)10% of the stated principal amount of the notes and any parity obligations outstanding, or 3)125% of the average amount of principal and interest coming due on the notes and any parity obligations in any succeeding fiscal year.

The amount restricted in the Sewer Fund as of June 30, 2005 relating to these provisions is $883,582.

Water capital loan notes. The City issues water capital loan notes to provide for the construction of water system infrastructure. These notes are reported in the water fund in the enterprise funds. Water capital loan notes as of June 30, 2005 consist of the following issue:

Debt	Issue Date	Final Maturity	Amount Issued	Interest Rate Range Outstanding	Balance June 30, 2005
Water capital loan note	10/22/01	06/01/21	$ 908,000	3.00	$ 766,000

Future debt service requirements for the outstanding water capital loan notes are as follows:

Year ending June 30	Principal	Interest	Total
2006	$ 38,000	$ 22,980	$ 60,980
2007	39,000	21,840	60,840
2008	40,000	20,670	60,670
2009	42,000	19,470	61,470
2010	43,000	18,210	61,210
2011	44,000	16,920	60,920
2012	45,000	15,600	60,600
2013	47,000	14,250	61,250
2014	48,000	12,840	60,840
2015	50,000	11,400	61,400
2016 - 21	330,000	35,460	365,460
	$ 766,000	$ 209,640	$ 975,640

The following provisions are included in the water capital loan note agreement:

Cash from the Water Fund shall be transferred monthly into the Water Sinking Fund to pay the interest on, and to redeem the principal amount of, the bonds at maturity. The monthly transfers must be equal to one-sixth of the interest due on the next payment date plus one-twelfth of the principal maturing on the next retirement date.

Cash from the Water Fund shall be transferred into the Water Reserve Fund to maintain a balance which is equal to the lesser of 1)the maximum amount of principal and interest coming due on the notes in any succeeding fiscal year, 2)10% of the stated principal amount of the notes and any parity obligations outstanding, or 3)125% of the average amount of principal and interest coming due on the notes and any parity obligations in any succeeding fiscal year.

The amount restricted in the Water Fund as of June 30, 2005 relating to these provisions is $66,552.

Changes in Long-term Debt. The following is a summary of the changes in the long-term debt of the City for the year ended June 30, 2005.

	June 30, 2004	Additions	Retirements	June 30, 2005	Due Within One Year
Governmental activities:					
General obligation bonds	$ 51,634,472	$ 26,452,303	$ 18,637,486	$ 59,449,289	$ 9,982,420
TIF capital loan notes	675,000	0	330,000	345,000	345,000
Compensated absences	318,451	265,421	257,883	325,989	259,563
Total governmental activities	52,627,923	26,717,724	19,225,369	60,120,278	10,586,983
Business-type activities:					
General obligation bonds	1,730,528	1,217,697	237,514	2,710,711	247,580
Sewer revenue bonds	615,000	0	615,000	0	0
Capital loan notes	6,632,000	0	221,000	6,411,000	878,000
Compensated absences	90,398	43,539	44,641	89,296	39,596
Total business-type activities	9,067,926	1,261,236	1,118,155	9,211,007	1,165,176
Total long-term debt	$ 61,695,849	$ 27,978,960	$ 20,343,524	$ 69,331,285	$ 11,752,159

Bonds and capital loan notes payable are presented on the Statement of Net Assets net of unamortized premiums and discounts as follows:

	Governmental Activities	Business-type Activities
Discounts:		
Current	$ 3,172	$ 548
Noncurrent	12,476	7,710
Total	$ 15,648	$ 8,258
Premiums:		
Current	$ 26,441	$ 293
Noncurrent	44,602	2,939
Total	$ 71,043	$ 3,232

Compensated absences attributable to governmental activities are generally liquidated by the General fund and the Road Use Tax fund.

VIII. DEFICIT FUND EQUITY

The following funds have a deficit fund balance or net assets as of June 30, 2005:

Business-type activities:	
Solid waste fund	($ 1,622)
Major governmental funds:	
Road use tax fund	($ 26,937)
Nonmajor governmental funds:	
Economic development fund	($ 2,642)

IX. RETIREMENT SYSTEMS

Iowa Public Employees Retirement System (IPERS)

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 that 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. This report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll, except covered firefighters who contribute 6.16% and the City contributes 9.23%. Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2005, 2004, and 2003 were $357,049, $306,091, and $276,345, respectively, equal to the required contributions for each year.

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

The City contributes to the Municipal Fire and Police Retirement System of Iowa (MFPRSI) which is a cost-sharing, multiple-employer defined benefit plan administered by a Board of Trustees. MFPRSI provides retirement, disability and death benefits that are established by State statute to plan members and beneficiaries. MFPRSI issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to MFPRSI, 2836 104th Street, Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of their earnable compensation and the City's contribution rate is 24.92% of earnable compensation. Contribution requirements are established by State statute. The City's contributions to MFPRSI for the years ended June 30, 2005, 2004, and 2003 were $503,632, $381,385, and $290,071, respectively, which met the required minimum contributions for each year.

X. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, death, or unforeseeable emergency. The plan has been amended to comply with IRC Section 457(g) that allowed for the plan to

hold its assets in trust. Under these new requirements, the City no longer owns the amount deferred by employees and, therefore, the liability and corresponding assets are not reflected in the financial statements.

XI. RISK MANAGEMENT

The City is a member of the Iowa Communities Assurance Pool (ICAP), as allowed by Chapter 670.7 of the Code of Iowa. ICAP is a local government risk-sharing pool whose over 500 members include various government entities throughout the State of Iowa. ICAP was formed in 1986 for the purpose of managing and funding third-party liability claims against its members. ICAP 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 ICAP fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, ICAP's general and administrative expenses, claims, claims expenses, and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over ICAP.

ICAP also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, ICAP'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 sufficient, 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 ICAP for the year ended June 30, 2005 were $214,150.

ICAP uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. ICAP retains general, automobile, police professional, and public officials' liability risks up to $250,000 per claim. Claims exceeding $250,000 are reinsured in an amount not to exceed $1,750,000 per claim and $5,000,000 in aggregate per year. For members requiring specific coverage from $2,000,000 to $10,000,000,

such excess coverage is also reinsured. Property and automobile physical damage risks are retained by ICAP up to $100,000 per occurrence, each location, with excess coverage reinsured on an individual member basis.

ICAP'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 exhaust total member's 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, 2005, settled claims have not exceeded the risk pool or reinsurance coverage since ICAP's inception.
Members agree to continue membership in ICAP for a period of not less than one full year. After such period, a member who has given 60 days prior notice may withdraw from ICAP. 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 commercial insurance purchased from other insurers for coverage associated with workers compensation. The City assumes the 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. The City also assumes all risks related to the injury of police officers and full-time fire fighters in the line of duty. The City's risk management activities are accounted for in the internal service fund, Risk Management Fund, which provides for the purchase of insurance.

Health Insurance

The City operates a health insurance pool for the benefit of its employees that is self-funded through contributions in the form of employee premiums. The City is liable as to medical and dental claims made by the participants in the plan. The pool is self insured with an annual stop loss limit of $50,000 per person and an aggregate stop loss limit of $1,378,225. Coverage from a private insurance company is maintained for losses in excess of both the individual and the aggregate stop loss amounts. The City maintains $1,000,000 of aggregate excess claim coverage. The City did not have an outstanding aggregate stop loss claim

as of June 30, 2005, but did have an outstanding individual stop-loss claim of $3,446. An independent claims administrator performs the handling of all claims and procedures. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims payable includes all known claims and an amount for claims that have been incurred but not reported (IBNR). Changes in the balances of claims payable are as follows:

	2005	2004
Claims payable, beginning of year	$ 178,569	$ 139,348
Incurred claims (including IBNR)	1,242,726	1,324,327
Claims payments	(1,263,379)	(1,285,106)
Claims payable, end of year	$ 157,916	$ 178,569

The City's health insurance activities are accounted for in the internal service fund, Health Insurance Fund.

XII. JOINTLY GOVERNED ORGANIZATIONS

The City participates in the Polk County Aviation Authority that operates the Ankeny Regional Airport. The City, along with Polk County, Altoona, and Bondurant, form the Authority. The City appoints two board members of the seven-member board. In addition, the City levies a property tax of $.14821 per thousand dollars of taxable valuation for the Authority. The City paid $169,985 to the Authority in fiscal year 2005.

The City also participates in the Metro Waste Authority (MWA). The MWA is responsible for the management of the metro landfill, transfer station, compost center, and recycling center and operates the Curb It! recycling program. The MWA has 17 members, including Ankeny, with each appointing one representative. The City paid fees totaling $269,093 in fiscal year 2005.

The City is also a member of the Des Moines Metro Area Planning Organization (MPO) that is responsible for transportation planning and federal grants allocation within the area. There are 18 member governments that appoint 25 voting representatives. The City appoints two members. The City paid $16,270 in membership dues for fiscal year 2005.

The City is also a full member of the Des Moines Metropolitan Transit Authority (MTA). The City joins five other cities that belong to the organization. The City paid the MTA $60,929 for transit services in fiscal year 2005. In addition, the City received $316,000 in fiscal year 2004 from the MTA for prepayment of a 25-year lease for a Park-and-Ride lot

that starts on July 1, 2004. The balance remaining on the lease is $303,360 as of June 30, 2005.

The City is also a member of the Des Moines Metropolitan Wastewater Reclamation Authority (WRA), which is a separate entity created by agreement in accordance with Chapter 28E of the Code of Iowa. The purpose of the organization is for the planning, construction, operation, and management of sewer related facilities. The WRA has 14 member governments with a governing board of 19 representatives of which the City appoints 2 representatives. The City paid membership and participation fees during fiscal year 2005 of $979,589.

XIII. OPERATING LEASE

The City leases office space known as the Public Services Building under a non-cancelable operating lease. The first term of the lease is for ten years. The following is a schedule of the future minimum lease payments required under the operating lease:

Due July 31,	Amount
2006	$ 98,880
2007	98,880
2008	98,880
2009	98,880
2010	98,880
2011	57,680
Total minimum payments	$ 552,080

The City is also responsible for payments to the lessor for casualty insurance and property taxes and is responsible for expenses related to general maintenance, repairs, and utilities.

The City has a ten-year agreement with the Des Moines Waterworks (DMWW) for the operation of the Aquifer Storage and Recovery Facility (ASRF). The ASRF was constructed and is operated by the DMWW but is owned by the City. The City reimburses DMWW for operating expenses and also makes a monthly capital contribution of $5,210. The total capital contribution over the life of the lease shall be $480,000 plus 5.5% interest on unpaid portions. The City may make early payments of its capital contribution or may terminate the lease to reduce its total capital contribution, but not after the eighth year of the lease. The lease extends from August 1, 1999 to August 1, 2008.

The City has a long-term lease agreement with the Des Moines Waterworks (DMWW) for the production and supply of drinking water. Under the terms of the agreement, the City agrees to pay DMWW for the cost of the debt that was issued to build the infrastructure and facilities

necessary to make the water available to the City. The remaining reimbursement is scheduled until December 1, 2006 and with payments scheduled as follows:

Fiscal Year	Amount
2006	$ 301,754
2007	301,571
Total payments	$ 603,325

The City has entered into a lease agreement with Yamaha Motor Corporation for the use of 70 golf cars for a period of 43 months beginning March 1, 2005 and ending November 1, 2008. Four annual payments of $41,756 are due on July 1 each year ending in 2008. At June 30, the remaining lease payments amounted to $167,024.

The City has entered into a lease agreement for the use of a facility known as the Public Works Facility that was constructed on land owned by the City. The lease term is for a twenty year period commencing in fiscal year 2005 and ending in fiscal year 2024. The annual lease payments amount to $322,131 with the cumulative lease payments totaling $6,442,616. The lease is cancelable if the City fails to appropriate funds for the lease payments; a 30 day notice prior to the end of the last fiscal year in which funds have been appropriated is required. The City is responsible for the maintenance, repairs, and utilities of the facility while the lease is in effect. The following is a schedule of the expected remaining lease payments under the agreement:

Fiscal Year	Amount
2006	$ 322,131
2007	322,131
2008	322,131
2009	322,131
2010	322,131
2011 - 2024	4,509,831
Total remaining lease payments	$ 6,120,485

XIV. CONDUIT DEBT OBLIGATIONS

The City has previously assisted in issuing industrial revenue bonds for the purposes of constructing privately owned industrial, health care, and airport facilities within the City. The bonds are not direct or contingent liabilities of the City, as the revenue from lease agreements and property purchased with the bond proceeds are pledged for the total payment of principal and interest on the bonds and the bondholders can look only to these sources for repayment.

The following summarizes the outstanding issues in which the City assisted at June 30, 2005:

Company	Type	Issue Year	Amount Issued	Amount Outstanding	Final Maturity
Iowelder Supply Company	Industrial development	1985	$ 350,000	$ 8,718	2005
On With Life, Inc.	Health care facility	2005	$ 3,440,000	$ 3,440,000	2020

On July 23, 2004 the City assisted On With Life, Inc. in the issuance of $3,440,000 in health care facility bonds. The issue's final maturity is in August 2020.

XV. COMMITMENTS AND CONTINGENCIES

The City has outstanding commitments for purchase orders that have been issued to various vendors. For budgetary purposes, these commitments are considered encumbrances. The City's encumbrances at June 30, 2005 totaled $1,136,073.

The City has outstanding commitments for construction projects including a citywide traffic signal interconnect system, water main replacement, park and recreation improvements, and other miscellaneous construction and engineering. The City's commitment to these contracts at June 30, 2005 is $16,246,914.

The City is a defendant in several claims and lawsuits. In the opinion of the City Attorney and management, the resolution of these matters will not have a material effect on the financial statements of the City.

XVI. SUBSEQUENT EVENTS

On September 20, 2005, the City completed the purchase and sale of a tract of land of more than 1,000 acres. The land was purchased from the Iowa State University and immediately sold to a local developer for environmental clean-up and development. The purchase and sale price of the land was $21,131,629.

On November 17, 2005, the City issued $4,025,000 in water revenue bonds. The revenue bonds are due in maturities ranging from $135,000 to $295,000 with interest rates ranging from 4.00% to 4.625% beginning June 1, 2006 through June 1, 2025.

XVII. NEW PRONOUNCEMENTS

The City adopted Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*, during the year ended June 30, 2005. This statement establishes and modifies

disclosure requirements related to investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. This Statement also establishes and modifies disclosure requirements for deposit risks.

As of June 30, 2005, the Governmental Accounting Standards Board had issued the following statements not yet implemented by the City. The Statements, which might impact the City, are as follows:

Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, issued November 2003, will be effective for the City beginning with its year ending June 30, 2006. This Statement requires governments to report the effects of capital asset impairment in their financial statements when it occurs and requires all governments to account for insurance recoveries in the same manner.

Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* issued April 2004, will be effective for the City beginning with its year ending June 30, 2008. The Statement establishes uniform financial reporting standards for other postemployment benefit plans (OPEB) and supercedes existing guidance.

Statement No. 44, *Economic Condition Reporting: The Statistical Section,* issued in May 2004, will be effective for the City beginning with its year ending June 30, 2006. The Statement improves the understandability and usefulness of the statistical section information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model required by Statement No. 34 and related statements.

Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* issued June 2004, will be effective for the City beginning with its year ending June 30, 2009. The Statement requires governments to report any liability associated with providing employees benefits other than pensions subsequent to their employment with the City that have not been fully funded.

The City's management has not yet determined the effect these Statements will have on the City's financial statements.

Required Supplementary Information

City of Ankeny, Iowa

Required Supplementary Information
Budgetary Comparison Schedule (Cash Basis) - All Governmental and Proprietary Funds
For the Year Ended June 30, 2005

	Governmental Fund Types Actual	Proprietary Fund Types Actual	Total All Budgeted Funds Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive (Negative)
Revenues and other financing sources:						
Revenues:						
Property taxes	$ 15,145,089	$ 0	$ 15,145,089	$15,172,933	$15,249,020	$ (103,931)
Other taxes and assessments	2,655,371	0	2,655,371	1,092,287	1,398,157	1,257,214
Licenses and permits	1,155,777	1,500	1,157,277	883,800	980,650	176,627
Intergovernmental revenue	4,384,235	0	4,384,235	3,390,091	5,311,608	(927,373)
Charges for services	1,041,832	9,045,183	10,087,015	10,808,429	9,736,978	350,037
Use of money and property	823,027	120,973	944,000	707,400	769,710	174,290
Miscellaneous	598,030	33,855	631,885	486,026	506,495	125,390
Total revenues	25,803,361	9,201,511	35,004,872	32,540,966	33,952,618	1,052,254
Other financing sources:						
Bond proceeds	27,732,960	0	27,732,960	26,300,000	31,067,500	(3,334,540)
Transfers from other funds	8,086,892	1,017,172	9,104,064	4,174,455	7,640,416	1,463,648
Total other financing sources	35,819,852	1,017,172	36,837,024	30,474,455	38,707,916	(1,870,892)
Total revenues and other financing sources	61,623,213	10,218,683	71,841,896	63,015,421	72,660,534	(818,638)
Expenditures and other financing uses:						
Expenditures:						
Public safety	6,583,973	0	6,583,973	6,430,731	6,813,275	229,302
Public works	3,069,108	0	3,069,108	3,235,829	3,312,843	243,735
Health and social services	87,619	0	87,619	88,965	100,579	12,960
Culture and recreation	3,134,076	0	3,134,076	3,069,255	3,374,153	240,077
Community and economic development	1,469,783	0	1,469,783	1,227,266	1,523,110	53,327
General government	1,753,485	0	1,753,485	1,799,258	1,817,680	64,195
Debt service	6,307,471	0	6,307,471	6,627,980	6,630,402	322,931
Capital project	29,283,838	0	29,283,838	45,808,200	38,706,178	9,422,340
Business-type	0	8,713,089	8,713,089	9,339,376	9,574,542	861,453
Total expenditures	51,689,353	8,713,089	60,402,442	77,626,860	71,852,762	11,450,320
Other financing uses:						
Transfers to other funds	5,899,809	3,204,255	9,104,064	4,174,455	7,640,416	(1,463,648)
Total expenditures and other financing uses	57,589,162	11,917,344	69,506,506	81,801,315	79,493,178	9,986,672
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	4,034,051	(1,698,661)	2,335,390	(18,785,894)	(6,832,644)	9,168,034
Beginning fund balance, July 1	35,415,415	10,561,758	45,977,173	43,195,259	45,975,931	1,242
Ending fund balance, June 30	$ 39,449,466	$ 8,863,097	$ 48,312,563	$24,409,365	$39,143,287	$ 9,169,276

The notes to the required supplementary information are an integral part of this schedule.

City of Ankeny, Iowa

Explanation of Differences Between Budgetary Basis and GAAP Basis Revenues and Expenditures for the Governmental Funds For the Year Ended June 30, 2005

Revenues and other financing sources:	
Actual amount of "total revenues and other financing sources" on a budgetary basis from the budgetary comparison schedule - program budget	$ 61,623,213
On a budgetary basis, the City does not record revenues until the cash has been received. This differs from GAAP, which records revenues as they are earned and available.	348,756
Investments are recorded at their market value on a GAAP basis while on a budget basis, investments are recorded at their net cost including accrued interest	15,433
The Arts Council is included as a governmental fund on a budget basis but is reported as an agency fund on a GAAP basis.	(1,227)
On a budgetary basis, capital projects for water and sewer construction are recorded in the Capital Projects fund. On a GAAP basis, this activity is recorded in the related enterprise fund as assets. Related bond proceeds are recorded as enterprise fund debt and an interfund liability. Fund transfers between the Capital Projects fund and the enterprise funds are eliminated.	(4,148,186)
Transfers from enterprise funds to the Debt Service fund for bond principal and interest payments are reported as transfers on a budgetary basis. These transfers are eliminated and the debt payments are recorded directly in the enterprise fund on a GAAP basis.	(292,855)
Total GAAP basis revenues and other financing sources for the governmental funds	$ 57,545,134
Expenditures and other financing uses:	
Actual amount of "expenditures and other financing uses" on a budgetary basis from the budgetary comparison schedule - program budget	$ 57,589,162
On a budgetary basis, the City does not record expenditures until the cash has been paid. This differs from GAAP, which records expenditures as the liability is incurred.	(52,696)
Purchases related to loans from the Equipment Reserve fund are reported in that fund on a budgetary basis. On a GAAP basis, the borrowing fund records a liability and corresponding expenditure for the equipment purchase.	603,231
On a budgetary basis, bad accounts receivable debts are not recorded. On a GAAP basis, bad debts are recorded as an expenditure.	6,273
On a budgetary basis, capital projects for water and sewer construction are recorded in the Capital Projects fund. On a GAAP basis, this activity is recorded in the related enterprise fund as assets. Related bond proceeds are recorded as enterprise fund debt and an interfund liability. Fund transfers between the Capital Projects fund and the enterprise funds are eliminated.	(1,617,899)
Transfers from enterprise funds to the Debt Service fund for bond principal and interest payments are reported as transfers in on a budgetary basis. These transfers are eliminated and the debt payments are recorded directly in the enterprise fund on a GAAP basis	(297,215)
Repayments of loans to the Equipment Reserve fund are recorded as an expenditure on a budget basis. No expenditure is recorded for loan repayments on a GAAP basis.	(439,848)
Total GAAP basis expenditures and other financing uses for the governmental funds	$ 55,791,008

The notes to the required supplementary information are an integral part of this schedule.

City of Ankeny, Iowa

Explanation of Differences Between Budgetary Basis and GAAP Basis Revenues and Expenses for the Proprietary Funds For the Year Ended June 30, 2005

Revenues and other financing sources:	
Actual amount of "total revenues and other financing sources" on a budgetary basis from the budgetary comparison schedule - program budget	$ 10,218,683
On a budgetary basis, the City does not record revenues until the cash has been received. This differs from GAAP, which records revenues as they are earned and available.	307,712
Investments are not reported at market value on a budgetary basis. The change in market value is recorded on a GAAP basis.	1,517
On GAAP basis, transfers in from the Capital Projects fund are recorded as payments on interfund loans.	(732,585)
On a GAAP basis, revenues recorded in the Capital Projects fund for enterprise fund capital activity are reported in the enterprise funds.	467,091
Customer deposits are recorded as revenue on a budgetary basis. On a GAAP basis, these deposits are reported as a liability.	(3,615)
Total GAAP basis revenues, nonoperating revenues, and transfers in	$ 10,258,803
Expenditures and other financing uses:	
Actual amount of "expenditures and other financing uses" on a budgetary basis from the budgetary comparison schedule - program budget	$ 11,917,344
On a budgetary basis, the City does not record expenditures until the cash has been paid. This differs from GAAP, which records expenses as the liability is incurred.	(311,454)
Bond principal payments are recorded as an expenditure on a budgetary basis, but are not expensed on a GAAP basis.	(836,000)
On a budgetary basis, bad accounts receivable debts are not recorded. On a GAAP basis, bad debts are recorded as an expense.	790
Bond issuance costs are expended and bond discounts are not recorded on a budgetary basis. These costs and discounts are recorded and amortized under GAAP.	37,119
Depreciation and losses on fixed assets are reported on a GAAP basis but are not recorded on a budgetary basis	1,768,385
Purchases of capital assets is reported as an expense on a budget basis but is capitalized and depreciated on a GAAP basis	(18,536)
On a budgetary basis, capital projects for water and sewer construction are recorded in the Capital Projects fund. On a GAAP basis, this activity is recorded in the related enterprise fund as assets. Related bond proceeds are recorded as enterprise fund debt and an interfund liability. Fund transfers between the Capital Projects fund and the enterprise funds are eliminated.	(2,561,400)
Expenses paid by the Equipment Reserve fund on behalf of the enterprise funds and recorded as an interfund liability are recorded as an expense within the specific enterprise fund.	27,692
Transfers from enterprise funds to the Debt Service fund for bond principal and interest payments are reported as transfers in on a budgetary basis. These transfers are eliminated and the debt payments are recorded directly in the enterprise fund on a GAAP basis.	(237,514)
Repayments of loans to the Equipment Reserve fund are recorded as an expenditure on a budget basis. No expenditure is recorded for loan repayments on a GAAP basis.	(58,810)
Total GAAP basis expenses, nonoperating expenses, and transfers out	$ 9,727,616

The notes to the required supplementary information are an integral part of this schedule.

CITY OF ANKENY, IOWA
Notes to Required Supplementary Information
June 30, 2005

I. BUDGETARY INFORMATION

The City prepares, adopts and submits to the State of Iowa an annual budget on a program basis for all combined funds, except the internal service funds and the agency funds, as prescribed by Iowa statutes. The State of Iowa requires that annual budgets for the year beginning July 1 be certified to the County Auditor no later than March 15 preceding the beginning of the fiscal year. The adopted budget constitutes the City's appropriation for each program and purpose specified therein until amended.

After the initial budget is adopted, the budget may be amended for specific purposes. Budget amendments are required for budget transfers between funds as well as between programs. Management is not authorized to amend the budget without the approval of City Council. The City filed two budget amendments for the fiscal year ended June 30, 2005. The amendments decreased estimated expenditures by $5,774,098. The City's budget amendments were essentially a complete re-estimate of the original budget. The amendments accounted for many changes in estimates and did not represent just a few specific activities or outlays, however, the decreases to expenditures are primarily due to changes in the timing of capital improvements.

The City Council also approves a five-year capital improvement program. This capital improvement program is reviewed and revised annually by the City Council. A public hearing is held in regard to proposed capital improvements for the City. The first year of this plan is integrated into the City's accounting and reporting system along with the annual operating budget.

The State of Iowa allows the total cost of a construction project to be budgeted in one annual budget even if the project extends beyond that fiscal year. The remaining appropriation continues until the project is completed as long as (1) the total cost of the project is adopted after a public hearing as required by State code, (2) the cost must be included in an adopted or amended city budget, and (3) if the cost of a project exceeds the continuing appropriation, an additional appropriation must be included in a subsequent budget or amendment.

The legal level of control (the level at which expenditures may not legally exceed appropriations) is the program level for all funds combined rather

than at the individual fund level. The nine programs mandated by the State are: (1) Public Safety, (2) Health and Social Services, (3) Culture and Recreation, (4) Public Works, (5) Community and Economic Development, (6) General Government, (7) Debt Service, (8) Business-type, and (9) Capital Project. Since the City maintains its budgets at the individual fund level, it is necessary to aggregate the expenditures of the budgeted activities within the individual funds on a program basis and to compare such program totals with the program budgeted totals in order to demonstrate legal compliance with the budget. During the year ended June 30, 2005, expenditures did not exceed budgeted amounts in any of the nine programs. Budgetary compliance is demonstrated in the Required Supplementary Information.

Revenues are credited to the individual fund types while expenditures/expenses are classified according to program areas within the individual funds for budgetary control purposes. Expenditures are compared to budget appropriations according to the nine general program designations.

Unencumbered appropriations, other than amounts appropriated for capital projects, lapse at year-end. Appropriations for unfinished capital projects are carried forward indefinitely.

All general obligation bond payments, including those for which financial reporting purposes are accounted for through the enterprise funds, are budgeted through the debt service fund.

All funds are budgeted on a cash basis method of accounting. Expenditures are recognized when cash is disbursed and revenues are recognized when cash is received. This is an accounting method not in conformance with accounting principles generally accepted in the United States of America. Budgetary basis expenditures and revenues are reconciled to GAAP basis expenditures and revenues in the Required Supplementary Information.

Nonmajor Governmental Funds

Hotel/Motel Tax Fund – Accounts for the revenues from hotel/motel taxes and their subsequent disbursement.

Hawkeye Park Fund - Accounts for the revenues from the sale of concessions at the Hawkeye Park Sports Complex to be used for park improvements.

Police Gift Fund - Accounts for donations to be used specifically for the police department.

Police Seizure Fund - Accounts for monies obtained through property seizures and forfeitures and is to be used solely for police department activities.

Economic Development Fund – Accounts for the activities of the City's economic development department and the contributions and revenues obtained for that purpose.

Police/Fire Pension Fund - Accounts for taxes levied to fund the City's required matching contributions to the police and fire retirement system.

Library Gift Fund - Accounts for donations to be used specifically for the public library.

Park Dedication Fund - Accounts for monetary payments by developers for the construction and development of public parks.

Sports Complex Foundation Fund – Is a blended component unit, which accounts for contributions to the Foundation, the activities of the Foundation, and the disbursement of funds from the Foundation.

Recreation Events Fund - Accounts for sponsorship monies contributed for exclusive promotion and service rights that are to be used for recreation events and activities.

Band Shell Fund - Accounts for donations to be used for the construction of a band shell in a public park.

Keep Ankeny Beautiful Fund – Is a blended component unit, which accounts for funds contributed to Keep Ankeny Beautiful and the subsequent disbursement.

Special Assessments Fund - Accounts for the collection of assessments levied against properties to pay for improvements that affect those properties.

City of Ankeny, Iowa

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	Special Revenue							
	Hotel/Motel Tax	**Hawkeye Park**	**Police Gift**	**Police Seizure**	**Economic Development**	**Police/Fire Pension**	**Library Gift**	**Park Dedication**
Assets								
Cash and cash equivalents	$ 93,577	$ 5,737	$2,175	$203,876	$ 0	$ 10,217	$6,351	$ 241,792
Investments	0	0	0	0	0	747,855	0	0
Receivables:								
Interest	0	0	0	0	0	1,202	0	0
Taxes	0	0	0	0	0	310,435	0	0
Accounts	2,000	0	0	0	0	0	0	0
Special assessments	0	0	0	0	0	0	0	0
Intergovernmental	0	0	0	0	0	0	0	0
Due from other funds	0	0	0	0	0	0	0	25,000
Total assets	$ 95,577	$ 5,737	$2,175	$203,876	$ 0	$1,069,709	$6,351	$ 266,792
Liabilities and fund balances (deficits)								
Liabilities								
Accounts payable	$ 13,947	$ 0	$ 0	$ 9,310	$ 90	$ 2,960	$ 0	$ 0
Accrued wages	3,737	0	0	0	2,552	30,656	0	0
Due to other funds	0	0	0	0	0	25,000	0	0
Deferred revenue	0	0	0	0	0	308,986	0	0
Total liabilities	17,684	0	0	9,310	2,642	367,602	0	0
Fund balances (deficits)								
Unreserved, reported in:								
Special revenue funds	77,893	5,737	2,175	194,566	(2,642)	702,107	6,351	266,792
Capital projects fund	0	0	0	0	0	0	0	0
Total fund balances (deficits)	77,893	5,737	2,175	194,566	(2,642)	702,107	6,351	266,792
Total liabilities and fund balances (deficits)	$ 95,577	$ 5,737	$2,175	$203,876	$ 0	$1,069,709	$6,351	$ 266,792

Sports Complex Foundation	Recreation Events	Band Shell	Keep Ankeny Beautiful	Capital Project Special Assessments	Total Nonmajor Governmental Funds
$ 74,127	$ 4,480	$ 4,112	$ 19,070	$ 1,898,307	$ 2,563,821
0	0	0	0	0	747,855
0	0	0	0	0	1,202
0	0	0	0	0	310,435
0	12	0	0	0	2,012
0	0	0	0	128,970	128,970
0	0	0	0	0	0
0	0	0	0	0	25,000
$ 74,127	$ 4,492	$ 4,112	$ 19,070	$ 2,027,277	$ 3,779,295
$ 0	$ 0	$ 0	$ 60	$ 0	$ 26,367
0	0	0	0	0	36,945
0	0	0	0	0	25,000
0	0	0	0	128,970	437,956
0	0	0	60	128,970	526,268
74,127	4,492	4,112	19,010	0	1,354,720
0	0	0	0	1,898,307	1,898,307
74,127	4,492	4,112	19,010	1,898,307	3,253,027
$ 74,127	$ 4,492	$ 4,112	$ 19,070	$ 2,027,277	$ 3,779,295

City of Ankeny, Iowa

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

	Special Revenue							
	Hotel/Motel Tax	Hawkeye Park	Police Gift	Police Seizure	Economic Development	Police/Fire Pension	Library Gift	Park Dedication
Revenues:								
Property taxes	$ 0	$ 0	$ 0	$ 0	$ 0	$ 279,328	$ 0	$ 0
Other taxes and assessments	0	0	0	0	0	6,973	0	0
Intergovernmental	0	0	0	10,674	0	0	0	0
Charges for services	0	2,550	0	0	0	0	0	0
Use of money and property	0	190	21	4,702	0	13,013	95	4,959
Miscellaneous	2,000	0	2,375	3,243	0	0	3,611	22,865
Total revenues	2,000	2,740	2,396	18,619	0	299,314	3,706	27,824
Expenditures:								
Current operating:								
Public safety	0	0	324	98,122	0	522,612	0	0
Culture and recreation	320,146	12,572	0	0	0	0	2,981	0
Community and economic development	0	0	0	0	2,642	0	0	0
Total expenditures	320,146	12,572	324	98,122	2,642	522,612	2,981	0
Excess (deficiency) of revenues over expenditures	(318,146)	(9,832)	2,072	(79,503)	(2,642)	(223,298)	725	27,824
Other financing (uses):								
Transfers in	544,288	0	0	0	0	164,390	0	0
Transfers out	(148,249)	0	0	0	0	0	0	0
Total other financing sources (uses)	396,039	0	0	0	0	164,390	0	0
Net change in fund balance	77,893	(9,832)	2,072	(79,503)	(2,642)	(58,908)	725	27,824
Fund balances, beginning	0	15,569	103	274,069	0	761,015	5,626	238,968
Fund balances, ending	$ 77,893	$ 5,737	$ 2,175	$194,566	$ (2,642)	$ 702,107	$6,351	$ 266,792

Sports Complex Foundation	Recreation Events	Band Shell	Keep Ankeny Beautiful	Capital Project Special Assessments	Total Nonmajor Governmental Funds
$ 0	$ 0	$ 0	$ 0	$ 0	$ 279,328
0	0	0	0	343,146	350,119
1,000	0	0	0	0	11,674
0	2,290	0	0	0	4,840
1,328	0	0	292	0	24,600
66,180	23,250	21,800	9,555	0	154,879
68,508	25,540	21,800	9,847	343,146	825,440
0	0	0	0	0	621,058
8,069	27,296	1,203	0	0	372,267
0	0	0	10,748	0	13,390
8,069	27,296	1,203	10,748	0	1,006,715
60,439	(1,756)	20,597	(901)	343,146	(181,275)
0	0	15,000	0	0	723,678
0	(447)	0	0	(126,000)	(274,696)
0	(447)	15,000	0	(126,000)	448,982
60,439	(2,203)	35,597	(901)	217,146	267,707
13,688	6,695	(31,485)	19,911	1,681,161	2,985,320
$ 74,127	$ 4,492	$ 4,112	$ 19,010	$ 1,898,307	$ 3,253,027

Internal Service Funds

Internal service funds are used to finance and account for goods or services provided by one department or agency of the City to other departments or agencies of the City and to other government units, on a cost reimbursement basis.

Central Garage Fund - Accounts for the operations of a central vehicle maintenance garage. All costs incurred for vehicle maintenance and operations are charged to departments on a cost reimbursement basis.

Risk Management Fund – Accounts for the City's property and liability insurance coverage and other related activities. Departments are charged based on relative impact to the City's cost of coverage.

Equipment Reserve Fund - Accounts for the internal financing activities for capital equipment to the other City funds.

Health Insurance Fund - Accounts for premiums, claims, and administration of the employee health insurance plan. Costs are spread to departments in the form of employee premiums that are paid by each department on a monthly basis.

City of Ankeny, Iowa

Combining Statement of Net Assets
Internal Service Funds
June 30, 2005

	Central Garage	Risk Management	Equipment Reserve	Health Insurance	Total
Assets					
Current assets:					
Cash and cash equivalents	$ 86,365	$ 236,100	$ 395,952	$ 1,124,925	$ 1,843,342
Accounts receivable	4,780	0	0	3,969	8,749
Prepaid expenses	0	8,794	0	0	8,794
Due from other funds	0	0	500,542	0	500,542
Total current assets	91,145	244,894	896,494	1,128,894	2,361,427
Noncurrent assets:					
Advances to other funds	0	0	1,026,828	0	1,026,828
Total assets	$ 91,145	$ 244,894	$ 1,923,322	$ 1,128,894	$ 3,388,255
Liabilities					
Current liabilities:					
Accounts payable	$ 2,586	$ 37,967	$ 0	$ 10,057	$ 50,610
Accrued wages	6,933	0	0	0	6,933
Claims payable	0	0	0	157,922	157,922
Due to other funds	0	0	226,023	0	226,023
Compensated absences payable	3,837	0	0	0	3,837
Total current liabilities	13,356	37,967	226,023	167,979	445,325
Noncurrent liabilities:					
Compensated absences payable	7,889	0	0	0	7,889
Total liabilities	21,245	37,967	226,023	167,979	453,214
Net Assets					
Unrestricted	69,900	206,927	1,697,299	960,915	2,935,041
Total net assets	69,900	206,927	1,697,299	960,915	2,935,041
Total liabilities and net assets	$ 91,145	$ 244,894	$ 1,923,322	$ 1,128,894	$ 3,388,255

City of Ankeny, Iowa

Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2005

	Central Garage	Risk Management	Equipment Reserve	Health Insurance	Total
Operating revenues:					
Charges for services	$ 240,219	$ 324,699	$ 0	$ 1,630,679	$ 2,195,597
Other	20,935	18,530	0	79,753	119,218
Total operating revenues	261,154	343,229	0	1,710,432	2,314,815
Operating expenses:					
Personal services	153,042	120,472	0	2,928	276,442
Contractual services	12,168	364,289	0	1,263,687	1,640,144
Operating supplies	100,162	16,310	0	0	116,472
Total operating expenses	265,372	501,071	0	1,266,615	2,033,058
Operating income (loss)	(4,218)	(157,842)	0	443,817	281,757
Nonoperating revenues (expenses):					
Interest earnings	0	0	63,323	14,625	77,948
Net income (loss) before transfers	(4,218)	(157,842)	63,323	458,442	359,705
Transfers in	0	150,000	0	0	150,000
Transfers out	0	0	0	(150,000)	(150,000)
Change in net assets	(4,218)	(7,842)	63,323	308,442	359,705
Total net assets, beginning	74,118	214,769	1,633,976	652,473	2,575,336
Total net assets, ending	$ 69,900	$ 206,927	$ 1,697,299	$ 960,915	$ 2,935,041

City of Ankeny, Iowa

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2005

	Central Garage	Risk Management	Equipment Reserve	Health Insurance	Total
Cash flows from operating activities:					
Cash received from customers	$ 261,456	$ 343,230	$ 0	$1,718,316	$2,323,002
Payments to suppliers	(116,294)	(484,530)	0	(1,274,589)	(1,875,413)
Payments to employees	(148,982)	0	0	(17,071)	(166,053)
Net cash provided provided (used) by operating activities	$ (3,820)	$ (141,300)	$ 0	$ 426,656	$ 281,536
Cash flows from noncapital financing activities:					
Payments received on interfund accounts	$ 0	$ 0	$ 498,658	$ 0	$ 498,658
Loans issued to other funds	0	0	(618,306)	0	(618,306)
Transfers from other funds	0	150,000	0	0	150,000
Transfers to other funds	0	0	0	(150,000)	(150,000)
Net cash provided (used) by noncapital financing activities	$ 0	$ 150,000	$ (119,648)	$ (150,000)	$ (119,648)
Cash flows from investing activities:					
Interest received	$ 0	$ 0	$ 63,323	$ 14,625	$ 77,948
Net increase (decrease) in cash and cash equivalents	$ (3,820)	$ 8,700	$ (56,325)	$ 291,281	$ 239,836
Cash and cash equivalents, beginning	$ 90,185	$ 227,400	$ 452,277	$ 833,644	$1,603,506
Cash and cash equivalents, ending	$ 86,365	$ 236,100	$ 395,952	$1,124,925	$1,843,342
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	$ (4,218)	$ (157,842)	$ 0	$ 443,817	$ 281,757
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Changes in assets and liabilities:					
Receivables, net	303	0	0	5,555	5,858
Prepaid expenses	0	(8,794)	0	0	(8,794)
Accounts and other payables	95	25,336	0	10,057	35,488
Claims payable	0	0	0	(20,647)	(20,647)
Customer deposits	0	0	0	(12,126)	(12,126)
Net cash provided (used) by operating activities	$ (3,820)	$ (141,300)	$ 0	$ 426,656	$ 281,536

Agency Funds

Agency funds are used to account for assets held by the City in a trustee capacity as an agent for individuals, private organizations and other governmental units. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Arts Council Fund- Accounts for funds being invested on behalf of the Arts Council.

Ankeny Foundation - Accounts for the activities of the Ankeny Foundation, which is a private foundation created to benefit the City and its residents.

City of Ankeny, Iowa

Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2005

	Arts Council	Ankeny Foundation	Total
Assets:			
Cash and cash equivalents	$ 76,455	$ 5,029	$ 81,484
Receivables, interest	256	0	256
Total assets	$ 76,711	$ 5,029	$ 81,740
Liabilities:			
Monies held for other agencies	$ 76,711	$ 5,029	$ 81,740

City of Ankeny, Iowa

Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2005

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Arts Council				
Assets:				
Cash and cash equivalents	$ 75,229	$ 1,226	$ 0	$ 76,455
Receivables, interest	70	186	0	256
Total assets	$ 75,299	$ 1,412	$ 0	$ 76,711
Liabilities:				
Monies held for other agencies	$ 75,299	$ 1,412	$ 0	$ 76,711
Ankeny Foundation				
Assets:				
Cash and cash equivalents	$ 0	$ 5,029	$ 0	$ 5,029
Liabilities:				
Monies held for other agencies	$ 0	$ 5,029	$ 0	$ 5,029
Total				
Assets:				
Cash and cash equivalents	$ 75,229	$ 6,255	$ -	$ 81,484
Receivables, interest	70	186	0	256
Total assets	$ 75,299	$ 6,441	$ 0	$ 81,740
Liabilities:				
Monies held for other agencies	$ 75,299	$ 6,441	$ 0	$ 81,740

City of Ankeny, Iowa

Statement of Cash Flows
Discretely Presented Component unit
For the Year Ended June 30, 2005

		Arts Council
Cash flows from operating activities:		
Cash received from customers	$	85,459
Payments to suppliers		(45,731)
Payments to employees		(16,955)
Net cash provided by operating activities	$	22,773
Cash flows from capital and related financing activities:		
Sale of capital assets	$	2,000
Purchase of capital assets		(7,553)
Net cash (used) by capital and related financing activities	$	(5,553)
Cash flows from investing activities:		
Interest received	$	392
Net increase in cash and cash equivalents	$	17,612
Cash and cash equivalents, beginning	$	27,685
Cash and cash equivalents, ending	$	45,297
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$	17,625
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		5,329
Changes in assets and liabilities:		
Prepaid expenses		(870)
Accounts and other payables		689
Net cash provided by operating activities	$	22,773

Capital Assets Used in the Operation of Governmental Funds

City of Ankeny, Iowa

Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules By Source (1)
June 30, 2005 and 2004

	2005	2004
Governmental funds capital assets:		
Land	$ 4,344,519	$ 3,112,472
Other improvements	7,861,931	7,092,336
Infrastructure (2)	15,119,976	9,472,803
Buildings	12,388,702	12,388,702
Machinery and equipment	8,340,762	8,287,860
Furniture and fixtures	1,219,949	1,219,949
Work in progress	21,327,886	10,567,469
Total governmental funds capital assets	$ 70,603,725	$ 52,141,591
Investment in governmental funds capital assets by source:		
General fund	$ 18,188,635	$ 17,969,218
Special revenue funds	4,162,478	4,080,207
Capital project funds	31,265,862	20,373,009
Local, state, and federal grants and donations	16,986,750	9,719,157
Total investment in governmental funds capital assets by source	$ 70,603,725	$ 52,141,591

(1) This schedule presents only the capital assets balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

(2) The City implemented GASB 34 for fiscal year 2003. With this implementation, governmental funds now capitalize and report infrastructure assets.

City of Ankeny, Iowa

Schedule of General Fixed Assets - By Function and Activity (1)
June 30, 2005

	Land	Other Improvements	Infrastructure (2)
Public safety:			
Police	$ 29,006	$ 0	$ 0
Fire and ambulance	144,806	0	0
Code enforcement	0	0	0
Total public safety	$ 173,812	$ 0	$ 0
Health and social services:			
Mosquito control	$ 0	$ 0	$ 0
Public Relations	0	0	0
Total health and social services	$ 0	$ 0	$ 0
Culture and recreation:			
Library	$ 14,361	$ 94,657	$ 0
Leisure services/Parks	2,887,550	7,423,163	122,023
Total culture and recreation	$ 2,901,911	$ 7,517,820	$ 122,023
Public works:			
Communty services	$ 1,169,265	$ 290,870	$ 14,997,953
Community and economic development:			
Planning and zoning	$ 0	$ 0	$ 0
General government:			
Council and management	$ 99,531	$ 53,241	$ 0
Total general fixed assets	$ 4,344,519	$ 7,861,931	$ 15,119,976

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

(2) The City implemented GASB 34 for fiscal year 2003. With this implementation, governmental funds now capitalize and report infrastructure assets.

Buildings	Machinery and Equipment	Furniture and Fixtures	Work in Progress	Total
$ 38,795	$ 1,116,536	$ 0	$ 0	$ 1,184,337
1,833,909	2,386,510	48,316	0	4,413,541
0	106,707	0	0	106,707
$ 1,872,704	$ 3,609,753	$ 48,316	$ 0	$ 5,704,585
$ 0	$ 8,000	$ 0	$ 0	$ 8,000
0	18,802	0	0	18,802
$ 0	$ 26,802	$ 0	$ 0	$ 26,802
$ 3,149,085	$ 450,208	$ 619,879	$ 0	$ 4,328,190
4,320,936	846,472	45,220	2,494,633	18,139,997
$ 7,470,021	$ 1,296,680	$ 665,099	$ 2,494,633	$ 22,468,187
$ 42,614	$ 2,740,409	$ 0	$ 18,636,193	$ 37,877,304
$ 0	$ 25,126	$ 0	$ 0	$ 25,126
$ 3,003,363	$ 641,992	$ 506,534	$ 197,060	$ 4,501,721
$ 12,388,702	$ 8,340,762	$ 1,219,949	$ 21,327,886	$ 70,603,725

City of Ankeny, Iowa

Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity (1)
Year Ended June 30, 2005

	Governmental Funds Capital Assets June 30, 2004	Additions (2)	Deductions	Governmental Funds Capital Assets June 30, 2005
Public safety:				
Police	$ 1,274,788	$ 216,931	$ 307,382	$ 1,184,337
Fire and ambulance	4,342,595	83,459	12,513	4,413,541
Code enforcement	75,201	41,255	9,749	106,707
Total public safety	$ 5,692,584	$ 341,645	$ 329,644	$ 5,704,585
Health & social services:				
Mosquito control	$ 8,000	$ 0	$ 0	$ 8,000
Public relations	18,802	0	0	18,802
Total health & social services	$ 26,802	$ 0	$ 0	$ 26,802
Culture and recreation:				
Library	$ 4,311,591	$ 16,600	$ 0	$ 4,328,191
Leisure services/Parks	16,612,067	2,483,507	955,580	18,139,994
Total culture and recreation	$ 20,923,658	$ 2,500,107	$ 955,580	$ 22,468,185
Public works:				
Community services	$ 21,093,912	$16,955,515	$ 172,123	$ 37,877,304
Community & economic development:				
Planning & zoning	$ 25,126	$ 0	$ 0	$ 25,126
General government:				
Council and management	$ 4,379,509	$ 172,110	$ 49,898	$ 4,501,721
Total general fixed assets	$ 52,141,591	$19,969,377	$ 1,507,245	$ 70,603,723

(1) This schedule presents only the capital assets balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

(2) The City implemented GASB 34 for fiscal year 2003. With this implementation, governmental funds now capitalize and report infrastructure assets.

City of Ankeny, Iowa

Government-wide Expenses by Function
Last Ten Fiscal Years

	2005	2004	2003 (1)
Governmental activities:			
Public safety	$ 6,563,401	$ 5,953,448	$ 5,624,663
Health and social services	95,944	212,221	103,307
Culture and recreation	4,039,270	3,614,161	2,784,367
Public works	4,065,180	4,462,967	2,625,544
Community and economic development	1,513,129	1,153,503	1,391,893
General government	2,008,601	1,934,620	1,725,874
Capital projects	0	0	2,015,710
Interest on long-term debt	1,762,124	1,624,607	1,670,819
Business-type activites:			
Solid waste	277,336	244,886	221,296
Water	3,992,676	4,011,420	3,219,883
Sewer	3,999,585	3,333,904	2,651,113
Storm Water	3,500	0	0
Otter Creek golf course	1,108,882	1,138,654	1,099,752
Total	$ 29,429,628	$ 27,684,391	$ 25,134,221

(1) Fiscal year 2003 was the first year of reporting the City's operations on a government-wide basis.

City of Ankeny, Iowa

Government-wide Revenues by Source
Last Ten Fiscal Years

	Program Revenues			General Revenues					
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Property Taxes	Nonproperty Taxes	Grants and Contributions Not Restricted to Specific Programs	Interest	Other	Total
2003 (1)	$10,014,572	$ 2,965,910	$ 8,484,486	$12,598,029	$ 744,109	$ 292,357	$706,740	$430,230	$36,236,433
2004	11,874,259	2,761,838	9,323,182	13,189,116	1,019,780	34,664	606,075	368,050	39,176,964
2005	13,487,215	2,898,819	13,572,730	15,240,675	1,082,129	0	862,606	280,376	47,424,550

(1) Fiscal year 2003 was the first year of reporting the City's operations on a government-wide basis.

City of Ankeny, Iowa

General Governmental Expenditures by Program (1)
Last Ten Fiscal Years

Fiscal Year	Community Protection	Human Development	Home and Community Environment	Policy and Administration	Debt Service	Total	Ratio of Debt Service to General Government Expenditures
1996	$2,521,731	$ 959,701	$1,420,331	$ 1,162,358	$ 3,240,413	$9,304,534	34.83%
1997	2,773,585	1,195,789	1,486,672	1,293,399	3,516,067	10,265,512	34.25%
1998	3,099,952	1,492,246	2,093,000	1,220,038	3,104,218	11,009,454	28.20%
1999	3,455,149	1,623,592	2,123,695	1,339,747	3,521,580	12,063,763	29.19%
2000	3,743,484	1,837,070	2,174,071	1,482,923	3,927,691	13,165,239	29.83%
2001	4,260,610	1,974,025	3,214,487	1,556,459	4,178,365	15,183,946	27.52%
2002	5,072,845	2,668,753	3,261,511	1,908,354	4,743,331	17,654,794	26.87%

	Public Safety	Health and Social Services	Culture and Recreation	Public Works	Community and Economic Development	General Government	Debt Service	Total	Ratio of Debt Service to General Government Expenditures
2003 (2)	$5,541,328	$ 102,907	$2,584,357	$ 2,689,826	$ 1,385,355	$1,484,543	$ 7,670,319	$21,458,635	35.74%
2004	5,729,060	103,791	2,978,587	2,976,702	1,144,920	1,567,450	5,907,574	20,408,084	28.95%
2005	6,601,587	88,979	3,121,200	3,170,707	1,522,821	1,779,191	6,010,416	22,294,901	26.96%

(1) Includes General, Special Revenue, and Debt Service Funds.
(2) The State of Iowa changed the financial reporting programs, starting in fiscal year 2003, from four programs to six programs for the General and Special Revenue funds and created an additional program for the Debt Service fund.

City of Ankeny, Iowa

General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	Local Taxes	Intergovernmental	Fees and Services	Miscellaneous	Total
1996	$ 6,735,903	$ 1,925,977	$ 646,733	$ 1,107,539	$ 10,416,152
1997	7,498,746	2,177,688	761,736	1,285,650	11,723,820
1998	8,181,677	2,062,460	817,093	1,095,589	12,156,819
1999	8,944,979	2,313,279	996,270	1,402,774	13,657,302
2000	9,910,609	2,419,999	1,006,330	1,212,207	14,549,145
2001	11,341,607	2,544,051	1,095,078	1,190,476	16,171,212
2002	12,226,644	2,910,334	1,213,412	979,302	17,329,692
2003	13,269,195	3,220,908	1,383,361	1,383,218	19,256,682
2004	14,258,501	2,758,416	1,857,561	879,048	19,753,526
2005	16,075,522	3,295,900	2,139,517	1,268,067	22,779,006

(1) Includes General, Special Revenue, and Debt Service Funds.

City of Ankeny, Iowa

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Property Taxes Collected	Delinquent Property Tax Collections	Total Property Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
1996	$ 6,494,469	$ 6,418,320	98.83%	$ 1,457	$ 6,419,777	98.85%
1997	7,114,957	7,079,310	99.50%	28,101	7,107,411	99.89%
1998	7,677,944	7,752,440	100.97%	7,520	7,759,960	101.07%
1999	8,378,416	8,431,916	100.64%	5,378	8,437,294	100.70%
2000	9,002,193	9,295,673	103.26%	17,631	9,313,304	103.46%
2001	10,399,032	10,682,335	102.72%	82	10,682,417	102.73%
2002	11,435,497	11,471,720	100.32%	913	11,472,633	100.32%
2003	12,619,154	12,528,042	99.28%	142	12,528,184	99.28%
2004	13,554,417	13,540,966	99.90%	2,680	13,543,646	99.92%
2005	15,248,211	15,163,074	99.44%	2,019	15,165,093	99.45%

City of Ankeny, Iowa

Property Tax Rates - All Direct and Overlapping Governments
Per $1,000 Assessed Valuation
Last Ten Fiscal Years

Fiscal Year	Ankeny School District Levy	City of Ankeny Levy	Polk County and Other Levies	Total Levy	Percent of City of Ankeny Levy to Total Levy
1995/96	$ 18.7218	$ 10.2013	$ 10.1668	$ 39.0899	26.10%
1996/97	17.4499	9.9013	9.9927	37.3438	26.51%
1997/98	17.3853	9.6513	9.5927	36.6293	26.35%
1998/99	17.5000	9.6513	9.7974	36.9487	26.12%
1999/00	17.0903	9.5208	9.8083	36.4194	26.14%
2000/01	17.0929	9.6513	9.8038	36.5479	26.41%
2001/02	17.0068	9.6513	10.1884	36.8465	26.19%
2002/03	17.2485	9.9013	10.2720	37.4218	26.46%
2003/04	17.1024	9.9013	10.3481	37.3518	26.51%
2004/05	16.9025	10.3896	10.5672	37.8592	27.44%

City of Ankeny, Iowa

Ratio of Net General Obligation Bonded Debt to Taxable Valuation and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Debt Service Taxable Valuation (2)	Gross General Obligation Bonded Debt (3)	Less Debt Service Fund	Less Debt Payable from Proprietary Funds	Less Debt Payable from Other Revenues (4)	Net Bonded Debt	Ratio of Net Bonded Debt to Taxable Valuation	Net Bonded Debt Per Capita
1996	21,485	$ 572,782,017	$28,845,000	$329,276	$ 2,057,636	$ 0	$26,458,088	4.6192%	$ 1,231.47
1997	21,485	633,623,001	31,190,000	254,325	1,808,086	0	29,127,589	4.5970%	1,355.72
1998	21,485	697,740,831	35,310,000	310,803	2,010,432	0	32,988,765	4.7279%	1,535.43
1999	21,485	760,980,499	36,060,000	260,074	1,886,434	0	33,913,492	4.4566%	1,578.47
2000	27,117	816,538,788	37,245,000	206,814	1,733,838	0	35,304,348	4.3237%	1,301.93
2001	27,117	903,277,664	38,490,000	160,531	1,575,746	0	36,753,723	4.0689%	1,355.38
2002	27,117	980,534,685	42,510,000	122,255	1,605,373	1,021,025	39,761,347	4.0551%	1,466.29
2003	27,117	1,045,848,060	38,835,000	228,683	1,878,082	1,021,025	35,707,210	3.4142%	1,316.78
2004	27,117	1,119,784,934	54,040,000	101,900	1,730,528	935,611	51,271,961	4.5787%	1,890.77
2005	27,117	1,241,070,671	62,505,000	76,043	2,710,711	847,569	58,870,677	4.7435%	2,170.99

(1) Source: U.S. Census Bureau.
(2) Includes Tax Increment Valuation; Excludes Agricultural Valuation
(3) Includes Tax Increment Revenue Capital Loan Notes
(4) Hotel/motel tax revenues

City of Ankeny, Iowa

Actual and Taxable Valuation
Last Ten Fiscal Years

Actual Valuation

	As of January 1:					
	2003	2002	2001	2000	1999	1998
Residential	$ 1,429,751,281	$ 1,194,083,777	$ 1,096,157,464	$ 956,289,076	$ 878,464,603	$ 770,427,962
Agricultural	2,365,790	1,868,510	2,121,890	2,319,970	2,049,390	2,024,620
Commercial	353,213,009	312,560,663	295,414,970	261,639,561	244,519,922	217,304,616
Industrial	64,404,580	65,377,160	70,658,123	62,006,052	66,316,346	60,435,359
Personal/Real estate	0	0	2,776,335	6,890,585	16,088,816	21,722,201
Utilities	33,382,236	34,804,554	33,370,578	32,931,927	33,033,352	35,099,578
Gross valuation	$ 1,883,116,896	$ 1,608,694,664	$ 1,500,499,360	$ 1,322,077,171	$ 1,240,472,429	$ 1,107,014,336
Less: Military exemption	2,598,646	2,546,590	2,439,084	2,385,376	2,265,922	2,178,878
Net valuation	$ 1,880,518,250	$ 1,606,148,074	$ 1,498,060,276	$ 1,319,691,795	$ 1,238,206,507	$ 1,104,835,458
Incremental value	110,200,000	103,538,880	95,265,000	86,952,270	73,744,335	53,915,000
Actual valuation	$ 1,990,718,250	$ 1,709,686,954	$ 1,593,325,276	$ 1,406,644,065	$ 1,311,950,842	$ 1,158,750,458
Percent change	16.438%	7.303%	13.271%	7.218%	13.221%	5.518%

Taxable Valuation

	As of January 1:					
	2003	2002	2001	2000	1999	1998
Residential	$ 685,089,321	$ 606,050,267	$ 559,204,394	$ 532,499,666	$ 475,549,103	$ 430,240,912
Agricultural	2,365,790	1,868,510	2,121,890	2,319,970	1,974,350	2,024,620
Commercial	349,881,059	312,560,663	287,019,740	261,639,561	240,814,609	217,304,616
Industrial	64,404,580	65,377,160	70,658,123	62,006,052	66,316,346	60,435,359
Personal/Real estate	0	0	2,776,335	6,890,585	16,088,816	21,722,201
Utilities	34,094,357	34,804,554	33,363,552	32,931,927	33,030,377	35,099,578
Gross valuation	$ 1,135,835,107	$ 1,020,661,154	$ 955,144,034	$ 898,287,761	$ 833,773,601	$ 766,827,286
Less: Military exemption	2,598,646	2,546,590	2,439,084	2,385,376	2,265,922	2,178,878
Net valuation	$ 1,133,236,461	$ 1,018,114,564	$ 952,704,950	$ 895,902,385	$ 831,507,679	$ 764,648,408
Incremental value	110,200,000	103,538,880	95,265,000	86,952,270	73,744,335	53,915,000
Taxable valuation	$ 1,243,436,461	$ 1,121,653,444	$ 1,047,969,950	$ 982,854,655	$ 905,252,014	$ 818,563,408
Percent change	10.857%	7.031%	6.625%	8.572%	10.590%	7.292%

1997	1996	1995	1994
$ 719,943,425	$ 611,616,137	$ 557,860,809	$ 461,405,122
2,019,050	1,735,800	1,878,220	2,267,480
206,382,562	187,480,772	171,925,416	137,302,007
43,296,286	34,666,685	33,417,285	32,199,059
24,773,412	21,597,813	19,216,715	20,948,497
39,141,373	33,573,663	30,801,042	31,921,240
$ 1,035,556,108	$ 890,670,870	$ 815,099,487	$ 686,043,405
2,132,578	2,116,070	2,050,164	2,014,050
$ 1,033,423,530	$ 888,554,800	$ 813,049,323	$ 684,029,355
64,735,000	65,996,621	57,771,401	42,534,902
$ 1,098,158,530	$ 954,551,421	$ 870,820,724	$ 726,564,257
15.044%	9.615%	19.855%	

1997	1996	1995	1994
$ 391,204,275	$ 356,541,347	$ 328,165,099	$ 309,890,362
1,946,670	1,735,800	1,878,220	2,267,480
199,969,832	187,480,772	166,310,996	137,302,007
43,296,286	34,666,685	33,417,285	32,199,059
24,773,412	21,597,813	19,216,715	20,948,497
39,134,272	33,573,663	30,791,669	31,921,240
$ 700,324,747	$ 635,596,080	$ 579,779,984	$ 534,528,645
2,132,578	2,116,070	2,050,164	2,014,050
$ 698,192,169	$ 633,480,010	$ 577,729,820	$ 532,514,595
64,735,000	65,996,621	57,771,401	42,534,902
$ 762,927,169	$ 699,476,631	$ 635,501,221	$ 575,049,497
9.071%	10.067%	10.512%	

City of Ankeny, Iowa

Enterprise Activity Operating Revenues
Last Ten Fiscal Years

	Year Ended June 30									
Activity	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Solid waste (1)	$262,306	$242,384	$216,466	$201,362	$187,824	$159,274	$ 0	$ 0	$ 0	$ 0
Water	4,426,824	3,972,892	3,513,301	3,338,293	2,981,061	2,846,856	2,598,565	2,447,318	2,336,462	2,249,970
Sewer	4,221,821	3,490,284	3,227,163	3,105,678	2,963,233	2,831,168	2,758,229	2,654,117	2,488,253	2,353,555
Otter Creek golf course	979,291	960,275	936,868	963,118	946,338	1,070,764	942,903	879,320	817,919	718,282
Sports complex (2)	0	0	0	0	0	0	1,425	7,477	13,959	18,905

(1) Solid waste enterprise fund started in fiscal year 2000.
(2) Sports complex activity moved from enterprise fund to special revenue fund in fiscal year 2000.

City of Ankeny, Iowa

Computation of Legal Debt Margin
June 30, 2005

Total assessed valuation as of January 1, 2003	$	1,990,718,250
Debt limit - 5% of assessed valuation	$	99,535,913
Amount of debt applicable to limit:		
General obligation bonds	$	43,930,000
Bond anticipation notes		18,230,000
Total debt applicable to limit	$	62,160,000
Legal debt margin	$	37,375,913
Percent of debt limit		37.55%

City of Ankeny, Iowa

Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds
June 30, 2005

	Net Bonded Debt June 30, 2005		Percent Applicable to City	Direct and Overlapping Bonded Debt	Underlying Bonded Debt
City of Ankeny	$ 58,870,677	(1)	100.00%	$ 58,870,677	$ 0
Polk County	173,305,000		8.76%	15,181,518	158,123,482
Des Moines Area Community College	57,115,000		5.01%	2,861,462	54,253,539
Saydel Community School District	5,080,000		0.36%	18,288	5,061,712
Ankeny Community School District	26,185,000		88.35%	23,134,448	3,050,553
Total direct and overlapping bonded debt	$ 320,555,677			$ 100,066,392	$ 220,489,285

(1) See table - Ratio of Net General Obligation Bonded Debt to Taxable Valuation and Net Bonded Debt Per Capita

City of Ankeny, Iowa

Principal Taxpayers

Taxpayer	Type of Business	January 1, 2003 Taxable Valuation	Percent of Total Taxable Value
John Deere	Farm implements	$ 29,063,030	2.56%
Tone Brothers, Inc.	Spice manufacturing/distribution	24,910,000	2.20%
Perishable Distributors of Iowa	Wholesale meat/bakery distributor	18,343,090	1.62%
Casey's General Stores	Corporate headquarters/distribution center	16,077,060	1.42%
Individual	Private ownership	14,520,440	1.28%
Wal-Mart	Retail merchandise/grocery	13,336,170	1.18%
Target	Retail merchandise/grocery	11,211,080	0.99%
Karl Chevrolet	Automobile sales	9,843,320	0.87%
Menards, Inc.	Retail home improvement store	9,049,260	0.80%
Sun Communities	Manufactured housing communities	8,658,020	0.76%
		$ 155,011,470	13.68%

City of Ankeny, Iowa

Major Area Employers

Name	Product	Approximate Number of Employees
John Deere	Farm implements	1,250
Ankeny Community Schools	Education	820
Des Moines Area Community College	Education	700
Casey's General Stores	Corporate headquarters/distribution center	526
Tone Brothers, Inc.	Spice manufacturing/distribution	500
Perishable Distributors of Iowa	Wholesale meat/bakery distributor	465
City of Ankeny	Government	314
SYSCO Food Services of Iowa	Wholesale distribution	260
Snyder & Associates	Engineering and surveying	140
Mrs. Clarks Foods	Manufacturing and distribution	140
Praxair	Manufacturer gas/welding equipment	133
Moehl Millworks	Distributor of millwork products	124
On With Life	Head injury rehabilitation facility	122

City of Ankeny, Iowa

Historical Economic Data
Last Ten Years

Employment				Retail Sales (3)			Buliding Permits				
Calendar Year	Population (1)	Labor Force (2)	Unemployment Rate (2)	Fiscal Year	Number of Businesses	Taxable Sales	Calendar Year	Commercial Permits Issued	Dollar Value of Permits Issued	Residential Permits Issued	Dollar Value of Permits Issued
1995	21,485	252,900	2.6%	1995	N/A	N/A	1995	16	$20,056,056	356	$32,463,155
1996	21,485	259,400	2.8%	1996	N/A	N/A	1996	26	14,739,187	342	30,234,633
1997	21,485	257,300	2.6%	1997	N/A	N/A	1997	20	13,638,516	420	35,094,758
1998	21,485	259,400	2.1%	1998	2,559	222,064,471	1998	21	17,915,920	491	43,638,985
1999	21,485	260,000	1.9%	1999	2,546	244,161,790	1999	13	9,317,344	494	43,489,161
2000	27,117	277,600	2.4%	2000	2,571	277,266,781	2000	15	15,391,688	464	38,927,193
2001	27,117	282,400	2.8%	2001	2,634	296,942,692	2001	21	15,153,000	601	54,065,206
2002	27,117	290,600	3.5%	2002	2,789	336,282,498	2002	42	16,353,324	738	74,449,704
2003	27,117	286,000	4.0%	2003	2,840	371,959,626	2003	30	14,829,798	1,042	119,766,928
2004	27,117	290,000	4.7%	2004	2,909	415,484,756	2004	27	24,623,712	1,085	130,039,464

(1) U.S. Census Bureau; City of Ankeny
(2) Iowa Workforce Development; Des Moines MSA
(3) Iowa Department of Revenue, fiscal year ending March 31. Years prior to fiscal year 1998 not available.

City of Ankeny, Iowa

Miscellaneous Statistical Data

Date of incorporation	February 28, 1903
Form of government	Mayor-Council-Manager
Area	23.28 square miles
Demographics:	
Population	27,117
Median age	31.9
Employees as of June 30, 2005:	
Permanent full-time	143
Permanent part-time	89
Police protection:	
Number of stations	1
Number of sworn officers	36
Fire protection:	
Number of stations	1
Number of full-time fire fighters/paramedics	5
Number of part-time fire fighters/paramedics	58
Recreation:	
Number of parks developed	27
Number of parks undeveloped	28
Aquatic centers/splash parks	2
Sports complex facilities	2
Community centers	2
Skate parks	1
Number of acres	600
Public golf courses	2
Wastewater Treatment Facilities:	
Number of facilities	1
Lift stations	5
Sanitary sewer	185.8 miles
Daily average treatment in gallons	4,013,000 gal/day
Maximum daily capacity in gallons	12,000,000 gal/day
Water production:	
Elevated storage capacity	5,500,000 gallons
Underground storage capacity	172,100,000 gallons
Water mains	162.9 miles
Fire hydrants	1,995
Average consumption	3,689,000 gal/day
Peak consumption	7,470,000 gal/day
Airports:	
Number of airports	1
Number of runways	2
Schools:	
Elementary	7
Middle school	2
High school	1
College	2
Christian school	1
Library:	
Titles	75,411
Circulation	316,217
Program attendance	12,904

City of Ankeny, Iowa

Principal Officials
Years of Service
June 30, 2005

	Years of Service
Elected officials:	
Merle Johnson, Mayor	7-1/2
Craig Block, Council Member	5-1/2
Gary Lorenz, Council Member	3-1/2
Thomas Strait, Council Member	1-1/2
Steve Van Oort, Council Member	3-1/2
Gary Welch, Council Member	5-1/2
Appointed officials:	
Carl Metzger, City Manager	20-1/2
Dick Ash, Assistant City Manager	19
Jim Spradling, Assistant City Manager	10
Pam DeMouth, City Clerk	14-1/2
Myrna Anderson, Library Director	38
John Peterson, Community Development Director	26-1/2
Jolee Belzung, Community Services Director	9-1/2
Todd Redenius, Leisure Services Director	1/2
David Burns, Fire Chief	2
Gary Mikulec, Police Chief	1-1/2

City of Ankeny, Iowa

Insurance Schedule
June 30, 2005

Insurance Company	Policy Number	Type of Coverage
Iowa Communities Assurance Pool	LDCP 0100-ICAP	Liability: Legal liability Automotive liability Wrongful acts Law enforcement liability Liquor liability Appeal, bail, property release bonds Claim and defense expenses Pollution cost for automobiles Employee benefit Good samaritan Medical malpractice Post/pre-judgment interest Stop gap Under/uninsured motorist Employee dishonesty Chlorine, pesticides, anti-skid materials Fire department and training Wastewater treatment plant-liability/clean-up expense Sewer back-up Property: Buildings Personal property Data processing equipment/accounts receivable Newly constructed/acquired buildings Personal property at newly acquired locations Valuable papers and records Earnings protection Ordinance or law Commandeered property Expediting expenses Preservation of property Temporary storage Pollutant cleanup Transit Boiler Earthquake Employee dishonesty Errors or ommissions Fine arts
Iowa Municipal Workers Compensation Assocation	0643	Worker's compensation
HCC Life Insurance Company	HCL13559	Employee health insurance

Liability Limits	Deductible	Policy Expiration
		7/16/2005
$6,000,000	-	
$6,000,000	-	
$6,000,000	$2,500	
$6,000,000	$5,000	
$1,000,000	-	
Unlimited	-	
Unlimited	-	
$6,000,000	-	
$1,000,000	$1,000	
$6,000,000 each	-	
$6,000,000	-	
Unlimited	-	
$6,000,000	-	
$500,000	-	
$100,000/$500,000	-	
$6,000,000	-	
$500,000	-	
$50,000 each, $50,000 aggregate	-	
$250,000 each, $250,000 aggregate	-	
$27,297,021	$1,000	
$8,258,500	$1,000	
$100,000	$1,000	
$2,000,000	Var	
$1,000,000	Var	
$100,000	Var	
$100,000	Var	
$250,000	Var	
$250,000	Var	
$250,000	Var	
$250,000	Var	
$250,000	Var	
$100,000	$1,000	
$100,000	$1,000	
$1,000,000	$2,500	
$27,297,021	10% of loss	
$50,000	-	
$500,000	Var	
Listed values	$1,000	
Statutory	N/A	6/30/2005
$1,000,000 excess aggregate	$50,000 per participant $1,378,225 aggregate	7/31/2005

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Honorable Mayor and
Members of the City Council
City of Ankeny, Iowa
Ankeny, Iowa

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Ankeny, Iowa as of and for the year ended June 30, 2005 which collectively comprise City of Ankeny, Iowa's basic financial statements and have issued our report thereon dated October 17, 2005. 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 City of Ankeny, Iowa's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect City of Ankeny, Iowa's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs and responses as items II-A-05 and II-B-05.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City of Ankeny, Iowa's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City of Ankeny, Iowa. 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 statues.

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 Ankeny, Iowa, and other parties to whom the City of Ankeny, Iowa 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 Ankeny, Iowa 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.

Clifton Gunderson LLP

Cedar Rapids, Iowa
October 17, 2005

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Honorable Mayor and
Members of the City Council
City of Ankeny, Iowa
Ankeny, Iowa

Compliance

We have audited the compliance of the City of Ankeny, Iowa, with the types of compliance requirements described in *the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2005. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable conditions are described in the accompanying schedule of findings and questioned costs as item III-A-05 and III-B-05.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are a material weakness.

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 Ankeny, Iowa, and other parties to whom the City of Ankeny, Iowa 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 Ankeny, Iowa 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.

Clifton Gunderson LLP

Cedar Rapids, Iowa
October 17, 2005

CITY OF ANKENY

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2005

Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607		$ 615
Public Safety Partnership and Community Policing Grants	16.710		
Community Oriented Policing Services (COPS)		2002SHWX0735	41,285
Community Oriented Policing Services (COPS)		2004SHWX0056	38,625
			79,910
U.S. Department of Homeland Security:			
Assistance to Firefighters Grant Operations and Firefighters Safety	97.044		32,147
U.S. Department of Transportation:			
Passed through Iowa Department of Transportation:			
Highway Planning and Construction	20.205		
Transportation Enhancement Program		STP-E-0187-(12)-8V-77	242,400
Transportation Enhancement Program		STP-U-0187-(616)-27-77	1,436,060
Congestion Mitigation and Air Quality Improvement Program		STP-A-0187-(618)-86-77	362,827
			2,041,287
Passed through Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	PAP 04-04, Task 14	1,141
		PAP 05-04, Task 03	8,983
			10,124
Alcohol Traffic Safety and Drunk Driving Prevention	20.601	PAP 04-410, Task 03	4,015
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	PAP 04-163, Task 03	6,523
		PAP 05-163, Task 02	4,850
			11,373
Total			$ 2,179,471

CITY OF ANKENY

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2005

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Ankeny and is presented on the modified accrual basis. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

CITY OF ANKENY

Schedule of Findings

Year Ended June 30, 2005

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ____ yes __x__ no
- Reportable condition(s) identified that are not considered to be material weaknesses? __x__ yes ____ yes
- Noncompliance material to financial statements noted? ____ yes __x__ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ____ yes __x__ no
- Reportable condition(s) identified that are not considered to be material weakness(es)? __x__ yes ____ yes

Type of auditor's report issued on compliance for major programs:
unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ____ yes __x__ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs: $ 300,000

Auditee qualified as low-risk auditee? ____ yes __x__ no

FINANCIAL STATEMENT FINDINGS

II-A-05 SEGREGATION OF DUTIES IN THE ACCOUNTS PAYABLE FUNCTION

Criteria: The City has a responsibility to establish and maintain effective internal controls over financial transactions and reporting, which includes adequate segregation of duties.

Condition: A position in the Finance Department has the authority to write checks, enter accounts payable transactions, has access to blank checks and also has the authority to add a new vendor and deposit checks.

Questioned Costs: None.

Context: During inquiries of management and our audit of the accounts payable function, we noted that there were individuals in the Finance Department that could perform all of the steps in the accounts payable function.

Effect: Incompatible duties were not properly segregated.

Cause: Ideal separation of incompatible duties is difficult with the size of the Finance Department.

Recommendation: When this condition exists, management's close supervision and review of accounting information is the best means of preventing or detecting errors and irregularities.

We recommend the following:

1. The check writing capability and access to blank checks be isolated from the authority to modify the accounts payable system.

2. The addition of vendors to the system should be segregated from an employee who has check writing capabilities or other accounts payable duties such as approval of invoices.

Management Response and corrective action plan: We agree, and the City will continue to look for ways to realign and reassign duties where practical.

II-B-05 SEGREGATION OF DUTIES IN THE PAYROLL FUNCTION

Criteria: The City has a responsibility to establish and maintain effective internal controls over financial transactions and reporting, which includes adequate segregation of duties.

Condition: A position in the Finance Department has the authority to enter hours to the payroll system, set up a new employee, change rates within the payroll system, print checks, and distribute them to the department heads and has access to the blank payroll check stock.

Questioned Costs: None.

Context: During inquiries of management and our audit of the payroll function, we noted that there was an individual in the Finance Department that could perform all of the steps in the payroll function.

Effect: Incompatible duties were not properly segregated.

FINANCIAL STATEMENT FINDINGS (CONTINUED)

Cause: Ideal separation of incompatible duties is difficult with the size of the Finance Department.

Recommendation: When this condition exists, management's close supervision and review of accounting information is the best means of preventing or detecting errors and irregularities.

We recommend the following:

1. Access to the payroll master file is segregated from the ability to enter hours worked and routine payroll functions.

2. Access to the blank payroll check stock should be segregated from the ability to print checks. In addition, the check stock sequence should be tracked and monitored.

Management Response and corrective action plan: We agree, and the City will continue to look for ways to realign and reassign duties where practical

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

III-A-05 SEGREGATION OF DUTIES IN THE ACCOUNTS PAYABLE FUNCTION

Major program: Highway Planning and Construction

CFDA #: 20.205

Federal Agency: U.S. Department of Transportation

See Finding No. II-A-05 reported in the Financial Statement Findings section of this schedule.

III-B-05 SEGREGATION OF DUTIES IN THE ACCOUNTS PAYABLE FUNCTION

Major program: Highway Planning and Construction

CFDA #: 20.205

Federal Agency: U.S. Department of Transportation

See Finding No. II-B-05 reported in the Financial Statement Findings section of this schedule.

FINDINGS RELATED TO STATUTORY REPORTING

IV-A-05 Official Depositories - A resolution naming official depositories has been approved by the City. The maximum deposit amounts in the resolution were not exceeded during the year ended June 30, 2005.

IV-B-05 Certified Budget - Disbursements during the year ended June 30, 2005 did not exceed the amounts budgeted.

FINDINGS RELATED TO STATUTORY REPORTING (CONTINUED)

IV-C-05 Questionable Disbursements - We noted no disbursements that fail to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-D-05 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-E-05 Business Transactions - We noted no business transactions between the City and City officials or employees.

IV F-05 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should continue to be reviewed annually to insure that the coverage is adequate for current operations.

IV-G-05 Council Minutes - We noted no transactions that we believe should have been approved in the council minutes and were not.

IV-H-05 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.