

CITY OF ANAMOSA, IOWA
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
June 30, 2007

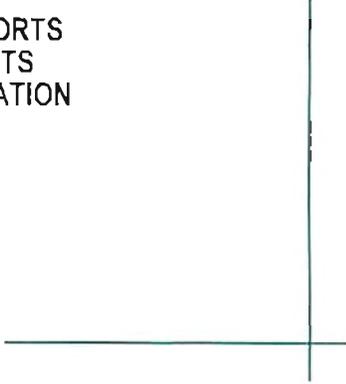


TABLE OF CONTENTS

		<u>Page</u>
OFFICIALS		3
INDEPENDENT AUDITOR'S REPORT		5-6
MANAGEMENT'S DISCUSSION AND ANALYSIS		7-12
BASIC FINANCIAL STATEMENTS:		
	<u>Exhibit</u>	
Government-wide Financial Statement: Statement of Activities and Net Assets - Cash Basis	A	14-17
Governmental Fund Financial Statements: Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B	18-21
Proprietary Fund Financial Statements: Statement of Cash Receipts, Disbursements and Changes in Cash Balances	C	22-23
Notes to Financial Statements		24-32
REQUIRED SUPPLEMENTARY INFORMATION:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget to Actual (Cash Basis) - All Governmental Funds and Proprietary Funds		34-35
Notes to Required Supplementary Information - Budgetary Reporting		36
OTHER SUPPLEMENTARY INFORMATION:		
	<u>Schedule</u>	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds	1	38-41
Statement of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Enterprise Fund	2	42
Schedule of Indebtedness	3	43-44
Bond and Note Maturities	4	45-46
Comparison of Tax and Intergovernmental Receipts	5	47
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS		48-49
SCHEDULE OF FINDINGS		50-53
AUDIT STAFF		54

CITY OF ANAMOSA

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jon Hatcher	Mayor	January 2008
Bob George	Council Member	January 2008
Dennis Hansen	Council Member	January 2010
Bill Feldman	Council Member	January 2008
Brian Harmon	Council Member	January 2008
Tom Swisher	Council Member	January 2010
Danny Young	Council Member	January 2010
Patrick Callahan	City Administrator	Indefinite
Tammy Coons	City Clerk	Indefinite
Penny Lobe	Deputy City Clerk	Indefinite
Adrian Knuth	City Attorney	Indefinite

CITY OF ANAMOSA

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Anamosa, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Anamosa'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 opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Anamosa as of June 30, 2007, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2007 on our consideration of City of Anamosa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 12 and 34 through 36 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Anamosa's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Clifton Henderson LLP

Cedar Rapids, Iowa
December 4, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Anamosa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2007 FINANCIAL HIGHLIGHTS

- Revenues totaled \$ 5.2 million.
- Disbursements totaled \$ 6.0 million.
- The City's total cash basis net assets at fiscal year ended June 30, 2007 totaled \$3.9 million.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Other Supplementary Information provides detailed information about the non-major governmental funds.

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in United States of America. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

Fund Financial Statements

The City has two kinds of funds:

- Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund, 4) the Capital Projects Fund, and 5) the Permanent Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

- Proprietary funds account for the City's Enterprise Funds and for the Internal Service Fund. Enterprise Funds are used to report business type activities. The City maintains three Enterprise Funds to provide separate information for the water and sewer funds, considered to be major funds of the City. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities as of June 30, 2007 is \$ 2.5 million.

Changes in Cash Basis Net Assets of Governmental Activities

	<u>Year Ended June 30, 2007</u>	<u>Year Ended June 30, 2006</u>
Receipts:		
Property tax	\$ 1,017,807	\$ 973,794
Tax increment financing collections	577,134	576,509
Other city tax	518,050	413,792
Licenses and permits	8,546	10,370
Use of money and property	97,380	80,686
Intergovernmental	977,347	888,072
Charges for services	130,396	117,672
Special assessments	49,634	82,155
Miscellaneous	<u>218,598</u>	<u>272,888</u>
Total receipts	<u>3,594,892</u>	<u>3,415,938</u>
Disbursements:		
Operating:		
Public safety	688,777	566,170
Public works	790,968	456,399
Culture and recreation	719,341	647,769
Community and economic development	81,771	141,556
General government	459,458	355,676
Debt service	724,012	1,046,488
Capital projects	<u>840,872</u>	<u>1,284,894</u>
Total disbursements	<u>4,305,199</u>	<u>4,498,952</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(710,307)</u>	<u>(1,083,014)</u>
Other Financing Sources (Uses):		
Bond proceeds		-
Debt payments received	40,500	87,574
Operating transfers in	896,728	525,938
Sale of capital assets	15,842	12,734
Operating transfers out	<u>(896,728)</u>	<u>(525,938)</u>
Net other financing sources (uses)	<u>56,342</u>	<u>100,308</u>
Net change in cash basis net assets	(653,965)	(982,706)
Cash basis net assets, beginning	<u>3,235,950</u>	<u>4,218,656</u>
Cash basis net assets, ending	<u>\$ 2,581,985</u>	<u>\$ 3,235,950</u>

The City's total receipts for governmental activities were \$ 3,651,234 which included bond proceeds, debt payments and sale of capital assets.

The City increased property tax rates for 2007 by \$ 0.40 per thousand of taxable valuation, from \$15.844 to \$ 16.24 per thousand of taxable valuation. The increase in property tax rate was due to several factors; an increase in liability and property insurance costs, employee benefit costs and in the Debt Service Levy.

The cost of all governmental activities this year was nearly \$ 4.3 million.

Changes in Cash Basis Net Assets of Business Type Activities

	<u>Year Ended June 30, 2007</u>	<u>Year Ended June 30, 2006</u>
Operating Receipts:		
Charges for services:		
Water	\$ 542,642	\$ 527,275
Sewer	883,932	629,790
Nonoperating Receipts:		
Interest on investments	41,328	29,975
Miscellaneous	<u>144,894</u>	<u>159,892</u>
Total receipts	1,612,796	1,346,932
Disbursements:		
Water	509,472	414,915
Sewer	935,502	572,996
Debt service	<u>285,260</u>	<u>287,473</u>
Total disbursements	1,730,234	1,275,384
Increase in cash basis net assets	(117,438)	71,548
Cash basis net assets beginning of year	<u>1,506,715</u>	<u>1,435,167</u>
Cash basis net assets end of year	<u>\$ 1,389,277</u>	<u>\$ 1,506,715</u>

Total business type activities receipts for the fiscal year were \$ 1,612,796. The cash balance decreased by approximately \$ 117,438 from the prior year. Total disbursements for the fiscal year were \$ 1,730,234.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Anamosa completed the year, its governmental funds reported a combined fund balance of \$ 2.5 million, a decrease of \$ 653,965 below last year's total of \$3.2 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance saw a decrease of \$ 584,479 from the prior year to \$1.1 million. This decrease in the General Fund cash balance is due to an increase in expenditures such as, an increase in employee benefits & salaries in all departments, an increase in the New Library operating budget, Downtown Façade Grants awarded, and an increase in housing rehabilitations.
- The Road Use Tax Fund cash balance increased slightly to \$ 533,055 during the fiscal year. This increase was due to a slight shifting of expenses for the Public Works department/Streets Department being funded with General fund rather than RUT funds.
- The Local Option Sales Tax Fund cash balance decreased by \$ 405,634 as compared to an increase in FY 2006 of \$ 190,805. This decrease is due to LOT funds being used, as designated, for Capital improvements in FY 2007.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance increased by \$ 9,033 to \$ 686,576, with \$ 314,618 in reserves as compared to last FY cash balance increase of \$49,908. The increase in addition to the Water Fund cash balance is the scheduled increase in the water rates, along with new home water services being added.
- The Sewer Fund cash balance decreased by only \$ 147,212 to \$ 506,546, with \$321,898 in reserves as compared to last FY cash balance increase of \$1,739. The difference in addition to the Sewer Fund cash balance was due entirely to the DNR requirement improvements done to the Wastewater Treatment Plant.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget twice. The amendments were approved on February 12, 2007 and May 14, 2007 and resulted in an increase in disbursements to all programs except Health & Social Services. The increase in the budgeted disbursements was primarily due to capital project expenses, along with additional street repairs, large equipment purchases in both the Public Works and Police Department, an increase housing rehabilitation projects, an increase in capital improvements and the early payment of eligible debt.

DEBT ADMINISTRATION

Outstanding Debt at Year-End

	<u>Year Ended June 30, 2007</u>
General obligation bonds & notes	\$ 823,730
Urban renewal tax increment financing revenue bonds	2,228,585
RUT revenue bonds	1,255,000
Water revenue bonds	655,000
Sewer revenue bonds	<u>1,352,500</u>
Total	<u>\$ 6,314,815</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$ 823,730 along with the TIF debt of \$ 2,228,585 is significantly below its constitutional debt limit of approximately \$8.3 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Anamosa's elected and appointed officials and citizens considered many factors when setting the fiscal year 2007 budget, tax rates, and fees that will be charged for various City activities. Unemployment in Jones County averaged 4.1 percent in 2007. This compares with the State's average unemployment rate of 3.7 percent in 2007.

The housing market is strong in Anamosa. During calendar year 2007, 7 single family homes were built, 1-duplex, 1-two unit zero lot line and two commercial spec buildings were built in the Anamosa Commercial Park.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Patrick Callahan, City Administrator, 107 S. Ford Street, Anamosa, Iowa.

BASIC FINANCIAL STATEMENTS

CITY OF ANAMOSA

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2007

	Disbursements	Program Receipts		
		Charges for Services	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest
FUNCTIONS/PROGRAMS:				
Governmental activities:				
Public safety	\$ 688,777	\$ 20,777	\$ 1,878	\$ -
Public works	790,968	24,988	453,475	5
Culture and recreation	719,341	148,948	118,974	1,407
Community and economic development	81,771	6,640	-	78,897
General government	459,458	34,161	-	-
Debt service	724,012	-	-	-
Capital projects	840,872	-	-	346,308
Total governmental activities	4,305,199	235,514	574,327	426,617
Business-type activities:				
Water	620,806	624,720	25,860	-
Sewer	1,109,427	946,748	15,467	-
Total business-type activities	1,730,233	1,571,468	41,327	-
Total	6,035,432	1,806,982	615,654	426,617
GENERAL RECEIPTS:				
Property taxes levied for:				
General purposes				
Employee benefits				
Tax increment financing				
Debt service				
Other city tax				
Local option sales tax				
Grants and contributions not restricted to specific purposes				
Unrestricted interest on investments				
Special assessments				

**Net (Disbursements) Receipts and
Change in Cash Basis Net Assets**

Governmental Activities	Business-type Activities	Total
\$ (666,122)	\$ -	\$ (666,122)
(312,500)	-	(312,500)
(450,012)	-	(450,012)
3,766	-	3,766
(425,297)	-	(425,297)
(724,012)	-	(724,012)
(494,564)	-	(494,564)
<u>(3,068,741)</u>	<u>-</u>	<u>(3,068,741)</u>
-	29,774	29,774
<u>-</u>	<u>(147,212)</u>	<u>(147,212)</u>
-	(117,438)	(117,438)
<u>(3,068,741)</u>	<u>(117,438)</u>	<u>(3,186,179)</u>
527,334	-	527,334
268,650	-	268,650
577,134	-	577,134
221,823	-	221,823
187,179	-	187,179
330,872	-	330,872
-	-	-
155,890	-	155,890
39,920	-	39,920
49,634	-	49,634

(continued)

CITY OF ANAMOSA

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2007

	Program Receipts		
Disbursements	Charges for Services	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Debt proceeds received			
Sale of capital assets			
Total general receipts			
CHANGE IN CASH BASIS NET ASSETS			
CASH BASIS NET ASSETS, BEGINNING			
CASH BASIS NET ASSETS, ENDING			
CASH BASIS NET ASSETS:			
Restricted:			
Streets			
Urban renewal purposes			
Debt service			
Other purposes			
Unrestricted			
TOTAL CASH BASIS NET ASSETS			

**Net (Disbursements) Receipts and
Change in Cash Basis Net Assets**

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
40,500	-	40,500
<u>15,840</u>	<u>-</u>	<u>15,840</u>
<u>2,414,776</u>	<u>-</u>	<u>2,414,776</u>
(653,965)	(117,438)	(771,403)
<u>3,235,950</u>	<u>1,506,715</u>	<u>4,742,665</u>
<u>\$ 2,581,985</u>	<u>\$ 1,389,277</u>	<u>\$ 3,971,262</u>
\$ (218,111)	\$ -	\$ (218,111)
722,037	-	722,037
355,294	-	355,294
567,052	1,389,277	1,956,329
<u>1,155,713</u>	<u>-</u>	<u>1,155,713</u>
<u>\$ 2,581,985</u>	<u>\$ 1,389,277</u>	<u>\$ 3,971,262</u>

The accompanying notes are an integral part of the financial statements.

CITY OF ANAMOSA

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances - Governmental Funds

As of and for the year ended June 30, 2007

	Special Revenue			
	General	Road Use Tax	Local Option Sales Tax	Tax Increment Financing
RECEIPTS:				
Property tax	\$ 527,334	\$ -	\$ -	\$ -
Tax increment financing collections	-	-	-	577,134
Other city tax	163,304	-	330,872	-
Licenses and permits	8,104	-	-	-
Use of money and property	79,279	-	4,828	1,409
Intergovernmental	152,062	457,897	-	-
Charges for services	130,396	-	-	-
Special assessments	-	-	-	-
Miscellaneous	219,770	(4,422)	-	-
	<u>1,280,249</u>	<u>453,475</u>	<u>335,700</u>	<u>578,543</u>
Total receipts				
DISBURSEMENTS:				
Operating:				
Public safety	620,851	-	61,889	-
Public works	287,776	238,899	264,293	-
Culture and recreation	641,486	-	43,622	-
Community and economic development	81,771	-	-	-
General government	426,458	-	30,680	2,320
Debt service	-	152,733	-	338,638
Capital projects	-	-	-	293,748
	<u>2,058,342</u>	<u>391,632</u>	<u>400,484</u>	<u>634,706</u>
Total disbursements				
Excess (deficiency) of receipts over (under) disbursements	<u>(778,093)</u>	<u>61,843</u>	<u>(64,784)</u>	<u>(56,163)</u>
OTHER FINANCING SOURCES (USES):				
Debt payments received	-	-	-	-
Operating transfers in	277,772	-	-	174,850
Sale of fixed assets	15,842	-	-	-
Operating transfers out	(100,000)	-	(340,850)	(178,106)
	<u>193,614</u>	<u>-</u>	<u>(340,850)</u>	<u>(3,256)</u>
Net other financing sources (uses)				

Debt Service	Capital Projects		Other Nonmajor Governmental Funds	Totals
	Street Projects	Water Projects		
\$ 221,823	\$ -	\$ -	\$ 268,650	\$ 1,017,807
-	-	-	-	577,134
11,573	-	-	12,301	518,050
-	315	127	-	8,546
2,711	-	-	9,153	97,380
-	345,808	-	21,580	977,347
-	-	-	-	130,396
-	-	-	49,634	49,634
-	-	-	3,250	218,598
<u>236,107</u>	<u>346,123</u>	<u>127</u>	<u>364,568</u>	<u>3,594,892</u>
-	-	-	6,037	688,777
-	-	-	-	790,968
-	-	-	34,233	719,341
-	-	-	-	81,771
-	-	-	-	459,458
232,641	-	-	-	724,012
<u>-</u>	<u>134,376</u>	<u>405,796</u>	<u>6,952</u>	<u>840,872</u>
<u>232,641</u>	<u>134,376</u>	<u>405,796</u>	<u>47,222</u>	<u>4,305,199</u>
<u>3,466</u>	<u>211,747</u>	<u>(405,669)</u>	<u>317,346</u>	<u>(710,307)</u>
-	-	-	40,500	40,500
-	178,106	264,000	2,000	896,728
-	-	-	-	15,842
-	-	-	(277,772)	(896,728)
<u>-</u>	<u>178,106</u>	<u>264,000</u>	<u>(235,272)</u>	<u>56,342</u>

(continued)

CITY OF ANAMOSA

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances - Governmental Funds

As of and for the year ended June 30, 2007

	Special Revenue			
	General	Road Use Tax	Local Option Sales Tax	Tax Increment Financing
NET CHANGE IN CASH BALANCE	(584,479)	61,843	(405,634)	(59,419)
CASH BALANCE, BEGINNING	<u>1,740,192</u>	<u>471,212</u>	<u>971,162</u>	<u>176,981</u>
CASH BALANCE, ENDING	<u>\$ 1,155,713</u>	<u>\$ 533,055</u>	<u>\$ 565,528</u>	<u>\$ 117,562</u>
CASH BASIS FUND BALANCE:				
Reserved:				
Debt service	\$ -	\$ -	\$ -	\$ -
Unreserved:				
General	1,155,713	-	-	-
Special revenue funds	-	533,055	565,528	117,562
Capital project funds	-	-	-	-
Permanent	-	-	-	-
Total cash basis fund balance	<u>\$ 1,155,713</u>	<u>\$ 533,055</u>	<u>\$ 565,528</u>	<u>\$ 117,562</u>

Debt Service	Capital Projects		Other Nonmajor Governmental Funds	Totals
	Street Projects	Water Projects		
3,466	389,853	(141,669)	82,074	(653,965)
<u>126,363</u>	<u>(607,964)</u>	<u>-</u>	<u>358,004</u>	<u>3,235,950</u>
<u>\$ 129,829</u>	<u>\$ (218,111)</u>	<u>\$ (141,669)</u>	<u>\$ 440,078</u>	<u>\$ 2,581,985</u>
\$ 129,829	\$ -	\$ -	\$ 225,465	\$ 355,294
-	-	-	-	1,155,713
-	-	-	99,458	1,315,603
-	(218,111)	(141,669)	38,947	(320,833)
-	-	-	76,208	76,208
<u>\$ 129,829</u>	<u>\$ (218,111)</u>	<u>\$ (141,669)</u>	<u>\$ 440,078</u>	<u>\$ 2,581,985</u>

The accompanying notes are an integral part of the financial statements.

CITY OF ANAMOSA

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances - Proprietary Funds

As of and for the year ended June 30, 2007

	<u>Water</u>	<u>Sewer</u>	<u>Nonmajor Enterprise Fund</u>
OPERATING RECEIPTS:			
Charges for services	\$ 542,642	\$ 883,932	\$ -
Miscellaneous	<u>58,888</u>	<u>62,816</u>	<u>23,190</u>
Total operating receipts	<u>601,530</u>	<u>946,748</u>	<u>23,190</u>
OPERATING DISBURSEMENTS:			
Business-type activities:			
Water	501,913	-	7,559
Sewer	<u>-</u>	<u>935,502</u>	<u>-</u>
Total operating disbursements	<u>501,913</u>	<u>935,502</u>	<u>7,559</u>
Excess of operating receipts over operating disbursements	<u>99,617</u>	<u>11,246</u>	<u>15,631</u>
NONOPERATING RECEIPTS (DISBURSEMENTS):			
Interest on investments	20,751	15,467	5,110
Debt service	<u>(111,335)</u>	<u>(173,925)</u>	<u>-</u>
Net nonoperating receipts (disbursements)	<u>(90,584)</u>	<u>(158,458)</u>	<u>5,110</u>
NET CHANGE IN CASH BALANCE	9,033	(147,212)	20,741
CASH BALANCE, BEGINNING	<u>677,543</u>	<u>653,758</u>	<u>175,414</u>
CASH BALANCE, ENDING	<u>\$ 686,576</u>	<u>\$ 506,546</u>	<u>\$ 196,155</u>
CASH BASIS FUND BALANCE:			
Reserved for other purposes	\$ 314,618	\$ 321,898	\$ 196,155
Unreserved	<u>371,958</u>	<u>184,648</u>	<u>-</u>
Total cash basis fund balance	<u>\$ 686,576</u>	<u>\$ 506,546</u>	<u>\$ 196,155</u>

<u>Total</u>
\$ 1,426,574
<u>144,894</u>
<u>1,571,468</u>
509,472
<u>935,502</u>
<u>1,444,974</u>
<u>126,494</u>
41,328
<u>(285,260)</u>
<u>(243,932)</u>
(117,438)
<u>1,506,715</u>
<u>\$ 1,389,277</u>
\$ 832,671
<u>556,606</u>
<u>\$ 1,389,277</u>

The accompanying notes are an integral part of the financial statements.

CITY OF ANAMOSA

Notes to Financial Statements

June 30, 2007

(1) Summary of Significant Accounting Policies

The City of Anamosa is a political subdivision of the State of Iowa located in Jones County. It was first incorporated in 1872 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Manager-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development, and general government services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

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

Jointly Governed Organizations

The City also participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Jones County Assessor's Conference Board, Jones County E911 Service Board, and Jones County Landfill Agency.

B. Basis of Presentation

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

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

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

CITY OF ANAMOSA

Notes to Financial Statements

June 30, 2007

(1) Summary of Significant Accounting Policies(continued)

B. Basis of Presentation (continued)

Governmental-wide Financial Statements (continued)

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

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

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

The City reports the following major governmental funds:

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

Special Revenue:

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

The Tax Increment Fund is used to account for urban renewal projects financed by tax increment financing.

The Local Option Sales Tax Fund is used to account for the collection and disbursement of local option sales tax.

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

CITY OF ANAMOSA

Notes to Financial Statements

June 30, 2007

(1) **Summary of Significant Accounting Policies**(continued)

B. Basis of Presentation (continued)

Capital Projects:

The Streets Projects Fund is used to account for Street capital projects.

The Water Projects Funds is used to account for Water capital projects.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

C. Measurement Focus and Basis of Accounting

The City of Anamosa maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable, or accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America.

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

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements exceeded the amounts budgeted prior to the budget amendment in the community and economic development, capital project functions and public works. Also, disbursements exceed the final amount budgeted in the debt service fund.

(2) **Cash and Pooled Investments**

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

CITY OF ANAMOSA

Notes to Financial Statements

June 30, 2007

(2) Cash and Pooled Investments (continued)

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

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Bonds and Notes Payable

The annual debt service requirements to maturity of general obligation bonds and notes, special revenue bonds and notes are as follows:

	<u>General Obligation Bonds and Notes</u>		<u>Special Revenue Bonds and Notes</u>		<u>Revenue Notes</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 161,185	\$ 38,620	\$ 272,391	\$ 156,238	\$ 185,000	\$ 97,040	\$ 618,576	\$ 291,898
2009	136,869	30,964	281,678	146,346	195,000	88,935	613,547	266,245
2010	94,636	24,555	295,341	135,476	242,500	80,125	632,477	240,156
2011	85,319	20,523	309,657	124,410	215,000	70,585	609,976	215,518
2012	91,687	16,223	318,291	110,220	220,000	60,243	629,978	186,686
2013	97,370	12,107	327,607	96,118	235,000	49,320	659,977	157,545
2014	28,737	7,369	336,240	81,271	250,000	37,470	614,977	126,110
2015	30,104	6,077	314,873	65,695	145,000	24,665	489,977	96,437
2016	31,471	4,694	328,506	50,771	155,000	17,125	514,977	72,590
2017	32,838	3,216	342,516	34,874	165,000	8,910	540,354	47,000
2018	<u>33,514</u>	<u>1,641</u>	<u>356,485</u>	<u>17,976</u>	<u>-</u>	<u>-</u>	<u>389,999</u>	<u>19,617</u>
	<u>\$ 823,730</u>	<u>\$ 165,989</u>	<u>\$3,483,585</u>	<u>\$1,019,395</u>	<u>\$2,007,500</u>	<u>\$ 534,418</u>	<u>\$6,314,815</u>	<u>\$1,719,802</u>

CITY OF ANAMOSA

Notes to Financial Statements

June 30, 2007

(3) Bonds and Notes Payable (continued)

During 2004, the City entered into a general obligation note payable to buy a police car for \$18,000. The City had a remaining balance on the note as of June 30, 2007 of \$7,200.

Road use tax revenue notes were issued on November 1, 2002 to provide funds for the construction of street and street related improvements in connection with the City's Downtown Streetscape Project. The bonds are payable solely from road use tax revenues and are callable on June 1, 2012. The resolution providing for the issuance of the road use tax revenue bonds includes the following provisions:

- a) An amount equal to 1/6th of the next interest due is to be set aside in a road use tax sinking fund.
- b) A reserve fund is to be established with a required fund balance of \$152,675.
- c) All road use tax revenues remaining after making the required payments into the sinking and reserve funds shall be placed in a surplus fund which may be used to pay for road related improvements and services.

Tax increment financing revenue refinancing notes were issued on November 1, 2002 with an average rate of 3.64% to redeem the following tax increment financing bonds:

<u>Description</u>	<u>Amount</u>	<u>Average Interest Rate</u>
1992 TIF Revenue Bond	\$ 44,762	9.00 %
1997 TIF Revenue Bond	116,248	7.50 %
1998 TIF Revenue Bond	36,000	7.50 %
1999 TIF Revenue Bond	<u>263,350</u>	<u>7.00 %</u>
Total	<u>\$ 460,360</u>	<u>7.36 %</u>

Tax increment financing general bonds were issued on November 1, 2002 to provide funds to pay costs of the City's Downtown Streetscape Project and other street, water and sanitary improvements and related improvements in the City's urban renewal districts. The bonds are callable on June 1, 2010.

CITY OF ANAMOSA

Notes to Financial Statements

June 30, 2007

(3) Bonds and Notes Payable (continued)

All tax increment financing debt is payable solely from the income and proceeds of the Tax Increment Fund and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. The proceeds of the urban renewal tax increment financing revenue bonds shall be expended only for purposes which are consistent with the plans of the City's urban renewal area. The bonds are not a general obligation of the City. However, the debt is subject to the constitutional debt limitation of the City.

Water revenue notes were issued on April 1, 1999, with an average interest rate of 4.78%. The revenue notes mature in 2014.

The resolution providing for the issuance of the water revenue notes includes the following provisions:

- a) The City shall generate net revenues from water operations sufficient to pay the annual installments on the notes.
- b) An amount equal to 1/12th of the next principal due and 1/6th of the next interest due shall be set aside in a water sinking fund.
- c) A reserve fund is to be established with a required fund balance of \$118,000.
- d) An improvement and extension fund is to be established with a required fund balance of \$50,000.

Sewer revenues refunding notes were issued on October 1, 2002, with an average rate of 4.55% to redeem \$1,640,000 in 1994 sewer revenue notes with an average interest rate of 6.98%.

The resolution providing for the issuance of the sewer revenue notes includes the following provisions:

- a) The City shall generate net revenues from sewer operations of 125% of the average annual principal and interest payments.
- b) An amount equal to 1/12th of the next principal due and 1/6th of the next interest due shall be set aside in a sewer sinking fund.
- c) A reserve fund is to be established with a required fund balance of \$173,910.

CITY OF ANAMOSA

Notes to Financial Statements

June 30, 2007

(3) **Bonds and Notes Payable (continued)**

d) An improvement and extension fund is to be established with a required fund balance of \$50,000.

As of June 30, 2007, the City was in compliance with provisions of the debt resolutions listed above.

The City issued a Zero percent Sewer Revenue note on August 7, 2006 which is payable in 2010. The proceeds were used for sewer repairs.

(4) **Interfund Transfers**

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Nonmajor Governmental Funds	<u>\$ 277,772</u>
Special Revenue: TIF	Special Revenue: LOST	<u>\$ 174,850</u>
Capital Projects: Water Projects	General LOST	\$ 100,000 <u>164,000</u>
	Total	<u>\$ 264,000</u>
Capital Projects: Street projects	Special Revenue: TIF	<u>\$ 178,106</u>
Nonmajor Governmental Funds	Special Revenue: LOST	<u>\$ 2,000</u>
	Total	<u>\$ 896,728</u>

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

CITY OF ANAMOSA

Notes to Financial Statements

June 30, 2007

(5) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 503069117.

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 salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$65,402, \$60,693, and \$55,412, respectively, equal to the required contributions for each year.

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and sick leave hours based on the length of employment. Sick leave is not a vested benefit. It is payable when used and may be accumulated to a maximum of 1,440 hours. Vacation is payable when used and is cumulative to a maximum of 240 hours. These accumulations are not recognized as disbursements by the City until used or paid. This liability has been computed based on pay rates as of June 30, 2007. The City's approximate liability for earned vacation termination payments payable to employees at June 30, 2007 is \$47,646.

(7) Deficit Balances

At June 30, 2007, funds with deficit balances were as follows:

Capital Projects:	
Street Projects	\$(218,111)
Water Projects	(141,669)

These deficit balances are the result of project costs in excess of available funds. These deficits will be eliminated upon collection of intergovernmental revenues.

(8) Risk Management

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

CITY OF ANAMOSA

Notes to Financial Statements

June 30, 2007

(9) Construction Commitments

During the year ended June 30, 2007, the City of Anamosa committed to various construction projects all of which were still ongoing at year end. The total commitments remain on the contracts is \$424,459 at June 30, 2007.

(10) Susequent Event

In July 2007, the City entered into a construction contract for \$210,097 for a street project to be financed from road use tax funds.

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ANAMOSA

**Budgetary Comparison Schedule of Receipts, Disbursements, and
Changes in Balances - Budget to Actual (Cash Basis)-
All Governmental Funds and Proprietary Funds
Required Supplementary Information**

Year Ended June 30, 2007

	Governmental Funds Actual	Proprietary Funds Actual	Total
RECEIPTS:			
Property tax	\$ 1,017,807	\$ -	\$ 1,017,807
Tax increment financing	577,134	-	577,134
Other city tax	518,050	-	518,050
Licenses and permits	8,546	-	8,546
Use of money and property	97,380	41,328	138,708
Intergovernmental	977,347	-	977,347
Charges for services	130,396	1,426,574	1,556,970
Special assessments	49,634	-	49,634
Miscellaneous	218,598	144,894	363,492
Total receipts	3,594,892	1,612,796	5,207,688
DISBURSEMENTS:			
Public safety	688,777	-	688,777
Public works	790,968	-	790,968
Culture and recreation	719,341	-	719,341
Community and economic development	81,771	-	81,771
General government	459,458	-	459,458
Debt service	724,012	-	724,012
Capital projects	840,872	-	840,872
Business-type activities	-	1,730,234	1,730,234
Total disbursements	4,305,199	1,730,234	6,035,433
Excess (deficiency) of receipts over (under) disbursements	(710,307)	(117,438)	(827,745)
OTHER FINANCING SOURCES	56,342	-	56,342
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(653,965)	(117,438)	(771,403)
BALANCES BEGINNING OF YEAR	3,235,950	1,506,715	4,742,665
BALANCES END OF YEAR	\$ 2,581,985	\$ 1,389,277	\$ 3,971,262

Budgeted Amounts		Final to
Original	Final	Total
		Variance
\$ 1,137,385	\$ 1,137,385	\$ (119,578)
574,506	574,506	2,628
425,875	425,875	92,175
4,275	4,275	4,271
177,900	177,900	(39,192)
496,295	496,295	481,052
1,395,700	1,395,700	161,270
20,000	20,000	29,634
<u>374,757</u>	<u>374,757</u>	<u>(11,265)</u>
<u>4,606,693</u>	<u>4,606,693</u>	<u>600,995</u>
624,442	880,142	191,365
581,748	900,348	109,380
733,381	826,209	106,868
-	414,302	332,531
510,860	545,870	86,412
723,180	723,180	(832)
-	1,113,100	272,228
<u>1,275,785</u>	<u>2,646,785</u>	<u>916,551</u>
<u>4,449,396</u>	<u>8,049,936</u>	<u>2,014,503</u>
157,297	(3,443,243)	(2,615,498)
<u>-</u>	<u>1,836,000</u>	<u>1,779,658</u>
157,297	(1,607,243)	835,840
<u>5,576,473</u>	<u>5,576,473</u>	<u>-</u>
<u>\$ 5,733,770</u>	<u>\$ 3,969,230</u>	<u>\$ 835,840</u>

See accompanying independent auditor's report

CITY OF ANAMOSA

**Notes to Required Supplementary Information-
Budgetary Reporting**

June 30, 2007

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functional areas are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities, and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendment increased budget receipts by \$0 and disbursements by \$3,600,540. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2007, disbursements did exceed the amounts in the amended budget in the Debt Service function.

Also, during the year ended June 30, 2007, disbursements exceeded amounts in the original budget before it could be amended in the Community and Economic Development, the Capital Projects, and Public Works functions.

OTHER SUPPLEMENTARY INFORMATION

CITY OF ANAMOSA

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances

Nonmajor Governmental Funds

As of and for the year ended June 30, 2007

	Special Revenue			
	Employee Benefit	Library Special Gift	Police Department Forfeiture	Police Canine
Receipts:				
Property tax	\$ 268,650	\$ -	\$ -	\$ -
Other city tax	12,301	-	-	-
Use of money and property	-	1,407	-	28
Intergovernmental	-	-	-	-
Special assessment	-	-	-	-
Miscellaneous	-	-	-	1,850
Total receipts	<u>280,951</u>	<u>1,407</u>	<u>-</u>	<u>1,878</u>
Disbursements:				
Operating:				
Public safety	-	-	-	6,037
Culture and recreation	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,037</u>
Excess (deficiency) of receipts over (under) disbursements	<u>280,951</u>	<u>1,407</u>	<u>-</u>	<u>(4,159)</u>
Other financing sources (uses):				
Bond proceeds	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	<u>(277,772)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net other financing sources (uses)	<u>(277,772)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in cash balance	3,179	1,407	-	(4,159)
Cash balance, beginning	<u>32,821</u>	<u>33,638</u>	<u>204</u>	<u>7,791</u>
Cash balance, ending	<u>\$ 36,000</u>	<u>\$ 35,045</u>	<u>\$ 204</u>	<u>\$ 3,632</u>

Anamosa/ Monticello Local Access	Cemetery Operations	Wetlands Project	Debt Service	Capital Projects			Permanent	Totals
			Special Assessment	City Building Project	Park & Recreation Project	Sewer Project	Cemetery Perpetual Care	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 268,650
-	-	-	-	-	-	-	-	12,301
104	-	5	7,550	12	-	47	-	9,153
21,580	-	-	-	-	-	-	-	21,580
-	-	-	49,634	-	-	-	-	49,634
-	-	-	-	-	-	-	1,400	3,250
<u>21,684</u>	<u>-</u>	<u>5</u>	<u>57,184</u>	<u>12</u>	<u>-</u>	<u>47</u>	<u>1,400</u>	<u>364,568</u>
-	-	-	-	-	-	-	-	6,037
34,233	-	-	-	-	-	-	-	34,233
-	-	-	-	3,352	3,600	-	-	6,952
<u>34,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,352</u>	<u>3,600</u>	<u>-</u>	<u>-</u>	<u>47,222</u>
<u>(12,549)</u>	<u>-</u>	<u>5</u>	<u>57,184</u>	<u>(3,340)</u>	<u>(3,600)</u>	<u>47</u>	<u>1,400</u>	<u>317,346</u>
-	-	-	-	-	3,000	37,500	-	40,500
-	-	-	-	-	2,000	-	-	2,000
-	-	-	-	-	-	-	-	(277,772)
-	-	-	-	-	5,000	37,500	-	(235,272)
(12,549)	-	5	57,184	(3,340)	1,400	37,547	1,400	82,074
<u>26,325</u>	<u>10,000</u>	<u>796</u>	<u>168,281</u>	<u>3,340</u>	<u>-</u>	<u>-</u>	<u>74,808</u>	<u>358,004</u>
<u>\$ 13,776</u>	<u>\$ 10,000</u>	<u>\$ 801</u>	<u>\$ 225,465</u>	<u>\$ -</u>	<u>\$ 1,400</u>	<u>\$ 37,547</u>	<u>\$ 76,208</u>	<u>\$ 440,078</u>

CITY OF ANAMOSA

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances

Nonmajor Governmental Funds

As of and for the year ended June 30, 2007

	Special Revenue			
	Employee Benefit	Library Special Gift	Police Department Forfeiture	Police Canine
Cash basis fund balance:				
Unreserved:				
Special revenue funds	\$ 36,000	\$ 35,045	\$ 204	\$ 3,632
Capital project funds	-	-	-	-
Debt service	-	-	-	-
Permanent	-	-	-	-
Total cash basis fund balance	<u>\$ 36,000</u>	<u>\$ 35,045</u>	<u>\$ 204</u>	<u>\$ 3,632</u>

Anamosa/ Monticello	Debt Service			Capital Projects			Permanent	Totals
	Local Access	Cemetery Operations	Wetlands Project	Special Assessment	City Building Project	Park & Recreation Project	Sewer Project	
\$ 13,776	\$ 10,000	\$ 801	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,458
-	-	-	-	-	1,400	37,547	-	38,947
-	-	-	225,465	-	-	-	-	225,465
-	-	-	-	-	-	-	76,208	76,208
<u>\$ 13,776</u>	<u>\$ 10,000</u>	<u>\$ 801</u>	<u>\$ 225,465</u>	<u>\$ -</u>	<u>\$ 1,400</u>	<u>\$ 37,547</u>	<u>\$ 76,208</u>	<u>\$ 440,078</u>

CITY OF ANAMOSA

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances

Nonmajor Enterprise Fund - Consumer Deposits

As of and for the year ended June 30, 2007

OPERATING RECEIPTS:	
Miscellaneous	<u>\$ 23,190</u>
 OPERATING DISBURSEMENTS:	
Business-type activities:	
Water	<u>7,559</u>
Excess of receipts over disbursements	<u>15,631</u>
 NONOPERATING RECEIPTS:	
Interest on investments	<u>5,110</u>
 NET CHANGE IN CASH BALANCE	20,741
 CASH BALANCE, BEGINNING	<u>175,414</u>
 CASH BALANCE, ENDING	<u>\$ 196,155</u>
 CASH BASIS FUND BALANCE:	
Reserved:	
Deposits	\$ 196,155
Unreserved	<u>-</u>
Total cash basis fund balance	<u>\$ 196,155</u>

CITY OF ANAMOSA
Statement of Indebtedness
Year ended June 30, 2007

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
General obligation bonds:			
Fawn Creek/Old Dubuque	July 1, 2000	5.20-5.60%	\$ 510,000
General obligation notes:			
Street improvement project	June 1, 1998	4.35-5.05%	760,000
Anticipation project	August 1, 2001	4.50%	140,000
Refunding notes - Series 2002A	November 1, 2002	2.00-4.90%	455,000
Police car	September 17, 2003	3.50%	18,000
Equipment note	November 1, 2004	2.75%	50,000
Total			
Road Use Tax:			
Road Use Tax Revenue Notes	November 1, 2002	2.50-5.25%	1,595,000
Tax Increment Financing Bonds:			
2002 TIF G.O. bond	November 1, 2002	2.00-4.90%	2,870,000
TIF revenue - refinancing	November 1, 2002	2.00-4.60%	475,000
Total			
Revenue:			
Water revenue notes	April 1, 1999	4.40-5.15%	1,180,000
Sewer revenue notes	August 7, 2006	0%	37,500
Sewer revenue refunding notes	October 1, 2002	2.75-5.40%	1,785,000
Total			
Total indebtedness			

Schedule 3

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
\$ 180,000	\$ -	\$ 65,000	\$ 115,000	\$ 9,980	\$ -
415,000	-	50,000	365,000	20,188	-
24,283	-	24,283	-	1,093	-
338,001	-	31,471	306,530	14,419	-
10,800	-	3,600	7,200	378	-
40,000	-	10,000	30,000	1,100	-
<u>1,008,084</u>	<u>-</u>	<u>184,354</u>	<u>823,730</u>	<u>47,158</u>	<u>-</u>
<u>1,345,000</u>	<u>-</u>	<u>90,000</u>	<u>1,255,000</u>	<u>62,433</u>	<u>-</u>
2,132,091	-	198,506	1,933,585	91,059	-
330,000	-	35,000	295,000	13,450	-
<u>2,462,091</u>	<u>-</u>	<u>233,506</u>	<u>2,228,585</u>	<u>104,509</u>	<u>-</u>
730,000	-	75,000	655,000	36,035	-
-	37,500	-	37,500	-	-
1,420,000	-	105,000	1,315,000	68,625	-
<u>2,150,000</u>	<u>37,500</u>	<u>180,000</u>	<u>2,007,500</u>	<u>104,660</u>	<u>-</u>
<u>\$ 6,965,175</u>	<u>\$ 37,500</u>	<u>\$ 687,860</u>	<u>\$ 6,314,815</u>	<u>\$ 318,760</u>	<u>\$ -</u>

CITY OF ANAMOSA

Bond and Note Maturities

June 30, 2007

Year Ending June 30,	General Obligation Debt					
	2000 GO Bond Issued July 1, 2000		Street Improvement Issued June 1, 1998		Refunding Notes Issued November 1, 2002	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2008	5.55 %	\$ 70,000	4.70 %	\$ 55,000	3.50 %	\$ 22,585
2009	5.60 %	45,000	4.75 %	55,000	3.75 %	23,269
2010	-	-	4.85 %	60,000	4.00 %	24,636
2011	-	-	4.95 %	60,000	4.15 %	25,319
2012	-	-	5.00 %	65,000	4.30 %	26,687
2013	-	-	5.05 %	70,000	4.40 %	27,370
2014	-	-	-	-	4.50 %	28,737
2015	-	-	-	-	4.60 %	30,104
2016	-	-	-	-	4.70 %	31,471
2017	-	-	-	-	4.80 %	32,838
2018	-	-	-	-	4.90 %	33,514
Total		<u>\$ 115,000</u>		<u>\$ 365,000</u>		<u>\$ 306,530</u>

Year Ending June 30,	Special Revenue Debt					
	Road Use Tax Revenue Issued Nov. 1, 2002		TIF G.O. Issued Nov. 1, 2002		TIF Revenue-Refinancing Issued November 1, 2002	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2008	3.85 %	\$ 90,000	3.50 %	\$ 142,391	3.60 %	\$ 40,000
2009	4.05 %	95,000	3.75 %	146,678	3.80 %	40,000
2010	4.25 %	100,000	4.00 %	155,341	4.00 %	40,000
2011	4.45 %	105,000	4.15 %	159,657	4.20 %	45,000
2012	4.65 %	105,000	4.30 %	168,291	4.40 %	45,000
2013	4.75 %	110,000	4.40 %	172,607	4.50 %	45,000
2014	4.85 %	115,000	4.50 %	181,240	4.60 %	40,000
2015	4.95 %	125,000	4.60 %	189,873	-	-
2016	5.05 %	130,000	4.70 %	198,506	-	-
2017	5.15 %	135,000	4.80 %	207,516	-	-
2018	5.25 %	<u>145,000</u>	4.90 %	<u>211,485</u>	-	-
Total		<u>\$1,255,000</u>		<u>\$1,933,585</u>		<u>\$ 295,000</u>

CITY OF ANAMOSA

Comparison of Tax and Intergovernmental Receipts

	Years Ended June 30,			
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Property Tax	\$ 1,017,807	\$ 973,794	\$ 914,511	\$ 940,696
Tax increment financing collections	<u>577,134</u>	<u>576,509</u>	<u>565,948</u>	<u>454,698</u>
Other city tax:				
Mobile home tax	11,277	12,559	12,163	12,768
Utility tax replacement excise tax	158,083	89,229	73,229	47,551
Hotel/motel tax	17,819	19,064	17,926	18,405
Local option sales tax	<u>330,872</u>	<u>292,940</u>	<u>324,060</u>	<u>317,029</u>
	<u>518,051</u>	<u>413,792</u>	<u>427,378</u>	<u>395,753</u>
Intergovernmental:				
Bank franchise tax	-	-	9,759	13,839
Road use tax	457,897	459,988	456,804	457,582
Housing rehabilitation grant	78,897	17,985	76,264	96,549
Community development grant	-	-	-	25,000
CAT grant	-	16,930	76,567	106,503
Local access share	21,580	41,098	-	-
U-STEP grant	163,453	97,120	-	-
RISE Grant	127,394	54,731	-	-
REAP grant		88,475	-	-
FEMA grant		-	61,416	-
Cable TV/ Gas franchise	35,509	74,514	26,056	27,851
County support	72,460	14,074	14,074	14,074
Other	<u>20,157</u>	<u>23,157</u>	<u>47,090</u>	<u>23,363</u>
	<u>977,347</u>	<u>888,072</u>	<u>768,030</u>	<u>764,761</u>
Total	\$ <u>3,090,339</u>	\$ <u>2,852,167</u>	\$ <u>2,675,867</u>	\$ <u>2,555,908</u>

See accompanying independent auditor's report.

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

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

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Anamosa as of and for the year ended June 30, 2007, which collectively comprise the City of Anamosa's basic financial statements and have issued our report thereon dated December 4, 2007. The financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Anamosa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in Part II of the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that one of the significant deficiencies described in Part I, I-A-2007, is a material weakness. Prior year material weakness have been resolved except for I-A-2007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Anamosa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in Part III of the accompanying schedule of findings and responses.

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

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City and those parties to whom the City 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 Anamosa 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 Gundersen LLP

Cedar Rapids, Iowa
December 4, 2007

CITY OF ANAMOSA
Schedule of Findings
Year ended June 30, 2007

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified _____

Internal control over financial reporting:

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

PART I - FINANCIAL STATEMENT FINDINGS

I-A-2007 SEGREGATION OF DUTIES IN THE ACCOUNTING 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: The City Clerk has complete control over the accounting function.

Context: During our audit we found that the City Clerk could perform all functions in the accounting function.

Effect: As a result of this condition, there is a more than a remote risk that material errors or irregularities could occur and not be detected within a timely manner.

Cause: Ideal separation of incompatible duties is difficult with the size of the City staff.

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 City review its operating procedures to obtain the maximum internal control possible under the circumstances.

Management Response: With a limited number of office employees, segregation of duties is sometimes difficult. We are aware of the lack of segregation of duties and have considered alternatives to improve the situation. We are monitoring the situation and are segregating accounting duties where practical.

Conclusion: Response accepted.

CITY OF ANAMOSA

Schedule of Findings

Year ended June 30, 2007

PART I - FINANCIAL STATEMENT FINDINGS (CONTINUED)

I-B-2007 PREPARATION OF FINANCIAL STATEMENTS

Criteria: The City Council and management share the ultimate responsibility for the City's financial statements, including disclosures.

Condition: The City has not implemented procedures, to the degree necessary, to perform a review and assume responsibility for the City's financial statements and related disclosures to provide a high level of assurance that potential omissions or other errors that are less material, but more than inconsequential, would be identified and corrected.

Context: While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. The independent auditor cannot be considered part of the City's internal control system. The City has implemented procedures to review the financial statements and disclosures but has not utilized review aids, such as a disclosure checklist, and may not have monitored recent accounting developments to the extent necessary to provide a high level of assurance that the financial statements omissions or other errors would be identified and corrected prior to issuance.

Effect: As a result of this condition, there is a more than remote risk that misstatements that are more than inconsequential to the financial statements could occur and not be detected.

Cause: The City has relied on the independent auditor to some degree to provide assurance the financial statements, including disclosures, are not materially misstated.

Recommendation: We recommend sufficient financial statement and disclosure review procedures be performed by an individual possessing a thorough understanding of applicable generally accepted accounting principles and knowledge of the City's activities and operations.

Management Response: The City does not have the resources to employ staff possessing the detailed understanding of applicable generally accepted accounting principles to the extent required to utilize such a disclosure checklist. We understand the list of GAAP requirements in these disclosure checklists exceed 50 pages in length. As a result, the City of Anamosa has relied on the independent auditor to identify disclosures required in the financial statements.

Conclusion: Response accepted.

CITY OF ANAMOSA

Schedule of Findings

Year ended June 30, 2007

FINDINGS RELATED TO STATUTORY REPORTING

II-A-2007 Certified Budget - Disbursements during the year ended June 30, 2007 exceeded the amounts budgeted in the community and economic development, capital projects, public works, and debt service functions before budget amendments could be made. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - The budget will be amended in the future, if applicable.

Conclusion - Response accepted.

II-B-2007 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.

II-C-2007 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-D-2007 Business Transactions - We noted the following business transaction between the City and City officials or employees:

Brian Harmon	\$ 300.00
--------------	-----------

As the amounts are less than \$1,500, they do not appear to be conflicts of interest as defined by Chapter 362.5 of the Code of Iowa.

II-E-2007 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.

II-F-2007 Revenue Notes - As of June 30, 2007, the City was in compliance with the funding and payment provisions of the revenue note resolutions.

II-G-2007 Council Minutes - No transactions were found that we believe should have been approved in the council minutes but were not.

CITY OF ANAMOSA

Schedule of Findings

Year ended June 30, 2007

FINDINGS RELATED TO STATUTORY REPORTING (CONTINUED)

II-H-2007 Financial Condition - The City had deficit balances in the Capital Projects - Street Projects and Water Projects funds.

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

Response - The deficit was due to construction cost incurred prior to the receipt of revenues. The deficit has been subsequently eliminated after year end.

Conclusion - Response accepted.

CITY OF ANAMOSA

Audit Staff

This audit was performed by:

William E. Murray, CPA, Partner

William Vincent, CPA, Partner

Andrew J. Johnson, CPA, Manager

Jim Fitzpatrick, CPA, Senior Associate

Josh Barta, Associate