

# **City of Ankeny, Iowa**

Comprehensive Annual Financial Report

For the Year Ended June 30, 2007

Submitted By:

Office of Finance and Budget  
City of Ankeny, Iowa

Cover photo: Hole #15 - Otter Creek Golf Course



**CITY OF ANKENY, IOWA**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2007**

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December 31, 2007

**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 which may be 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, 2007.

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, or 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, 2007, 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, 2007 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 report indicated the population to be 36,161. 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 Ankeny 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 Ankeny 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 66-70.

## **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, SYSCO Corporation, 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 recently annexed into the City and surrounds a newly constructed interchange with Interstate 35. Utilities and arterial roadway have been extended into these areas and development is commencing. 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. Engineering studies are also being conducted for the addition of another interchange with Interstate 35 and the renovation and expansion of the First Street interchange.

**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 3.00% to 5.80% 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 \$2,516,564 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, 2007 are listed in the Insurance Schedule of the Statistical Section of the report on pages 115-116. 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, 2007 are \$2,028,018.

**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 27.75% 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 of the United States and Canada (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, 2006. This was the fifth 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 applicable 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, 2007. 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, 2006

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.

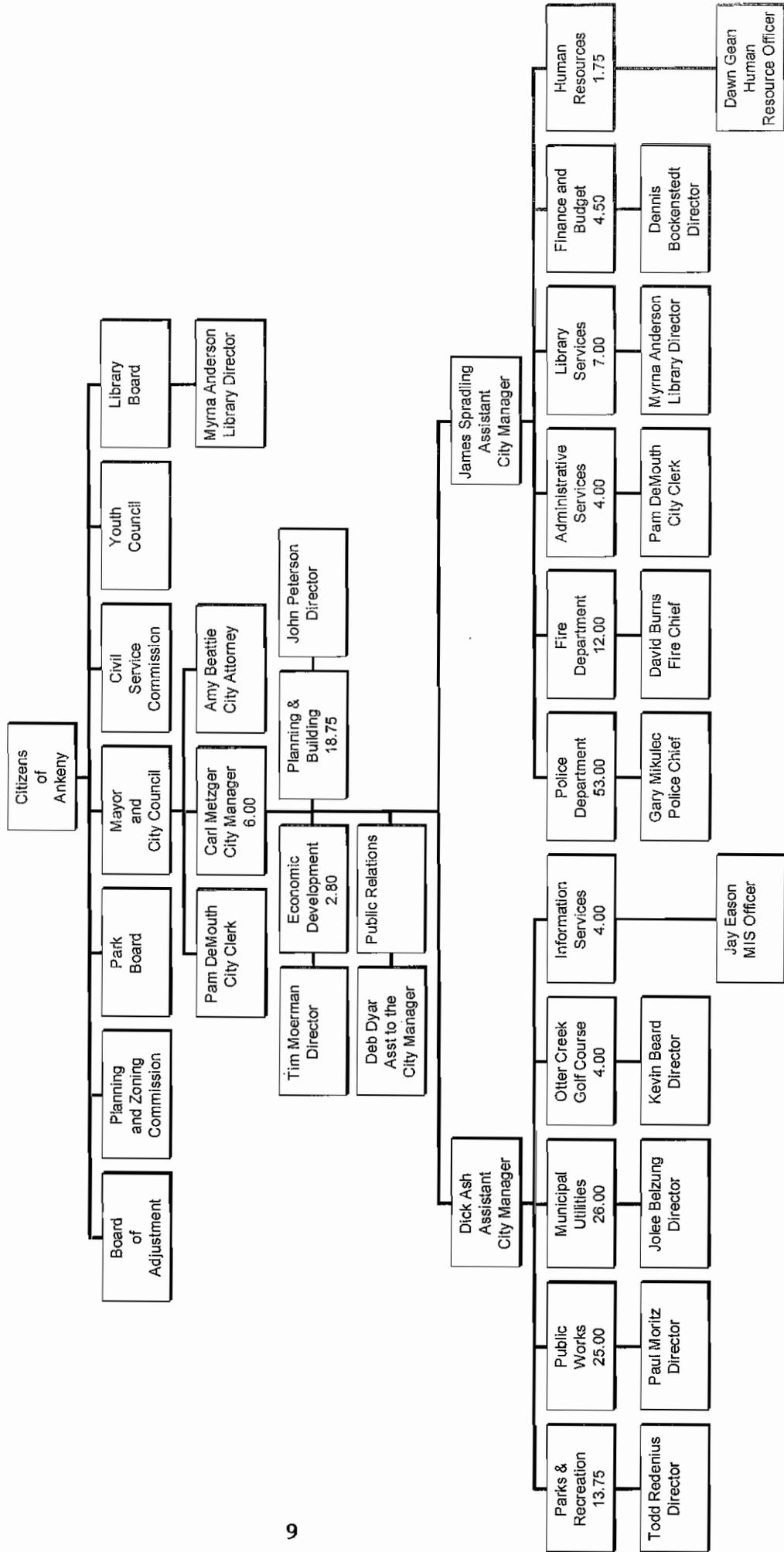


President

Executive Director

# City of Ankeny, Iowa

## FY 2007 Functional/Management Organization Chart



\* FTE figures reflect regular full- and part-time positions and do not include seasonal, temporary or paid per call employees.

\* Positions are listed under supervising department or office as opposed to cost center.

\* Total FTE for FY 2007 is 182.55

# CITY OF ANKENY, IOWA

## List of Principal Officials June 30, 2007

### ELECTED OFFICIALS

Mayor  
Council Member  
Council Member  
Council Member  
Council Member  
Council Member

Steve Van Oort  
Craig Block  
Dave Kissinger  
Gary Lorenz  
Tom Strait  
Gary Welch

### APPOINTED OFFICIALS

City Manager  
Assistant City Manager  
Assistant City Manager  
City Clerk  
Planning and Building Director  
Fire Chief  
Library Director  
Parks and Recreation Director  
Police Chief  
Municipal Utilities Director  
Public Works Director  
Finance Director  
Economic Development Director

Carl Metzger  
Dick Ash  
James Spradling  
Pam DeMouth  
John Peterson  
Vacant  
Myrna Anderson  
Todd Redenius  
Gary Mikulec  
Jolee Belzung  
Paul Moritz  
Dennis Bockenstedt  
Tim Moerman



## 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, 2007 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, 2007, 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 January 11, 2008 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 nonmajor fund financial statements listed in the table of contents are presented for purposes of additional analysis and are 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  
January 11, 2008

## Management's Discussion and Analysis

Our discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2007 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

- Current assets of the City were \$97,411,502 while the current liabilities were \$48,056,147, a ratio of 2.03:1. In 2006, current assets were \$69,710,077 while current liabilities were \$42,368,158, a ratio of 1.65:1.
- The City had an increase in total net assets from the previous fiscal year of \$5,136,058, which included an increase in capital assets, net of related debt, of \$5,958,423. Capital grants and contributions totaled \$5,648,873.
- Restatement of prior year beginning net assets for governmental activities was required due to the final implementation of GASB 34 for governmental infrastructure acquired prior to fiscal year 2003. The implementation increased the City's beginning net assets by \$18,133,201 of which capital assets, net of related debt, increased by \$13,931,360.
- The assets of the City exceeded its liabilities at the close of the year by \$157,214,434 (net assets). Of this amount, \$16,892,128 (unrestricted net assets) may be used to meet the City's ongoing obligations.
- The General fund's unreserved ending fund balance was \$4,535,877 and \$3,723,501 or 31.2% and 28.5% of total General fund expenditures in fiscal years 2007 and 2006, 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 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 Ankeny 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 fourteen 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 36-65 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 \$157,214,434 at the close of the most recent fiscal year.

The largest portion of the City's net assets (87%) 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	
	2007	2006	2007	2006	2007	2006
Current assets	\$ 79,550	\$ 57,622	\$ 17,861	\$ 12,088	\$ 97,411	\$ 69,710
Noncurrent assets:						
Restricted cash and cash equivalents	80	82	1,616	1,284	1,696	1,366
Capital assets	112,163	101,618	82,992	80,839	195,155	182,457
Total assets	191,793	159,322	102,469	94,211	294,262	253,533
Current liabilities	45,720	40,707	2,336	1,661	48,056	42,368
Noncurrent liabilities	71,972	48,019	17,019	11,069	88,991	59,088
Total liabilities	117,692	88,726	19,355	12,730	137,047	101,456
Invested in capital assets, net of related debt	65,060	60,796	71,526	69,831	136,586	130,627
Restricted	2,156	0	1,579	1,257	3,735	1,257
Unrestricted	6,885	9,801	10,008	10,393	16,893	20,194
Total net assets	\$ 74,101	\$ 70,597	\$ 83,113	\$ 81,481	\$ 157,214	\$ 152,078

A portion of the City's net assets (2.38%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$16,892,128) 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.

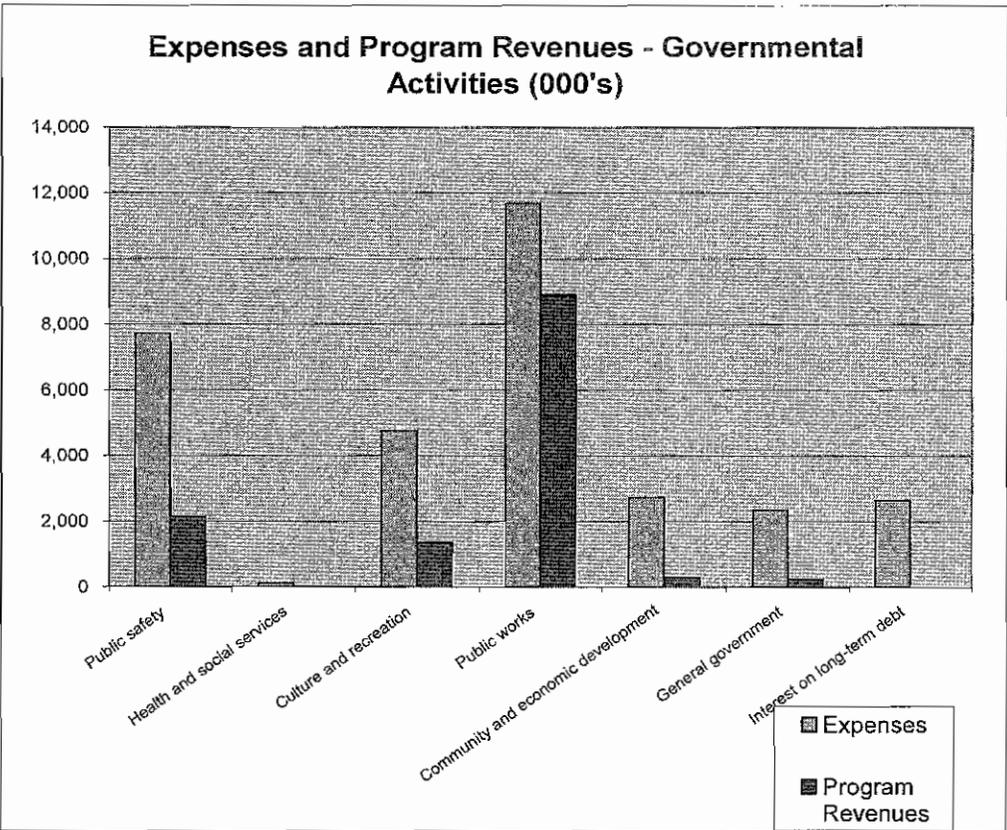
The net assets of the City increased by \$5,136,058 during the current fiscal year. Most of this increase is due to capital grants and capital contributions totaling \$5,648,873. Depreciation expense is primarily responsible for the remainder.

The following tables summarize the City's operating activities for the fiscal year 2007.

**City of Ankeny's Changes in Net Assets (000's)**

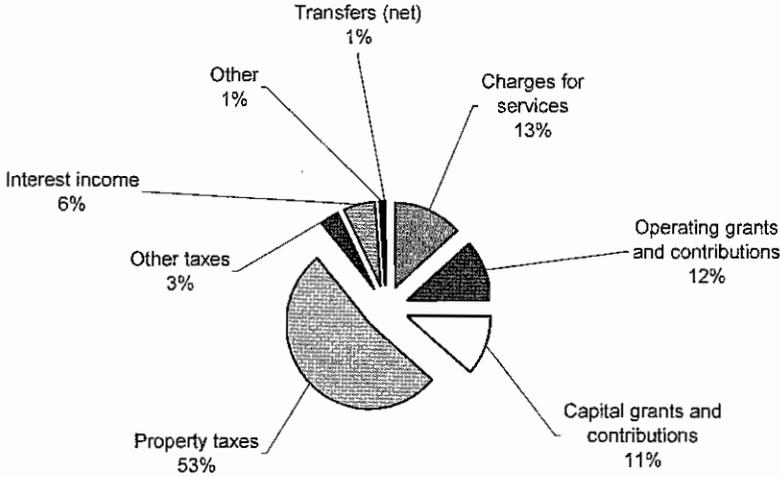
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 4,733	\$ 3,645	\$ 12,393	\$ 11,805	\$ 17,126	\$ 15,450
Operating grants and contributions	4,154	4,331	28	0	4,182	4,331
Capital grants and contributions	4,071	11,943	1,578	12,454	5,649	24,397
General revenues:						
Property taxes	18,754	16,493	0	0	18,754	16,493
Nonproperty taxes	1,232	1,145	0	0	1,232	1,145
Interest	2,217	1,515	196	184	2,413	1,699
Other	183	84	85	54	268	138
Total revenues	<u>35,344</u>	<u>39,156</u>	<u>14,280</u>	<u>24,497</u>	<u>49,624</u>	<u>63,653</u>
Expenses:						
Public safety	7,741	7,119	0	0	7,741	7,119
Health and social services	115	59	0	0	115	59
Culture and recreation	4,760	4,569	0	0	4,760	4,569
Public works	11,686	5,384	0	0	11,686	5,384
Community & economic development	2,740	2,313	0	0	2,740	2,313
General government	2,356	2,160	0	0	2,356	2,160
Interest of long-term debt	2,652	2,208	0	0	2,652	2,208
Solid waste	0	0	446	388	446	388
Water	0	0	5,858	4,260	5,858	4,260
Sewer	0	0	5,001	4,701	5,001	4,701
Storm Water	0	0	72	19	72	19
Offter Creek golf course	0	0	1,061	1,083	1,061	1,083
Total expenses	<u>32,050</u>	<u>23,812</u>	<u>12,438</u>	<u>10,451</u>	<u>44,488</u>	<u>34,263</u>
Excess (deficiency) before transfers	<u>3,294</u>	<u>15,344</u>	<u>1,842</u>	<u>14,046</u>	<u>5,136</u>	<u>29,390</u>
Transfers	210	224	(210)	(224)	0	0
Changes in net assets	<u>3,504</u>	<u>15,568</u>	<u>1,632</u>	<u>13,822</u>	<u>5,136</u>	<u>29,390</u>
Net assets, beginning, as restated	<u>70,597</u>	<u>55,029</u>	<u>81,481</u>	<u>67,659</u>	<u>152,078</u>	<u>122,688</u>
Net assets, ending	<u>\$ 74,101</u>	<u>\$ 70,597</u>	<u>\$ 83,113</u>	<u>\$ 81,481</u>	<u>\$ 157,214</u>	<u>\$ 152,078</u>

**Governmental activities.** Governmental activities increased the City's net assets by \$3,503,757, which accounted for 68.2% of the total increase in net assets. Most of this increase in net assets is due to capital grants and capital contributions of \$4,071,240. Depreciation expense is primarily responsible for the remainder. The change in net assets due to program activities is represented as follows:

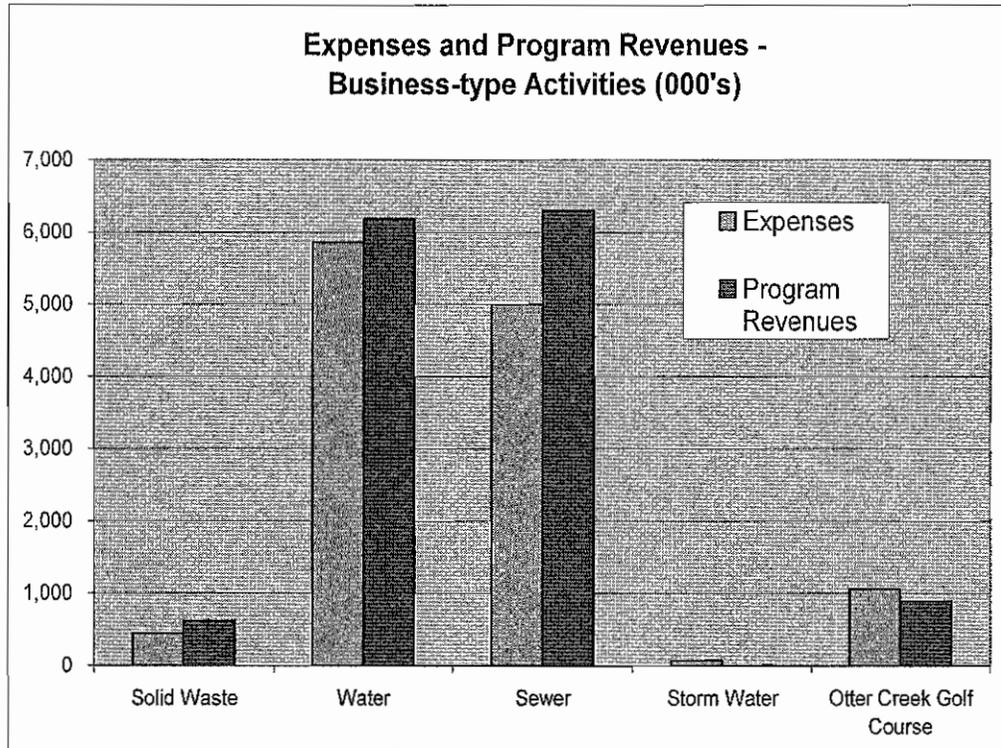


Expenses are higher than revenues for all of these programs due to the fact that many of the governmental activities are supported by general governmental revenues including property and non-property taxes and interest income. Revenues for the governmental activities are derived as follows:

### Revenues by Source - Governmental Activities

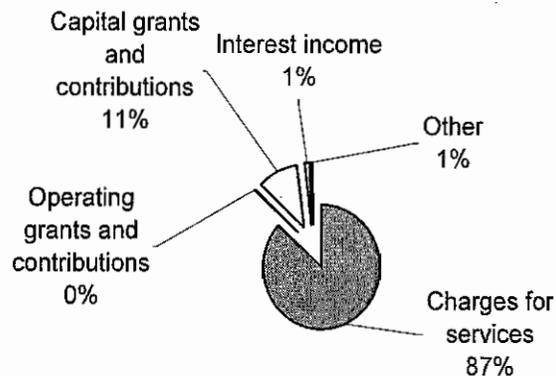


**Business-type activities.** Business-type activities increased the City's net assets by \$1,632,301, which accounted for 7.0% of the total increase in net assets. Of this increase, \$1,577,633 is attributed to capital grants and capital contributions. The change in net assets due to program activities is represented as follows:



The program revenues exceeded 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 2007, the City's governmental funds reported combined ending fund balances of \$45,222,107, an increase of \$14,059,736 from the prior year. Nearly 100% of this total amount (\$44,268,263) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. Most of 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 (\$953,844). A small amount of the unreserved fund balance is designated for deferred compensation related to contract provisions with the City Manager (\$60,892.)

As of the end of fiscal year 2006, the City's governmental funds reported combined ending fund balances of \$31,162,371, a decrease of \$4,464,565 from the prior year. Nearly 100% of this total amount (\$30,884,526) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. Most of 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 (\$277,845). A small amount of the unreserved fund balance is designated for deferred compensation related to contract provisions with the City Manager (\$37,256.)

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 (\$4,596,769) was unreserved. The fund balance of the general fund increased from last year by \$836,012 or 22.23% primarily due to strong revenue growth which outpaced expenditure growth.

The debt service fund has a total fund balance of \$953,844, all of which is reserved for the payment of debt service. The increase in fund balance from the prior year was \$675,999 or 243.30%. The increase is due to savings on debt service payments achieved through the refinancing of higher interest rate debt in prior years.

The road use tax fund, a special revenue fund, has a total fund balance deficit of \$102,146, all of which is unreserved. The fund had a decrease in fund balance of \$154,785. The decrease was primarily related to outlays for equipment.

The tax increment financing fund, a special revenue fund, has a total fund balance of \$427,839, all of which is unreserved. The fund had a decrease in fund balance of \$329,638 after transfers out of \$3,398,861 to the debt service fund for debt retirement.

The capital projects fund has a fund balance of \$36,066,780, all of which is unreserved. The fund had an increase in fund balance of \$14,255,420 or 65.36%. This increase was a direct result of the issuance of general obligation bonds late in the fiscal year.

***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 2007, unrestricted net assets for the sewer fund was \$5,551,726, the water fund was \$4,616,346, the Otter Creek golf course fund was (\$131,288), the storm water fund was (\$108,046), and the solid waste fund was \$22,822. The sewer fund's total net assets grew by \$1,340,181 and the water fund's total net assets increased by \$239,455. These changes in net assets were primarily due to capital contributions. In addition, both of these funds increased user rates in fiscal year 2007, however, the water fund's decreased usage due to wet weather offset its rate increase. The golf course fund's net assets decreased by \$9,142, and the solid waste fund's net assets increased by \$29,956. The golf course's net asset decrease was mostly due to depreciation expense which was partially offset by capital contributions. The solid waste fund's net asset increase was due an increase to customer rates. The storm water fund's net assets decreased by \$71,123. The decrease was because the storm water utility fee has not yet been established.

As of the end of fiscal year 2006, unrestricted net assets for the sewer fund was \$5,794,648, the water fund was \$4,694,950, the Otter Creek golf course fund was (\$23,503), the storm water fund was (\$18,905), and the solid waste fund was (\$7,134). The sewer fund's total net assets grew by \$8,056,489 and the water fund's total net assets grew by \$5,675,206. This growth was due almost entirely to capital contributions. The water fund also experienced growth due to rate and usage increases. The golf course fund's net assets increased by \$13,935 and the solid waste fund's net assets decreased by \$5,512. The golf course's net asset increase was due to capital contributions which offset the fund's inability to fund depreciation and capital replacement. The solid waste fund's net asset decrease was due the cost of cleaning up a wind storm which subsequently offset an increase to customer rates. The storm water fund's net

assets decreased by \$20,405. The decrease was due to the hiring of a storm water coordinator while the utility fee had not yet been established.

### **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 66-70.

Total revenues were under budget by \$9,367,019. The largest contributors to this shortage were intergovernmental revenues, which were under budget by \$3,597,020 primarily due the timing of grant receipts, and miscellaneous revenues, which were under budget by \$6,103,754 primarily due to the timing of private contributions.

Total expenditures were below budget by \$19,564,198. The primary areas which were below budget were the capital projects funds by \$16,725,444 due to the timing of capital expenditures, and the business-type funds by \$980,573 primarily due to the reduced cost of water and the timing of capital outlays.

Total fund balances finished over budget estimates by \$10,722,637. The fund balances over budget primarily represent bond funds being held for capital projects at June 30.

During fiscal year 2007, the City amended its budget to reflect changes and events that occurred subsequent to the original filing with the state. Revenues were reduced by \$2,116,837 to reflect an expected decrease in intergovernmental grant activity and special assessments and an increase in interest income and private contributions. The decrease in intergovernmental and special assessment revenue was due to the timing of capital project activity, the increase in interest income was due to the continual rise in interest rates and cash balances, and the increase in private contributions was due to the anticipated Civic Trust contributions related to the Prairie Trail development.

Expenditures are re-estimated during each fiscal year and re-certified through the amendment process. Total expenditures were revised downward by \$9,856,122 primarily due to the timing of capital projects. Transfers in and transfers out were adjusted upward by \$3,245,626 to reflect an increase in the transfer of funds for capital improvements. Bond proceeds were amended upward by \$17,110,000 due to the addition of Prairie Trail improvement projects and the successful passing of the police and fire station bond referendum.

## 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, 2007, amounts to \$136,586,295 (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 governmental and business-type activities. Governmental infrastructure acquired prior to fiscal year 2003 was added to the City's financial statements ending June 30, 2007 increasing the City's investment in capital assets, net of related debt, by \$13,931,360.

The total increase in the City's investment in capital assets for the current fiscal year was \$19,889,783 or 17.04% (15.59% increase for governmental activities and 1.45% for business-type activities).

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

- Restated fiscal year 2006 capital assets net of depreciation increased by \$18,133,201 due to the addition of governmental infrastructure acquired prior to July 1, 2002.
- State Street water and sewer main were constructed at an unfinished cost of \$1,127,698
- West First Street extension was under construction with an unfinished cost of \$1,391,085.
- NE 4<sup>th</sup> Street bridge was added with an unfinished cost of \$1,138,270.
- NW Weigel and 18<sup>th</sup> Street improvements were added with a completed cost of \$1,254,249.
- The police and fire station construction were added with an unfinished cost of \$2,174,332 and \$830,086, respectively.

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

(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 5,337	\$ 4,775	\$ 1,101	\$ 1,101	\$ 6,438	\$ 5,876
Construction in progress	10,198	28,032	4,376	3,390	14,574	31,422
Other improvements	7,525	6,264	316	347	7,841	6,611
Infrastructure	73,937	51,885	75,855	74,819	149,792	126,704
Buildings	11,215	7,698	776	817	11,991	8,515
Machinery and equipment	3,940	2,928	568	365	4,508	3,293
Furniture and fixtures	11	36	0	0	11	36
<b>Total capital assets</b>	<b>\$ 112,163</b>	<b>\$ 101,618</b>	<b>\$ 82,992</b>	<b>\$ 80,839</b>	<b>\$ 195,155</b>	<b>\$ 182,457</b>

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 \$107,397,000. Of this amount, \$95,010,000 comprises general obligation bonded debt backed by the full faith and credit of the City. The remainder, \$12,387,000, 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	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 89,188	\$ 66,357	\$ 5,822	\$ 2,893	\$ 95,010	\$ 69,250
Capital loan notes	0	0	7,640	5,533	7,640	5,533
Revenue bonds	0	0	4,747	3,890	4,747	3,890
Total outstanding debt	<u>\$ 89,188</u>	<u>\$ 66,357</u>	<u>\$ 18,209</u>	<u>\$ 12,316</u>	<u>\$ 107,397</u>	<u>\$ 78,673</u>

The City's total debt increased by \$28,724,000 (36.51%) during the current fiscal year. The City's total debt increased because the size of the general obligation bond issues during fiscal year 2007 exceeded the amount of debt that the City was retiring. The additional debt can be attributed to the development of the Prairie Trail area and to the construction of the police and fire stations. Total debt also increased due to the issuance of new water revenue bonds for the purpose of increasing the City's water service capacity.

The City maintains an "Aa3" rating for general obligation bonds, an "A2" rating for water revenue bonds, 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 \$129,389,694. The City's current applicable debt, \$95,010,000, is 73.43% 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 \$165,866,526 in new building permits for calendar year 2006, which was the second highest total ever next to \$225,004,575 issued in calendar year 2005.
- The City has annexed more than 4,338 acres over the last four years.
- The City's assessed property valuation has increased at an average of 13.04% per year over the last five years.

The City continues to have strong growth and economic expansion. The economic growth has allowed the City to maintain a stable property tax rate. For the fiscal year 2008, the City has budgeted a \$.05 decrease in the property tax

rate despite the addition of 10 new staff positions. Although the number of building permits declined from 2005 to 2006 (1,341 to 875), the valuation per permit increased from \$167,789 to \$189,562.

There were no major service level changes in the fiscal year 2008 budget. The implementation of the police and fire five year plans continued as well as the construction of the new police and fire facilities. In addition, the re-development of the Otter Creek Golf Course and the replacement of the club house began in the spring of 2007 and will continue into fiscal year 2008. Construction of water and sewer main and streets also began in the Prairie Trail development area, which will contain the new Police Headquarters.

### **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](http://www.ci.ankeny.ia.us).

City of Ankeny, Iowa

Statement of Net Assets  
June 30, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Ankeny Arts Council
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 41,186,337	\$ 4,860,744	\$ 46,047,081	\$ 60,882
Investments	17,721,772	4,307,350	22,029,122	0
Monies held by primary government	0	0	0	83,344
<b>Receivables:</b>				
Interest	514,082	37,392	551,474	0
Taxes	20,447,021	0	20,447,021	0
Accounts	1,350,951	1,384,252	2,735,203	0
Special assessments	1,047,865	0	1,047,865	0
Intergovernmental	4,155,238	0	4,155,238	0
Prepaid expenses	68,398	0	68,398	1,518
Inventory	53,007	0	53,007	0
Internal balances	(7,188,728)	7,188,728	0	0
Unamortized bond issuance costs	194,089	83,004	277,093	0
<b>Total current assets</b>	<b>79,550,032</b>	<b>17,861,470</b>	<b>97,411,502</b>	<b>145,744</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	79,562	1,616,030	1,695,592	0
<b>Capital assets:</b>				
Land	5,336,572	1,100,894	6,437,466	0
Construction-in-progress	10,197,807	4,376,651	14,574,458	0
Depreciable assets, net of accumulated depreciation	96,628,723	77,514,514	174,143,237	21,190
<b>Total capital assets</b>	<b>112,163,102</b>	<b>82,992,059</b>	<b>195,155,161</b>	<b>21,190</b>
<b>Total noncurrent assets</b>	<b>112,242,664</b>	<b>84,608,089</b>	<b>196,850,753</b>	<b>21,190</b>
<b>Total assets</b>	<b>\$ 191,792,696</b>	<b>\$ 102,469,559</b>	<b>\$ 294,262,255</b>	<b>\$ 166,934</b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 6,630,800	\$ 539,464	\$ 7,170,264	\$ 5,089
Accrued wages	219,443	40,603	260,046	534
Claims payable	198,736	0	198,736	0
Customers deposits	79,562	36,530	116,092	0
Unearned revenue	20,631,391	20,363	20,651,754	0
Bond and capital loan note interest payable	296,241	71,379	367,620	0
Sewer development agreements interest payable	0	17,230	17,230	0
Bonds and capital loan notes payable, net of unamortized discount	17,348,645	1,432,808	18,781,453	0
Sewer development agreements payable	0	113,274	113,274	0
Compensated absences payable	314,832	64,846	379,678	0
<b>Total current liabilities</b>	<b>45,719,650</b>	<b>2,336,497</b>	<b>48,056,147</b>	<b>5,623</b>
<b>Noncurrent liabilities:</b>				
Bonds and capital loan notes payable, net of unamortized discount	71,894,599	16,689,253	88,583,852	0
Sewer development agreements payable	0	270,137	270,137	0
Compensated absences payable	77,639	60,046	137,685	0
<b>Total noncurrent liabilities</b>	<b>71,972,238</b>	<b>17,019,436</b>	<b>88,991,674</b>	<b>0</b>
<b>Total liabilities</b>	<b>117,691,888</b>	<b>19,355,933</b>	<b>137,047,821</b>	<b>5,623</b>
<b>Net Assets:</b>				
Investment in capital assets, net of related debt	65,059,807	71,526,488	136,586,295	0
<b>Restricted for:</b>				
Debt service	953,844	1,579,500	2,533,344	0
Community and economic development	475,654	0	475,654	0
Culture and recreation	550,532	0	550,532	0
Public safety	176,481	0	176,481	0
Unrestricted	6,884,490	10,007,638	16,892,128	161,311
<b>Total net assets</b>	<b>74,100,808</b>	<b>83,113,626</b>	<b>157,214,434</b>	<b>161,311</b>
<b>Total liabilities and net assets</b>	<b>\$ 191,792,696</b>	<b>\$ 102,469,559</b>	<b>\$ 294,262,255</b>	<b>\$ 166,934</b>

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, 2007

Programs/Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Ankeny Arts Council
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		
						Business-Type Activities	Total	
<b>Primary government:</b>								
Governmental activities:								
Public safety	\$ 7,740,691	\$ 1,768,328	\$ 384,445	\$ 0	\$ (5,587,918)	\$ 0	\$ (5,587,918)	\$ 0
Health and social services	115,375	20,919	0	0	(94,456)	0	(94,456)	0
Culture and recreation	4,760,072	834,055	513,280	0	(3,412,737)	0	(3,412,737)	0
Public works	11,685,977	1,725,642	3,108,422	4,071,240	(2,780,673)	0	(2,780,673)	0
Community and economic development	2,739,944	156,032	140,000	0	(2,443,912)	0	(2,443,912)	0
General government	2,356,261	227,818	8,293	0	(2,120,150)	0	(2,120,150)	0
Interest on long-term debt	2,652,376	0	0	0	(2,652,376)	0	(2,652,376)	0
<b>Total governmental activities</b>	<b>32,050,696</b>	<b>4,732,794</b>	<b>4,154,440</b>	<b>4,071,240</b>	<b>(19,092,222)</b>	<b>0</b>	<b>(19,092,222)</b>	<b>0</b>
Business-type activities:								
Solid waste	446,051	420,982	27,930	0	0	2,861	2,861	0
Water	5,857,555	5,433,073	0	747,619	0	323,137	323,137	0
Sewer	5,000,540	5,641,090	0	660,496	0	1,301,046	1,301,046	0
Storm Water	72,075	4,719	0	0	0	(67,356)	(67,356)	0
Otter Creek golf course	1,061,638	893,376	0	169,518	0	1,256	1,256	0
<b>Total business-type activities</b>	<b>12,437,859</b>	<b>12,393,240</b>	<b>27,930</b>	<b>1,577,633</b>	<b>0</b>	<b>1,560,944</b>	<b>1,560,944</b>	<b>0</b>
<b>Total primary government</b>	<b>\$ 44,488,555</b>	<b>\$ 17,126,034</b>	<b>\$ 4,182,370</b>	<b>\$ 5,648,873</b>	<b>\$ (19,092,222)</b>	<b>\$ 1,560,944</b>	<b>\$ (17,531,278)</b>	<b>\$ 0</b>
<b>Component unit:</b>								
Arts council	\$ 81,376	\$ 82,341	\$ 5,235	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,200
General revenues:								
Taxes:								
Property taxes					18,753,563	0	18,753,563	0
Other taxes					1,232,323	0	1,232,323	0
Interest					2,216,659	196,466	2,413,125	4,790
Other					183,348	84,977	268,325	0
Transfers					210,086	(210,086)	0	0
<b>Total general revenues and transfers</b>					<b>22,595,979</b>	<b>71,357</b>	<b>22,667,336</b>	<b>4,790</b>
<b>Changes in net assets</b>					<b>3,503,757</b>	<b>1,632,301</b>	<b>5,136,058</b>	<b>10,990</b>
Net assets, beginning, as previously reported					52,463,850	81,481,325	133,945,175	150,321
Cumulative effect of final implementation of GASB 34, governmental infrastructure					18,133,201	0	18,133,201	0
Net asset, beginning, as restated					70,597,051	81,481,325	152,078,376	150,321
<b>Net assets, ending</b>					<b>\$ 74,100,808</b>	<b>\$ 83,113,626</b>	<b>\$ 157,214,434</b>	<b>\$ 161,311</b>

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

City of Ankeny, Iowa

Balance Sheet  
Governmental Funds  
June 30, 2007

	General	Debt Service	Road Use Tax	Tax Increment Financing	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 3,730,237	\$ 937,195	\$ 484,241	\$ 1,237,776	\$29,050,011	\$ 3,217,996	\$ 38,657,456
Investments	1,479,000	0	0	0	15,945,723	-	17,424,723
Receivables:							
Interest	300,983	0	0	0	212,269	734	513,986
Taxes	10,621,652	4,884,066	0	4,321,211	0	620,092	20,447,021
Accounts	734,106	0	0	0	539,212	0	1,273,318
Special assessments	0	0	0	0	88,362	959,503	1,047,865
Intergovernmental	325,588	203	247,596	0	3,546,625	28	4,120,040
Due from other funds	61,335	0	0	0	206,198	0	267,533
Restricted assets, cash and cash equivalents	79,562	0	0	0	0	0	79,562
<b>Total assets</b>	<b>\$ 17,332,463</b>	<b>\$ 5,821,464</b>	<b>\$ 731,837</b>	<b>\$ 5,558,987</b>	<b>\$49,588,400</b>	<b>\$ 4,798,353</b>	<b>\$ 83,831,504</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 338,878	\$ 0	\$ 65,391	\$ 546,609	\$ 5,481,095	\$ 80,897	\$ 6,512,870
Accrued wages	180,055	0	19,454	0	1,481	16,142	217,132
Due to other funds	291,073	0	252,740	0	7,408,926	6,734	7,959,473
Advances from other funds	618,504	0	496,398	0	0	0	1,114,902
Customer deposits	79,562	0	0	0	0	0	79,562
Deferred revenue	11,227,622	4,867,620	0	4,584,539	630,118	1,415,559	22,725,458
<b>Total liabilities</b>	<b>12,735,694</b>	<b>4,867,620</b>	<b>833,983</b>	<b>5,131,148</b>	<b>13,521,620</b>	<b>1,519,332</b>	<b>38,609,397</b>
<b>Fund balances (deficits):</b>							
Reserved for debt service	0	953,844	0	0	0	0	953,844
Unreserved, designated for:							
Deferred compensation	60,892	0	0	0	0	0	60,892
Unreserved, reported in:							
General fund	4,535,877	0	0	0	0	0	4,535,877
Special revenue funds	0	0	(102,146)	427,839	0	1,281,766	1,607,459
Capital projects funds	0	0	0	0	36,066,780	1,997,255	38,064,035
<b>Total fund balances (deficits)</b>	<b>4,596,769</b>	<b>953,844</b>	<b>(102,146)</b>	<b>427,839</b>	<b>36,066,780</b>	<b>3,279,021</b>	<b>45,222,107</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 17,332,463</b>	<b>\$ 5,821,464</b>	<b>\$ 731,837</b>	<b>\$ 5,558,987</b>	<b>\$49,588,400</b>	<b>\$ 4,798,353</b>	<b>\$ 83,831,504</b>

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, 2007**

Fund balances—total governmental funds		\$ 45,222,107
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	\$ 5,336,572	
Construction-in-progress	10,197,807	
Depreciable capital assets	100,286,293	
Accumulated depreciation	<u>(3,657,570)</u>	112,163,102
The assets and liabilities of internal service funds are included in the governmental activities in the statement of net assets. Internal service fund net assets:		
Current assets	\$ 3,634,175	
Internal balances	1,160,237	
Current liabilities	<u>(380,132)</u>	4,414,280
Internal service funds allocated to business-type activities		(56,078)
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	\$ 24,372	
Special assessments fund - special assessment receivable	885,918	
General fund - accounts receivable	457,940	
General fund - intergovernmental receivable	184,082	
Capital projects fund - accounts receivable	516,255	
Capital projects fund - intergovernmental receivable	<u>25,500</u>	2,094,067
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	\$ (89,187,547)	
Unamortized bond issuance costs	194,089	
Unamortized premium on general obligation bonds	(77,954)	
Unamortized discount on general obligation bonds	22,257	
Bond interest payable	(296,241)	
Compensated absences	<u>(391,274)</u>	<u>(89,736,670)</u>
Net assets of governmental activities		<u>\$ 74,100,808</u>

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 (Deficits)  
 Governmental Funds  
 For the Year Ended June 30, 2007

	General Fund	Debt Service	Road Use Tax	Tax Increment Financing	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Property taxes	\$ 9,554,273	\$ 4,395,445	\$ 0	\$ 4,287,261	\$ 0	\$ 557,132	\$ 18,794,111
Other taxes and assessments	1,119,065	86,868	0	0	0	326,023	1,531,956
Licenses and permits	1,101,473	0	0	0	0	0	1,101,473
Intergovernmental	724,811	0	3,025,653	175,865	3,756,617	125,352	7,808,298
Charges for services	1,372,086	0	0	0	0	6,531	1,378,617
Use of money and property	1,553,660	0	0	0	663,493	82,200	2,299,353
Miscellaneous	317,719	0	0	0	276,112	136,643	730,474
<b>Total revenues</b>	<b>15,743,087</b>	<b>4,482,313</b>	<b>3,025,653</b>	<b>4,463,126</b>	<b>4,696,222</b>	<b>1,233,881</b>	<b>33,644,282</b>
<b>Expenditures:</b>							
<b>Current operating:</b>							
Public safety	7,314,898	0	0	0	0	702,974	8,017,872
Health and social services	106,535	0	0	0	0	0	106,535
Culture and recreation	3,678,036	0	0	0	0	752,712	4,430,748
Public works	590,219	0	3,180,438	0	0	0	3,770,657
Community and economic development	584,080	0	0	1,393,903	0	789,830	2,767,813
General government	2,273,884	0	0	0	0	0	2,273,884
<b>Debt service:</b>							
Principal	0	5,580,852	0	0	12,880,000	0	18,460,852
Interest and other charges	0	1,624,323	0	0	928,749	0	2,553,072
Capital projects	0	0	0	0	18,522,507	0	18,522,507
<b>Total expenditures</b>	<b>14,547,652</b>	<b>7,205,175</b>	<b>3,180,438</b>	<b>1,393,903</b>	<b>32,331,256</b>	<b>2,245,516</b>	<b>60,903,940</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,195,435</b>	<b>(2,722,862)</b>	<b>(154,785)</b>	<b>3,069,223</b>	<b>(27,635,034)</b>	<b>(1,011,635)</b>	<b>(27,259,658)</b>
<b>Other financing sources (uses):</b>							
Issuance of long-term debt	0	0	0	0	41,291,341	0	41,291,341
Premium (discount) on long-term debt	0	0	0	0	17,967	0	17,967
Transfers in	563,800	3,398,861	0	0	581,146	923,223	5,467,030
Transfers out	(923,223)	0	0	(3,398,861)	0	(1,134,860)	(5,456,944)
<b>Total other financing sources (uses)</b>	<b>(359,423)</b>	<b>3,398,861</b>	<b>0</b>	<b>(3,398,861)</b>	<b>41,890,454</b>	<b>(211,637)</b>	<b>41,319,394</b>
<b>Net change in fund balances</b>	<b>836,012</b>	<b>675,999</b>	<b>(154,785)</b>	<b>(329,638)</b>	<b>14,255,420</b>	<b>(1,223,272)</b>	<b>14,059,736</b>
<b>Fund balances (deficits), beginning</b>	<b>3,760,757</b>	<b>277,845</b>	<b>52,639</b>	<b>757,477</b>	<b>21,811,360</b>	<b>4,502,293</b>	<b>31,162,371</b>
<b>Fund balances (deficits), ending</b>	<b>\$ 4,596,769</b>	<b>\$ 953,844</b>	<b>\$ (102,146)</b>	<b>\$ 427,839</b>	<b>\$ 36,066,780</b>	<b>\$ 3,279,021</b>	<b>\$ 45,222,107</b>

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 (Deficits)  
to the Statement of Activities  
For the Year Ended June 30, 2007

Net change in fund balances--total governmental funds		\$ 14,059,736
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	\$ 13,682,555	
Depreciation expense	<u>(3,657,570)</u>	10,024,985
Governmental funds do not report capital assets and therefore do not report gains or losses on the disposal of those assets.		(2,972)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		989,137
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	\$ (41,291,341)	
Principal repayment	18,460,852	
Premium on long-term debt	(29,307)	
Discount on long-term debt	11,340	
Bond issuance costs	<u>92,685</u>	(22,755,771)
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	\$ (40,731)	
Amortization of bond discounts, issuance costs, premiums, and deferrals	(14,536)	
Adjustment to bond interest payable	<u>(84,771)</u>	(140,038)
Governmental funds do not report capital assets and therefore do not report the contribution of capital assets.		522,163
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.		909,491
Change in internal service fund allocation to business-type activities.		<u>(102,974)</u>
Changes in net assets of governmental activities		<u>\$ 3,503,757</u>

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, 2007

	Business Type Activities - Enterprise Funds					Totals	Governmental Activities- Internal Service Funds
	Solid Waste	Water	Sewer	Storm Water	Otter Creek Golf Course		
<b>Assets</b>							
<b>Current assets:</b>							
Cash and cash equivalents	\$ 35,451	\$ 1,040,267	\$ 3,750,057	\$ 19,835	\$ 15,134	\$ 4,860,744	\$ 2,528,881
Investments	0	2,816,150	1,491,200	0	0	4,307,350	297,049
Receivables:							
Interest	0	28,160	9,232	0	0	37,392	96
Accounts	19,484	764,088	585,297	0	15,383	1,384,252	77,633
Intergovernmental	0	0	0	0	0	0	35,198
Prepaid expenses	0	0	0	0	0	0	68,398
Inventory	0	0	0	0	0	0	53,007
Due from other funds	0	6,281,870	1,352,056	0	5,357	7,639,283	573,913
Unamortized bond issuance costs	0	73,785	9,219	0	0	83,004	0
<b>Total current assets</b>	<b>54,935</b>	<b>11,004,320</b>	<b>7,197,061</b>	<b>19,835</b>	<b>35,874</b>	<b>18,312,025</b>	<b>3,634,175</b>
<b>Noncurrent assets:</b>							
Restricted cash and cash equivalents	0	760,479	855,551	0	0	1,616,030	0
Advances to other funds	0	0	0	0	0	0	1,160,237
Capital assets:							
Land	0	39,764	190,188	0	870,942	1,100,894	0
Construction-in-progress	0	1,020,809	3,112,891	0	242,951	4,376,651	0
Depreciable assets, net of accumulated depreciation	0	26,098,259	50,542,344	18,018	855,893	77,514,514	0
<b>Total capital assets</b>	<b>0</b>	<b>27,158,832</b>	<b>53,845,423</b>	<b>18,018</b>	<b>1,969,786</b>	<b>82,992,059</b>	<b>0</b>
<b>Total noncurrent assets</b>	<b>0</b>	<b>27,919,311</b>	<b>54,700,974</b>	<b>18,018</b>	<b>1,969,786</b>	<b>84,608,089</b>	<b>1,160,237</b>
<b>Total assets</b>	<b>\$ 54,935</b>	<b>\$38,923,631</b>	<b>\$61,898,035</b>	<b>\$ 37,853</b>	<b>\$ 2,005,660</b>	<b>\$102,920,114</b>	<b>\$ 4,794,412</b>
<b>Liabilities and Net Assets</b>							
<b>Liabilities:</b>							
<b>Current liabilities:</b>							
Accounts payable	\$ 32,113	\$ 182,585	\$ 287,257	\$ 28	\$ 37,481	\$ 539,464	\$ 117,930
Accrued wages	0	12,088	15,315	1,293	11,907	40,603	2,311
Due to other funds	0	0	206,198	125,000	130,100	461,298	59,958
Claims payable	0	0	0	0	0	0	198,736
Customer deposits	0	36,530	0	0	0	36,530	0
Unearned revenue	0	20,363	0	0	0	20,363	0
Bond and capital loan note interest payable	0	35,373	36,006	0	0	71,379	0
Sewer development agreements interest payable	0	0	17,230	0	0	17,230	0
Bonds and capital loan notes payable, net of unamortized discount	0	568,719	864,089	0	0	1,432,808	0
Sewer development agreements payable	0	0	113,274	0	0	113,274	0
Compensated absences payable	0	33,039	21,906	1,560	8,341	64,846	1,197
<b>Total current liabilities</b>	<b>32,113</b>	<b>888,697</b>	<b>1,561,275</b>	<b>127,881</b>	<b>187,829</b>	<b>2,797,795</b>	<b>380,132</b>
<b>Noncurrent liabilities:</b>							
Bonds and capital loan notes payable, net of unamortized discount	0	10,033,430	6,655,823	0	0	16,689,253	0
Compensated absences payable	0	19,350	31,263	0	9,433	60,046	0
Sewer development agreements payable	0	0	270,137	0	0	270,137	0
Advances from other funds	0	0	0	0	45,335	45,335	0
<b>Total noncurrent liabilities</b>	<b>0</b>	<b>10,052,780</b>	<b>6,957,223</b>	<b>0</b>	<b>54,768</b>	<b>17,064,771</b>	<b>0</b>
<b>Total liabilities</b>	<b>32,113</b>	<b>10,941,477</b>	<b>8,518,498</b>	<b>127,881</b>	<b>242,597</b>	<b>19,862,566</b>	<b>380,132</b>
<b>Net Assets:</b>							
Investment in capital assets, net of related debt	0	22,841,859	46,972,260	18,018	1,894,351	71,526,488	0
Restricted for:							
Debt service	0	723,949	855,551	0	0	1,579,500	0
Unrestricted	22,822	4,616,346	5,551,726	(108,046)	(131,288)	9,951,560	4,414,280
<b>Total net assets</b>	<b>22,822</b>	<b>27,982,154</b>	<b>53,379,537</b>	<b>(90,028)</b>	<b>1,763,063</b>	<b>83,057,548</b>	<b>4,414,280</b>
<b>Total liabilities and net assets</b>	<b>\$ 54,935</b>	<b>\$38,923,631</b>	<b>\$61,898,035</b>	<b>\$ 37,853</b>	<b>\$ 2,005,660</b>	<b>\$102,920,114</b>	<b>\$ 4,794,412</b>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.						56,078	
<b>Net assets of business-type activities</b>						<b>\$ 83,113,626</b>	

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, 2007

	Business Type Activities - Enterprise Funds					Totals	Governmental Activities- Internal Service Funds
	Solid Waste	Water	Sewer	Storm Water	Otter Creek Golf Course		
Operating revenues:							
Charges for services	\$ 448,912	\$ 5,433,073	\$ 5,641,090	\$ 4,719	\$ 893,376	\$ 12,421,170	\$ 3,167,695
Other	27,930	50,948	0	0	6,099	84,977	197,256
Total operating revenues	476,842	5,484,021	5,641,090	4,719	899,475	12,506,147	3,364,951
Operating expenses:							
Personal services	20,620	752,524	912,640	65,415	499,165	2,250,364	360,217
Contractual services	426,266	2,109,154	2,312,834	7,997	259,437	5,115,688	2,063,103
Operating supplies	0	1,977,353	223,641	1,229	217,868	2,420,091	394,975
Depreciation	0	710,783	1,354,332	1,201	99,287	2,165,603	0
Total operating expenses	446,886	5,549,814	4,803,447	75,842	1,075,757	11,951,746	2,818,295
Operating income (loss)	29,956	(65,793)	837,643	(71,123)	(176,282)	554,401	546,656
Nonoperating revenues (expenses):							
Interest earnings	0	103,370	93,096	0	0	196,466	162,835
Interest expense	0	(345,741)	(240,968)	0	(2,378)	(589,087)	0
Total nonoperating revenues (expenses)	0	(242,371)	(147,872)	0	(2,378)	(392,621)	162,835
Net income (loss) before contributions and transfers	29,956	(308,164)	689,771	(71,123)	(178,660)	161,780	709,491
Capital contributions	0	747,619	660,496	0	169,518	1,577,633	0
Transfers in	0	0	189,914	0	0	189,914	200,000
Transfers out	0	(200,000)	(200,000)	0	0	(400,000)	0
Change in net assets	29,956	239,455	1,340,181	(71,123)	(9,142)	1,529,327	909,491
Total net assets, beginning	(7,134)	27,742,699	52,039,356	(18,905)	1,772,205		3,504,789
Total net assets, ending	\$ 22,822	\$ 27,982,154	\$ 53,379,537	\$ (90,028)	\$ 1,763,063		\$ 4,414,280
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.						102,974	
Change in net assets of business-type activities						\$ 1,632,301	

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, 2007

	Business Type Activities - Enterprise Funds					Totals	Governmental Activities- Internal Service Funds
	Solid Waste	Water	Sewer	Storm Water	Otter Creek Golf Course		
Cash flows from operating activities:							
Receipts from customers	\$ 475,315	\$ 5,583,126	\$ 5,589,609	\$ 4,719	\$ 913,498	\$ 12,566,267	\$ 3,270,824
Payments to suppliers	(421,091)	(3,957,600)	(2,335,195)	(10,633)	(476,022)	(7,200,541)	(2,618,475)
Payments to employees	(20,620)	(749,436)	(893,399)	(61,866)	(498,042)	(2,223,483)	(165,913)
Net cash provided (used) by operating activities	33,604	876,090	2,361,015	(67,900)	(60,566)	3,142,243	486,436
Cash flows from noncapital financing activities:							
Payments received on interfund accounts	0	695,726	1,583,454	0	0	2,279,180	591,048
Payments made on interfund accounts	0	0	(974,203)	0	(36,997)	(1,011,200)	0
Loans issued to other funds	0	(4,567,524)	(2,691,866)	0	0	(7,259,390)	(879,735)
Loans received from other funds	0	0	94,119	100,000	146,459	340,578	0
Transfers from other funds	0	0	189,914	0	0	189,914	200,000
Transfers to other funds	0	(200,000)	(200,000)	0	0	(400,000)	0
Net cash provided (used) by noncapital financing activities	0	(4,071,798)	(1,998,582)	100,000	109,462	(5,860,918)	(88,687)
Cash flows from capital and related financing activities:							
Proceeds from long-term debt, net of bond issue costs	0	4,467,524	2,591,866	0	0	7,059,390	0
Purchase of capital assets	0	(339,319)	(1,353,133)	(19,219)	(40,253)	(1,751,924)	0
Principal paid on sewer development agreements	0	0	(66,818)	0	0	(66,818)	0
Interest paid on sewer development agreements	0	0	(8,946)	0	0	(8,946)	0
Principal paid on long-term debt	0	(391,203)	(853,945)	0	0	(1,245,148)	0
Interest paid on long-term debt	0	(327,763)	(210,960)	0	0	(538,723)	0
Net cash provided (used) by capital and related financing activities	0	3,409,239	98,064	(19,219)	(40,253)	3,447,831	0
Cash flows from investing activities:							
Proceeds from investment maturity	0	1,100,000	2,500,000	0	0	3,600,000	0
Purchase of investments	0	(2,822,948)	(1,488,144)	0	0	(4,311,092)	(300,048)
Interest received	0	97,274	108,889	0	0	206,163	165,826
Net cash provided (used) by investing activities	0	(1,625,674)	1,120,745	0	0	(504,929)	(134,222)
Net increase (decrease) in cash and cash equivalents	33,604	(1,412,143)	1,581,242	12,881	8,643	224,227	263,527
Balances, beginning of year	1,847	3,212,889	3,024,366	6,954	6,491	6,252,547	2,265,354
Balances, end of year	\$ 35,451	\$ 1,800,746	\$ 4,605,608	\$ 19,835	\$ 15,134	\$ 6,476,774	\$ 2,528,881
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 29,956	\$ (65,793)	\$ 837,643	\$ (71,123)	\$ (176,282)	\$ 554,401	\$ 546,656
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	0	710,783	1,354,332	1,201	99,287	2,165,603	0
Changes in assets and liabilities:							
Receivables, net	(1,527)	111,692	(51,482)	0	14,022	72,705	(94,127)
Prepaid expenses	0	0	0	0	0	0	(9,813)
Inventory	0	0	0	0	0	0	6,287
Accounts and other payables	5,175	131,995	220,522	2,022	2,407	362,121	18,844
Claims payable	0	0	0	0	0	0	18,589
Customer deposits	0	9,100	0	0	0	9,100	0
Deferred revenue	0	(21,687)	0	0	0	(21,687)	0
Net cash provided (used) by operating activities	\$ 33,604	\$ 876,090	\$ 2,361,015	\$ (67,900)	\$ (60,566)	\$ 3,142,243	\$ 486,436
Noncash capital and related financing activities:							
Contribution of capital assets	\$ 0	\$ 747,619	\$ 660,496	\$ 0	\$ 169,518	\$ 1,577,633	\$ 0
Noncash investing activities:							
Net change in unrealized gain (loss) on investments	\$ 0	\$ (1,874)	\$ 3,056	\$ 0	\$ 0	\$ 1,182	\$ (2,951)

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, 2007

Assets:	
Cash and cash equivalents	\$ 88,393
Receivables, interest	<u>169</u>
Total Assets	<u>\$ 88,562</u>
Liabilities:	
Monies held for other agencies	<u>\$ 88,562</u>

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

**CITY OF ANKENY, IOWA**  
Notes to the Financial Statements  
June 30, 2007

**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 300 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 Ankeny 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. 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. 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 Ankeny 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. The Ankeny Arts Council's fiscal year end is December 31. The Ankeny Arts Council is a discretely presented component unit, because the relationship between the City and the Ankeny Arts Council is such that without the Ankeny Arts Council's financial presentation, the City's financial statements would be incomplete. However, the relationship between the City and the Ankeny Arts Council does not meet the criteria for blending their financial data. The financial data presented for the Ankeny Arts Council is from the last fiscal year-end, which was December 31, 2006.

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, Basis of Accounting, and Financial Statement Presentation**

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.

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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.

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The financial statements presented by the City are organized in the following manner:

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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. When one City activity charges another City activity for a direct expense, the direct expense of the activity is not eliminated from that activity's expenses, however, the corresponding revenue and expense of the activity receiving the reimbursement is eliminated. The City does not employ an indirect cost allocation system.

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.

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.

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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 the 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.

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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.

**C. 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.

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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.

*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, 2007 was certified on March 15, 2006 by the local taxing authority, Polk County, based on January 1, 2005 valuations establishing a lien date of March 15, 2006. 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, 2007 for the fiscal year beginning on July 1, 2007 are recognized as a receivable as of June 30, 2007 but are shown as deferred revenue, because these taxes are not permitted for use until July 1, 2007.

*Inventory and Prepaid Items*

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

*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.

*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

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market value at the date of donation. 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.

In accordance with GASB Statement No. 34, the City started capitalizing new public domain (infrastructure) capital assets (e.g. roads, bridges, sidewalks, traffic signals, etc.) used in governmental activities in fiscal year 2003. In fiscal year 2007, the City added its infrastructure for governmental activities that was acquired prior to fiscal year 2003. The historical infrastructure was recorded at a book value of \$18,133,201 (see Note XVII).

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

<u>Assets</u>	<u>Threshold</u>
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:

<u>Assets</u>	<u>Years</u>
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

NOTES TO FINANCIAL STATEMENTS  
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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*

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*

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. As of June 30, 2007, the City had \$42,076,420 of unspent debt proceeds in the Capital Projects fund. Net assets are reported as restricted when there are limitations

**NOTES TO FINANCIAL STATEMENTS**  
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imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net assets consists of \$169,659 restricted by donors, \$602,659 restricted by other governments, \$430,349 restricted through enabling legislation, and \$2,533,344 restricted for debt service.

*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, 2007, the City had investments in debt securities with the following original maturities:

Investment Type	Original Maturity			Totals
	Within 6 Months	6 Months to 1 Year	1 Year to 3 Years	
U.S. Instrumentalities	\$ 3,030,674	\$ 6,957,552	\$ 4,760,299	\$ 14,748,525
Open-end mutual funds	6,048,993	0	0	6,048,993
IPAIT mutual funds	439,028	0	0	439,028
Commercial paper	988,870	0	0	988,870
Corporate bonds	0	6,291,727	0	6,291,727
	<u>\$ 10,507,565</u>	<u>\$ 13,249,279</u>	<u>\$ 4,760,299</u>	<u>\$ 28,517,143</u>

The City held certificates of deposit totaling \$18,359,634 at June 30, 2007. Of this total \$2,032,634 had original maturities of 6 months to 1 year and \$16,327,000 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

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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 \$9,784,356 or 14.02% 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 \$6,291,727 held by the City were rated A3 or better by Moody's Investors Service. Commercial paper of \$988,870 held by the City was rated P1 by Moody's Investors Service.

All of the \$14,748,525 in obligations of U.S. instrumentalities held by the City on June 30, 2007 were rated Aaa by Moody's Investors Service. The City also had investments of \$439,028 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 \$6,048,993 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, 2007, the carrying amount of the City's cash deposits, which include certificates of deposit, totaled \$41,340,016 with bank balances of \$41,820,334. 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, 2006, the carrying amount of the Arts Council's (a discretely presented component unit) cash deposits totals \$60,882 with

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bank balances of \$66,706. The bank balances are covered entirely by federal depository insurance.

**IV. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2007, is as follows:

	Balance June 30, 2006	Increases	Decreases	Balance June 30, 2007
<b>Governmental activities:</b>				
Undepreciated:				
Land	\$ 4,774,719	\$ 561,853	\$ 0	\$ 5,336,572
Construction in progress	28,031,834	7,772,296	25,606,323	10,197,807
Total, undepreciated	<u>32,806,553</u>	<u>8,334,149</u>	<u>25,606,323</u>	<u>15,534,379</u>
Depreciated:				
Other improvements	8,908,376	1,816,755	0	10,725,131
Infrastructure	65,392,854	25,416,911	1,518,496	89,291,269
Buildings	12,388,702	3,996,254	0	16,384,956
Machinery and equipment	8,928,574	1,778,157	405,614	10,301,117
Furniture and fixtures	1,219,949	0	0	1,219,949
Total, depreciated	<u>96,838,455</u>	<u>33,008,077</u>	<u>1,924,110</u>	<u>127,922,422</u>
Accumulated depreciation:				
Other improvements	2,644,230	555,765	0	3,199,995
Infrastructure	13,506,873	1,846,717	0	15,353,590
Buildings	4,690,643	479,199	0	5,169,842
Machinery and equipment	6,000,033	750,962	389,953	6,361,042
Furniture and fixtures	1,184,303	24,927	0	1,209,230
Total accumulated depreciation	<u>28,026,082</u>	<u>3,657,570</u>	<u>389,953</u>	<u>31,293,699</u>
Governmental activities capital assets, net	<u>\$ 101,618,926</u>	<u>\$ 37,684,656</u>	<u>\$ 27,140,480</u>	<u>\$ 112,163,102</u>

	Balance June 30, 2006	Increases	Decreases	Balance June 30, 2007
<b>Business-type activities:</b>				
Undepreciated:				
Land	\$ 1,100,894	\$ 0	\$ 0	\$ 1,100,894
Construction in progress	3,389,695	2,632,542	1,645,586	4,376,651
Total, undepreciated	<u>4,490,589</u>	<u>2,632,542</u>	<u>1,645,586</u>	<u>5,477,545</u>
Depreciated:				
Other improvements	649,692	0	0	649,692
Infrastructure	95,933,097	3,017,226	0	98,950,323
Buildings	1,568,965	0	0	1,568,965
Machinery and equipment	1,423,857	323,685	154,400	1,593,142
Furniture and fixtures	36,016	0	0	36,016
Total, depreciated	<u>99,611,627</u>	<u>3,340,911</u>	<u>154,400</u>	<u>102,798,138</u>
Accumulated depreciation:				
Other improvements	302,770	31,570	0	334,340
Infrastructure	21,113,245	1,982,201	0	23,095,446
Buildings	752,100	40,694	0	792,794
Machinery and equipment	1,059,190	111,138	145,300	1,025,028
Furniture and fixtures	36,016	0	0	36,016
Total accumulated depreciation	<u>23,263,321</u>	<u>2,165,603</u>	<u>145,300</u>	<u>25,283,624</u>
Business-type activities capital assets, net	<u>\$ 80,838,895</u>	<u>\$ 3,807,850</u>	<u>\$ 1,654,686</u>	<u>\$ 82,992,059</u>

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

Governmental activities:	
Public safety	\$ 419,019
Health and social services	5,241
Culture and recreation	849,857
Public works	2,183,886
Community and economic development	1,161
General government	<u>198,406</u>
Total depreciation expense - governmental activities	<u>\$ 3,657,570</u>
Business-type activities:	
Water	\$ 710,783
Sewer	1,354,332
Storm Water	1,201
Otter Creek Golf Course	<u>99,287</u>
Total depreciation expense - business-type activities	<u>\$ 2,165,603</u>

**V. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

*Due to/from other funds:*

Receivable Fund	Payable Fund	Amount
General	Nonmajor, internal service	\$ 58,552
	Special revenue, recreation events	2,783
Capital projects	Sewer	206,198
Sewer	Capital projects	1,227,056
	Storm water	125,000
Water	Capital projects	6,181,870
	Otter Creek golf course	100,000
Otter Creek golf course	Nonmajor, internal service	1,406
	Special revenue, recreation events	3,951
Nonmajor, internal service	General fund	291,073
	Special revenue, road use tax	252,740
	Otter Creek golf course	<u>30,100</u>
		<u>\$ 8,480,729</u>

*Advances to/from other funds:*

Receivable Fund	Payable Fund	Amount
Nonmajor, internal service	General fund	\$ 618,504
	Special revenue, road use tax	496,398
	Enterprise, Otter Creek golf course	<u>45,335</u>
		<u>\$ 1,160,237</u>

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

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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, 2007 were as follows:

	Transfers In						Total
	General	Debt Service	Capital Project	Sewer	Nonmajor Governmental	Internal Service	
Transfers out:							
General	\$ 0	\$ 0	\$ 0	\$ 0	\$ 923,223	\$ 0	\$ 923,223
Tax increment financing	0	3,398,861	0	0	0	0	3,398,861
Water	200,000	0	0	0	0	0	200,000
Sewer	200,000	0	0	0	0	0	200,000
Nonmajor:							
Special revenue	163,800	0	1,146	0	0	0	164,946
Capital project	0	0	580,000	189,914	0	200,000	969,914
	<u>\$ 563,800</u>	<u>\$ 3,398,861</u>	<u>\$ 581,146</u>	<u>\$ 189,914</u>	<u>\$ 923,223</u>	<u>\$ 200,000</u>	<u>\$ 5,856,944</u>

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, 2007:

General	Succeeding year taxes	\$ 10,575,964
Debt service	Succeeding year taxes	4,862,724
Special revenue:		
Tax increment financing	Succeeding year taxes	4,297,178
	MTA lease agreement	278,080
Police/fire pension	Succeeding year taxes	617,445
Water	Unearned charges	<u>20,363</u>
		<u>\$20,651,754</u>

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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, 2007:

General:	Delinquent taxes	\$ 9,636
	Accounts receivable	457,941
	Intergovernmental receivable	184,082
Debt service:	Delinquent taxes	4,896
Special revenue,		
Tax increment financing	Delinquent taxes	9,281
Police/fire pension	Delinquent taxes	559
Capital project,		
Capital projects	Accounts receivable	516,255
	Intergovernmental receivable	25,500
	Special assessments	88,362
Special assessments	Special assessments	<u>797,555</u>
		<u>\$ 2,094,067</u>

**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, 2007 consist of the following individual issues:

<u>Debt</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Amount Issued</u>	<u>Interest Rate Range Outstanding</u>	<u>Balance June 30, 2007</u>
General corporate	07/02/03	06/01/09	\$ 4,335,000	2.05 - 2.30%	\$ 2,010,000
General corporate	05/15/98	06/01/09	8,110,000	4.35	1,925,000
General corporate	06/01/98	06/01/09	2,900,000	4.40 - 4.45	685,000
General corporate	06/01/00	06/01/11	5,270,000	5.25 - 5.375	2,410,000
General corporate	06/01/01	06/01/12	2,895,000	4.15 - 4.55	1,595,000
General corporate	05/15/02	06/01/13	3,885,000	3.65 - 4.25	2,520,000
General corporate	05/06/02	06/01/13	2,540,000	3.50 - 4.20	1,650,000
General corporate	05/01/03	06/01/14	9,000,000	2.90 - 3.70	6,550,000
General corporate	05/27/05	06/01/18	14,790,000	3.50 - 4.05	13,805,000
General corporate	05/30/06	06/01/17	5,695,000	4.125 - 4.25	5,695,000
General corporate	05/30/07	06/01/18	13,040,000	4.00	13,040,000
Bond anticipation notes	05/30/06	06/01/08	11,625,000	4.10	11,625,000
Bond anticipation notes	05/30/07	06/01/09	31,500,000	4.00	31,500,000
			<u>\$ 115,585,000</u>		<u>\$ 95,010,000</u>

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2007

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

Year Ending June 30	General Obligation Principal	General Obligation Interest	Total
2008	\$ 17,705,000	\$ 3,776,688	\$ 21,481,688
2009	38,885,000	3,075,651	41,960,651
2010	5,250,000	1,537,908	6,787,908
2011	5,455,000	1,330,235	6,785,235
2012	5,015,000	1,109,936	6,124,936
2013	4,850,000	910,636	5,760,636
2014	4,235,000	718,133	4,953,133
2015	3,355,000	550,308	3,905,308
2016	3,500,000	414,533	3,914,533
2017	3,660,000	272,895	3,932,895
2018	3,100,000	124,770	3,224,770
	<u>\$ 95,010,000</u>	<u>\$ 13,821,693</u>	<u>\$ 108,831,693</u>

Accumulated fund balances in the Debt Service fund are legally restricted for the repayment of debt service. The fund balance at June 30 in the Debt Service fund is \$953,844.

*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, 2007 consist of the following issues:

Debt	Issue Date	Final Maturity	Amount Issued	Interest Rate Range Outstanding	Balance June 30, 2007
Sewer capital loan note	12/01/91	05/01/12	\$ 925,000	3.00	\$ 315,000
Sewer capital loan note	05/02/94	05/01/15	1,785,000	3.00	899,000
Sewer capital loan note	04/01/97	05/01/17	4,344,000	3.92	2,844,000
			<u>\$ 7,054,000</u>		<u>\$ 4,058,000</u>

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

Year ending June 30	Principal	Interest	Total
2008	\$ 753,000	\$ 147,905	\$ 900,905
2009	660,000	119,795	779,795
2010	668,000	95,395	763,395
2011	676,000	70,755	746,755
2012	527,000	45,875	572,875
2013	369,000	26,900	395,900
2014	175,000	13,530	188,530
2015	180,000	7,820	187,820
2016	30,000	1,960	31,960
2017	20,000	784	20,784
	<u>\$ 4,058,000</u>	<u>\$ 530,719</u>	<u>\$ 4,588,719</u>

NOTES TO FINANCIAL STATEMENTS  
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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, 2007 relating to these provisions is \$855,551.

*Sewer development agreements.* The City issues development agreements for the extension of sewer main into areas where developers are interested in constructing, but the City has not yet made plans for extending sewer mains. The agreements stipulate that the developers construct the new sewer main and then deed it over to the City. Once the sewer is completed and deeded over, the City will make payments plus interest over a five-year period to reimburse the developer for their construction cost. Connection fees from a developed area are applied to the sewer agreement's principal balance. Sewer development agreements as of June 30, 2007 consist of the following:

Debt	Year Accepted	Final Maturity	Construction Cost	Interest Rate Outstanding	Balance June 30, 2007
Ledgestone Plat 1	2007	07/01/10	\$ 272,559	3.8854%	\$ 120,255
Avondale Trace Plat 1	2007	07/01/10	298,005	3.38	116,139
Clover Ridge West	2007	07/01/10	267,845	3.38	147,017
			<u>\$ 838,409</u>		<u>\$ 383,411</u>

Future debt service requirements for the outstanding sewer development agreements are as follows:

Year ending June 30	Principal	Interest	Total
2008	\$ 113,273	\$ 17,230	\$ 130,503
2009	90,046	15,733	105,779
2010	90,046	12,538	102,584
2011	90,046	9,342	99,388
	<u>\$ 383,411</u>	<u>\$ 54,843</u>	<u>\$ 438,254</u>

NOTES TO FINANCIAL STATEMENTS  
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*Water revenue bonds/capital loan notes.* The City issues water revenue bonds and capital loan notes to provide for the construction of water system infrastructure. This debt is reported in the water fund in the enterprise funds. Water revenue bonds and capital loan notes as of June 30, 2007 consist of the following issues:

Debt	Issue Date	Final Maturity	Amount Issued	Interest Rate Range Outstanding	Balance June 30, 2007
Water capital loan note	10/22/01	06/01/21	\$ 908,000	3.00	\$ 689,000
Water revenue bonds	11/21/05	06/01/25	4,025,000	4.00 - 4.625	3,750,000
Water revenue bonds	12/15/06	06/01/26	3,890,000	3.70 - 4.30	3,890,000
			<u>\$ 8,823,000</u>		<u>\$ 8,329,000</u>

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

Year ending June 30	Principal	Interest	Total
2008	\$ 320,000	\$ 333,994	\$ 653,994
2009	332,000	321,999	653,999
2010	343,000	309,559	652,559
2011	354,000	296,704	650,704
2012	375,000	283,434	658,434
2013	387,000	269,364	656,364
2014	403,000	254,849	657,849
2015	420,000	239,734	659,734
2016	441,000	223,884	664,884
2017-2021	2,484,000	849,339	3,333,339
2022-2026	2,470,000	309,093	2,779,093
	<u>\$ 8,329,000</u>	<u>\$ 3,691,953</u>	<u>\$ 12,020,953</u>

The following provisions are included in the water capital loan note and the water revenue bond agreements:

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, 2007 relating to these provisions is \$723,949.

NOTES TO FINANCIAL STATEMENTS  
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*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, 2007.

	June 30, 2006	Additions	Retirements	June 30, 2007	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 66,357,058	\$ 41,291,341	\$ 18,460,852	\$ 89,187,547	\$ 17,340,988
Compensated absences	362,285	307,803	277,617	392,471	314,832
Total governmental activities	66,719,343	41,599,144	18,738,469	89,580,018	17,655,820
Business-type activities:					
General obligation bonds	2,892,942	3,248,659	319,148	5,822,453	364,012
Water revenue bonds	3,890,000	3,890,000	140,000	7,640,000	280,000
Capital loan notes	5,533,000	0	786,000	4,747,000	793,000
Sewer development agreements	0	450,229	66,818	383,411	113,274
Compensated absences	104,478	77,215	56,801	124,892	64,846
Total business-type activities	12,420,420	7,666,103	1,368,767	18,717,756	1,615,132
Total long-term debt	\$ 79,139,763	\$ 49,265,247	\$ 20,107,236	\$ 108,297,774	\$ 19,270,952

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	\$ 7,230	\$ 5,463
Noncurrent	15,027	95,123
Total	\$ 22,257	\$ 100,586
Premiums:		
Current	\$ 14,887	\$ 1,259
Noncurrent	63,067	11,935
Total	\$ 77,954	\$ 13,194

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, 2007:

Business-type activities:	
Storm water fund	(\$ 90,028)
Major governmental funds:	
Road use tax fund	(\$ 102,146)
Nonmajor governmental funds:	
Economic development fund	(\$ 2,985)

**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, 2007, 2006, and 2005 were \$432,586, \$408,046, and \$357,049, 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 104<sup>th</sup> Street, Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of their earnable compensation and the City's contribution rate is 27.75% of earnable compensation. Contribution requirements are established by State statute. The City's contributions to MFPRSI for the years ended June 30, 2007, 2006, and 2005 were \$683,442, \$624,691, and \$503,632, respectively, which met the required minimum contributions for each year.

**X. DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan through the International City Manager's Association 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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

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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.

As a part of the City's contract with the City Manager, the City has decided to accumulate funds in accordance with Internal Revenue Code section 457(f) at a rate of \$19,050 per year plus interest which are to be designated as a retirement benefit for the City Manager until his expected retirement date of June 30, 2012. The City is not liable for any provisions of this contract nor required to reserve or invest funds under this agreement until the expected retirement date. Unreserved General fund balance of \$60,892 has been designated towards the future provisions of the agreement.

**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.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

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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, 2007 were \$254,367.

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, 2007, 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.

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2007

*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 \$55,000 per person and an aggregate stop loss limit of \$1,542,850. 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 had outstanding aggregate or individual stop loss claims as of June 30, 2007 of \$66,624. 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:

	<u>2007</u>	<u>2006</u>
Claims payable, beginning of year	\$ 169,602	\$ 157,922
Incurred claims (including IBNR)	1,619,020	1,368,496
Claims payments	<u>(1,589,886)</u>	<u>(1,356,816)</u>
Claims payable, end of year	<u>\$ 198,736</u>	<u>\$ 169,602</u>

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 (PCAA) that operates the Ankeny Regional Airport. The City, along with Polk County, Altoona, and Bondurant, form the PCAA. 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 \$209,141 to the PCAA in fiscal year 2007. 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 charges residents a monthly fee to help recover the City's cost of the Curb It! recycling program. The City paid fees totaling \$356,491 in fiscal year 2007.

**NOTES TO FINANCIAL STATEMENTS**  
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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 \$21,697 in membership dues for fiscal year 2007.

The City is also a full member of the Des Moines Area Regional Transportation Authority (DART). DART has 22 member cities represented by nine board members. In fiscal year 2007, DART no longer charged member cities for annual contributions, but instead levied a property tax through Polk County. The City paid the DART \$33,216 for additional transit services in fiscal year 2007. In addition, the City received \$316,000 in fiscal year 2004 from the DART 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 \$278,080 as of June 30, 2007.

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 2007 of \$1,225,176.

**XIII. OPERATING LEASES**

The City leases office space known as the Parks and Recreation 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:

<u>Due July 31,</u>	<u>Amount</u>
2007	\$ 98,880
2008	98,880
2009	98,880
2010	98,880
2011	<u>57,680</u>
Total remaining payments	<u>\$ 453,200</u>

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 sub-leases office space known as the Public Services Building under a non-cancelable agreement. The term of the sub-lease is for eleven years and two months and terminates in December 2016. The

**NOTES TO FINANCIAL STATEMENTS**  
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following is a schedule of the future minimum lease payments required under the agreement:

<u>Fiscal Year</u>	<u>Amount</u>
2008	\$ 162,204
2009	162,204
2010	162,204
2011	162,204
2012	174,372
2013 - 2017	<u>839,430</u>
Total remaining payments	<u>\$ 1,662,618</u>

The City is also responsible for expenses related to casualty insurance, property taxes, 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, 2027 and with payments scheduled as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2008	\$ 851,037
2009	925,238
2010	917,437
2011	914,138
2012	910,238
2013 - 2017	4,546,687
2018 - 2022	4,573,331
2023 - 2027	<u>4,605,313</u>
Total remaining payments	<u>\$ 18,243,419</u>

NOTES TO FINANCIAL STATEMENTS  
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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, 2007 the remaining lease payments amounted to \$83,512.

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:

<u>Fiscal Year</u>	<u>Amount</u>
2008	\$ 322,131
2009	322,131
2010	322,131
2011	322,131
2012	322,131
2013 - 2024	<u>3,865,569</u>
Total remaining payments	<u>\$ 5,476,223</u>

#### 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, 2007:

<u>Company</u>	<u>Type</u>	<u>Issue Year</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Final Maturity</u>
On With Life, Inc.	Health care facility	2005	\$ 3,440,000	\$ 3,145,000	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, 2007 totaled \$1,602,361.

The City has outstanding commitments for construction projects including police station construction, fire station expansion, arterial construction, storm water improvements, park and recreation improvements, and other construction and engineering. The City's commitment to these contracts at June 30, 2007 is \$28,354,156.

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 with the following exception:

*Ankeny Landfill/Lagoon Site.* This possible claim involves a request for reimbursement of expenses as well as costs involved in the performance of a removal action at Operable Unit 1, Landfill and Lagoon Complex of the Des Moines Ex Ordnance Site located in Ankeny, initiated by the United States Environmental Protection Agency. Potentially responsible parties are the City of Ankeny, Deere & Company, and the U.S. Army Corps of Engineers. The United States Environmental Protection Agency has advised the potentially responsible parties that it is looking to these parties for reimbursement of past costs in the amount of approximately \$850,000. Ankeny may be responsible for a portion of these costs. Neither Ankeny's proportionate share of the past costs nor its share of the costs involved in the performance of the removal action have been determined at this time.

**XVI. NEW PRONOUNCEMENTS**

As of June 30, 2007, 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. 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. 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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

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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.

Statement No. 47, *Accounting for Termination Benefits*, issued June 2005. The Statement requires governments to report any liability associated with providing employees benefits other than pensions subsequent to their employment for the purpose of providing employees an option of early-retirement or voluntary termination.

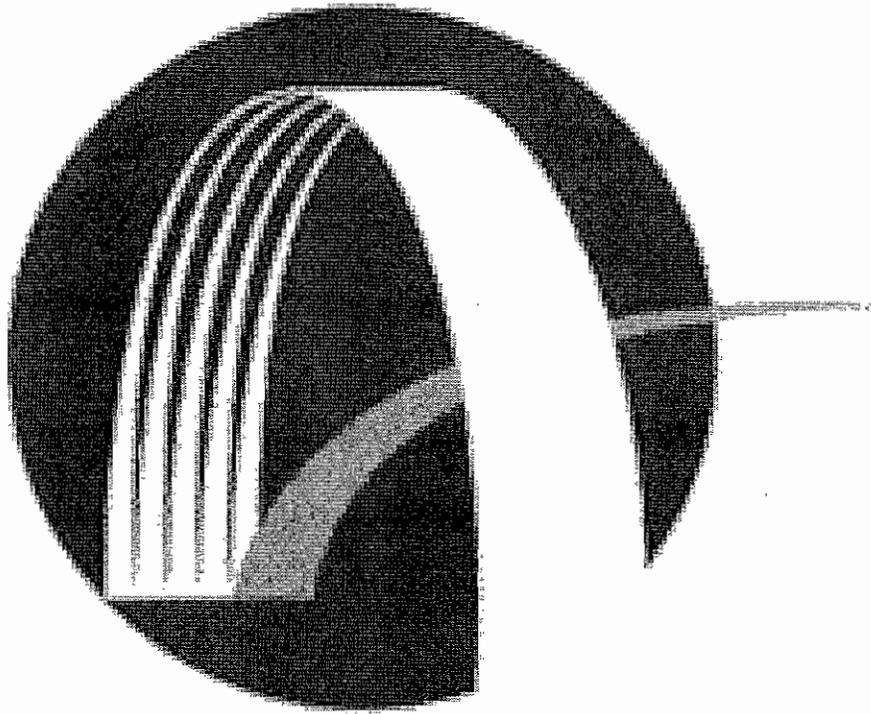
Statement No 48, *Sales and Pledges of Receivables and Future Revenues*, issued September 2006. The Statement provides guidance for the determination and treatment of whether future revenues and/or receivables are considered collateral or are considered sold.

Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, issued November 2006. The Statement sets uniform standards for the reporting and valuation of pollution remediation obligations.

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

**XVII. RESTATEMENT**

For the year ended June 30 2007, the City added infrastructure for governmental activities that was acquired prior to fiscal year 2003 in accordance with the final implementation of GASB Statement No. 34. Beginning governmental activities net assets on the Statement of Activities have been adjusted for the book value of the historical infrastructure of \$18,133,201. Of this amount, investment in capital assets, net of related debt was adjusted by \$13,931,360, and unrestricted net assets was adjusted by \$4,201,841.



## **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, 2007

	Governmental Fund Types Actual	Proprietary Fund Types Actual	Total All Budgeted Funds Actual	Budgeted Amounts		Variance with Final Budget Positive (Negative)
				Original	Final	
Revenues and other financing sources:						
Revenues:						
Property taxes	\$ 18,798,612	\$ 0	\$ 18,798,612	\$ 18,742,708	\$ 18,815,614	\$ (17,002)
Other taxes and assessments	1,364,305	-	1,364,305	2,229,396	1,263,396	100,909
Licenses and permits	1,099,440	1,500	1,100,940	1,320,000	1,324,700	(223,760)
Intergovernmental revenue	3,796,783	27,930	3,824,713	10,629,818	7,421,733	(3,597,020)
Charges for services	1,294,139	12,055,139	13,349,278	13,288,647	13,222,976	126,302
Use of money and property	2,263,510	266,766	2,530,276	1,616,965	2,182,970	347,306
Miscellaneous	1,285,184	42,570	1,327,754	5,952,200	7,431,508	(6,103,754)
Total revenues	29,901,973	12,393,905	42,295,878	53,779,734	51,662,897	(9,367,019)
Other financing sources:						
Bond proceeds	48,410,455	0	48,410,455	30,775,000	47,885,000	525,455
Transfers from other funds	6,001,573	563,234	6,564,807	5,562,526	8,808,152	(2,243,345)
Total other financing sources	54,412,028	563,234	54,975,262	36,337,526	56,693,152	(1,717,890)
Total revenues and other financing sources	84,314,001	12,957,139	97,271,140	90,117,260	108,356,049	(11,084,909)
Expenditures and other financing uses:						
Expenditures:						
Public safety	7,948,707	0	7,948,707	8,271,021	8,401,699	452,992
Public works	3,630,734	0	3,630,734	3,663,916	3,892,200	261,466
Health and social services	102,698	0	102,698	127,996	148,102	45,404
Culture and recreation	4,364,858	0	4,364,858	4,575,029	4,882,151	517,293
Community and economic development	2,387,425	0	2,387,425	1,922,116	2,852,714	465,289
General government	2,332,307	0	2,332,307	2,348,356	2,447,344	115,037
Debt service	7,629,468	0	7,629,468	7,791,369	7,630,168	700
Capital project	30,124,908	0	30,124,908	57,376,201	46,850,352	16,725,444
Business-type	0	11,081,020	11,081,020	12,946,441	12,061,593	980,573
Total expenditures	58,521,105	11,081,020	69,602,125	99,022,445	89,166,323	19,564,198
Other financing uses:						
Transfers to other funds	5,630,264	934,543	6,564,807	5,562,526	8,808,152	2,243,345
Total expenditures and other financing uses	64,151,369	12,015,563	76,166,932	104,584,971	97,974,475	21,807,543
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	20,162,632	941,576	21,104,208	(14,467,711)	10,381,574	10,722,634
Beginning fund balance, July 1	36,122,160	9,857,617	45,979,777	44,996,848	45,979,774	3
Ending fund balance, June 30	\$ 56,284,792	\$ 10,799,193	\$ 67,083,985	\$ 30,529,137	\$ 56,361,348	\$ 10,722,637

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, 2007**

**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	\$ 84,314,001
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.	3,759,775
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	5,791
The Arts Council is included as a governmental fund on a budget basis but is reported as an agency fund on a GAAP basis.	(4,209)
On a budget basis, separate funds may be created for management purposes, but on a GAAP basis these funds are combined into the general fund.	(19,050)
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.	(7,211,397)
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.	(424,291)
Total GAAP basis revenues and other financing sources for the governmental funds	<u>\$ 80,420,620</u>

**Expenditures and other financing uses:**

Actual amount of "expenditures and other financing uses" on a budgetary basis from the budgetary comparison schedule - program budget	\$ 64,151,369
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.	4,497,759
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.	801,613
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.	(2,048,329)
On a budget basis, separate funds may be created for management purposes, but on a GAAP basis these funds are combined into the general fund.	(19,050)
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	(466,050)
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.	(556,428)
Total GAAP basis expenditures and other financing uses for the governmental funds	<u>\$ 66,360,884</u>

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, 2007

**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	\$ 12,957,139
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.	309,508
Investments are not reported at market value on a budgetary basis. The change in market value is recorded on a GAAP basis.	8,300
On GAAP basis, transfers in from the Capital Projects fund are recorded as payments on interfund loans.	(373,320)
Customer deposits are recorded as revenue on a budgetary basis. On a GAAP basis, these deposits are reported as a liability.	<u>(9,100)</u>
Total GAAP basis revenues, nonoperating revenues, and transfers in	<u>\$ 12,892,527</u>

**Expenditures and other financing uses:**

Actual amount of "expenditures and other financing uses" on a budgetary basis from the budgetary comparison schedule - program budget	\$ 12,015,563
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.	503,632
Principal payments on indebtedness are recorded as an expenditure on a budgetary basis, but are not expensed on a GAAP basis.	(1,106,092)
Bond issuance costs are expensed and bond discounts are not recorded on a budgetary basis. These costs and discounts are recorded and amortized under GAAP.	7,404
Depreciation and losses on fixed assets are reported on a GAAP basis but are not recorded on a budgetary basis	2,165,603
Purchases of capital assets is reported as an expense on a budget basis but is capitalized and depreciated on a GAAP basis	(314,584)
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.	86,866
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.	46,459
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.	(429,398)
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.	<u>(34,620)</u>
Total GAAP basis expenses, nonoperating expenses, and transfers out	<u>\$ 12,940,833</u>

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, 2007

**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, 2007. The amendments decreased estimated expenditures by \$8,695,885. 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 decrease to expenditures was primarily due to the change in timing of capital improvement projects.

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, 2007, 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.

**Ankeny Garden Club Fund** – Accounts for donations to be used for the creation and maintenance of public gardens.

**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.

**Civic Fund** – Accounts for contributions made by the master developer of Prairie Trail to be used for civic improvements. Contributions are made to the Civic Fund at a rate of 125% of the cost of improvements made by the City within the Prairie Trail development.

**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, 2007

	Special Revenue							
	Hotel/Motel Tax	Hawkeye Park	Police Gift	Police Seizure	Economic Development	Police/Fire Pension	Library Gift	Park Dedication
<b>Assets</b>								
Cash and cash equivalents	\$ 146,825	\$ 8,090	\$ 1,661	\$ 174,820	\$ 0	\$ 513,174	\$ 3,727	\$ 285,543
Receivables:								
Interest	0	0	0	0	0	734	0	0
Taxes	0	0	0	0	0	620,092	0	0
Special assessments	0	0	0	0	0	0	0	0
Intergovernmental	0	0	0	0	0	28	0	0
<b>Total assets</b>	<b>\$ 146,825</b>	<b>\$ 8,090</b>	<b>\$ 1,661</b>	<b>\$ 174,820</b>	<b>\$ 0</b>	<b>\$ 1,134,028</b>	<b>\$ 3,727</b>	<b>\$ 285,543</b>
<b>Liabilities and fund balances (deficits)</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 1,000	\$ 0	\$ 0	\$ 0	\$ 155	\$ 1,536	\$ 0	\$ 0
Accrued wages	1,019	0	0	0	2,830	12,293	0	0
Due to other funds	0	0	0	0	0	0	0	0
Deferred revenue	0	0	0	0	0	618,004	0	0
<b>Total liabilities</b>	<b>2,019</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,985</b>	<b>631,833</b>	<b>0</b>	<b>0</b>
<b>Fund balances (deficits):</b>								
Unreserved, reported in:								
Special revenue funds	144,806	8,090	1,661	174,820	(2,985)	502,195	3,727	285,543
Capital projects fund	0	0	0	0	0	0	0	0
<b>Total fund balances (deficits)</b>	<b>144,806</b>	<b>8,090</b>	<b>1,661</b>	<b>174,820</b>	<b>(2,985)</b>	<b>502,195</b>	<b>3,727</b>	<b>285,543</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 146,825</b>	<b>\$ 8,090</b>	<b>\$ 1,661</b>	<b>\$ 174,820</b>	<b>\$ 0</b>	<b>\$ 1,134,028</b>	<b>\$ 3,727</b>	<b>\$ 285,543</b>

Sports Complex Foundation	Ankeny Garden Club	Recreation Events	Band Shell	Keep Ankeny Beautiful	Civic	Capital Project Special Assessments	Total Nonmajor Governmental Funds
\$ 144,161	\$ 250	\$ 26,859	\$ 0	\$ 8,472	\$ 69,107	\$ 1,835,307	\$ 3,217,996
0	0	0	0	0	0	0	734
0	0	0	0	0	0	0	620,092
0	0	0	0	0	0	959,503	959,503
0	0	0	0	0	0	0	28
<u>\$ 144,161</u>	<u>\$ 250</u>	<u>\$ 26,859</u>	<u>\$ 0</u>	<u>\$ 8,472</u>	<u>\$ 69,107</u>	<u>\$ 2,794,810</u>	<u>\$ 4,798,353</u>
\$ 36,045	\$ 0	\$ 12,397	\$ 0	\$ 55	\$ 29,709	\$ 0	\$ 80,897
0	0	0	0	0	0	0	16,142
0	0	6,734	0	0	0	0	6,734
0	0	0	0	0	0	797,555	1,415,559
<u>36,045</u>	<u>0</u>	<u>19,131</u>	<u>0</u>	<u>55</u>	<u>29,709</u>	<u>797,555</u>	<u>1,519,332</u>
108,116	250	7,728	0	8,417	39,398	0	1,281,766
0	0	0	0	0	0	1,997,255	1,997,255
<u>108,116</u>	<u>250</u>	<u>7,728</u>	<u>0</u>	<u>8,417</u>	<u>39,398</u>	<u>1,997,255</u>	<u>3,279,021</u>
<u>\$ 144,161</u>	<u>\$ 250</u>	<u>\$ 26,859</u>	<u>\$ 0</u>	<u>\$ 8,472</u>	<u>\$ 69,107</u>	<u>\$ 2,794,810</u>	<u>\$ 4,798,353</u>

City of Ankeny, Iowa

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2007

	Special Revenue							
	Hotel/Motel Tax	Hawkeye Park	Police Gift	Police Seizure	Economic Development	Police/Fire Pension	Library Gift	Park Dedication
Revenues:								
Property taxes	\$ 0	\$ 3,375	\$ 0	\$ 0	\$ 0	\$ 553,757	\$ 0	\$ 0
Other taxes and assessments	0	0	0	0	0	12,044	0	0
Intergovernmental	0	0	0	15,102	0	0	0	0
Charges for services	0	0	0	0	0	0	0	0
Use of money and property	0	321	60	8,899	0	34,139	293	14,889
Miscellaneous	0	0	500	7,250	0	0	1,258	12,117
Total revenues	0	3,696	560	31,251	0	599,940	1,551	27,006
Expenditures:								
Current operating:								
Public safety	0	0	0	19,957	0	683,017	0	0
Culture and recreation	470,096	0	0	0	0	0	5,000	27,052
Public works	0	0	0	0	0	0	0	0
Community and economic development	0	0	0	0	295,828	0	0	0
Total expenditures	470,096	0	0	19,957	295,828	683,017	5,000	27,052
Excess (deficiency) of revenues over expenditures	(470,096)	3,696	560	11,294	(295,828)	(83,077)	(3,449)	(46)
Other financing (uses):								
Transfers in	620,398	0	0	0	300,438	0	0	0
Transfers out	(163,800)	0	0	0	0	0	0	0
Total other financing sources (uses)	456,598	0	0	0	300,438	0	0	0
Net change in fund balances	(13,498)	3,696	560	11,294	4,610	(83,077)	(3,449)	(46)
Fund balances (deficits), beginning	158,304	4,394	1,101	163,526	(7,595)	585,272	7,176	285,589
Fund balances (deficits), ending	\$ 144,806	\$ 8,090	\$ 1,661	\$ 174,820	\$ (2,985)	\$ 502,195	\$ 3,727	\$ 285,543

Sports Complex Foundation	Ankeny Garden Club	Recreation Events	Band Shell	Keep Ankeny Beautiful	Civic	Capital Project Special Assessments	Total Nonmajor Governmental Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 557,132
0	0	0	0	0	0	313,979	326,023
110,250	0	0	0	0	0	0	125,352
0	0	6,531	0	0	0	0	6,531
7,673	0	0	0	776	15,150	0	82,200
96,268	250	18,000	1,000	0	0	0	136,643
214,191	250	24,531	1,000	776	15,150	313,979	1,233,881
0	0	0	0	0	0	0	702,974
221,475	0	20,590	8,499	0	0	0	752,712
0	0	0	0	0	0	0	0
0	0	0	0	11,977	482,025	0	789,830
221,475	0	20,590	8,499	11,977	482,025	0	2,245,516
(7,284)	250	3,941	(7,499)	(11,201)	(466,875)	313,979	(1,011,635)
0	0	0	2,387	0	0	0	923,223
0	0	(1,146)	0	0	0	(969,914)	(1,134,860)
0	0	(1,146)	2,387	0	0	(969,914)	(211,637)
(7,284)	250	2,795	(5,112)	(11,201)	(466,875)	(655,935)	(1,223,272)
115,400	0	4,933	5,112	19,618	506,273	2,653,190	4,502,293
\$ 108,116	\$ 250	\$ 7,728	\$ 0	\$ 8,417	\$ 39,398	\$ 1,997,255	\$ 3,279,021

## 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.

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**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, 2007**

	<u>Central Garage</u>	<u>Risk Management</u>	<u>Equipment Reserve</u>	<u>Health Insurance</u>	<u>Total</u>
<b>Assets</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 47,686	\$ 284,896	\$ 35,593	\$ 2,160,706	\$ 2,528,881
Investments	0	0	297,049	0	297,049
Receivables:					
Interest	0	0	96	0	96
Accounts	0	11,009	0	66,624	77,633
Intergovernmental	24,698	0	10,500	0	35,198
Prepaid expenses	0	68,398	0	0	68,398
Inventory	53,007	0	0	0	53,007
Due from other funds	0	0	573,913	0	573,913
<b>Total current assets</b>	<u>125,391</u>	<u>364,303</u>	<u>917,151</u>	<u>2,227,330</u>	<u>3,634,175</u>
<b>Noncurrent assets:</b>					
Advances to other funds	0	0	1,160,237	0	1,160,237
<b>Total assets</b>	<u>\$ 125,391</u>	<u>\$ 364,303</u>	<u>\$ 2,077,388</u>	<u>\$ 2,227,330</u>	<u>\$ 4,794,412</u>
<b>Liabilities and Net Assets</b>					
<b>Liabilities:</b>					
<b>Current liabilities:</b>					
Accounts payable	\$ 24,621	\$ 92,733	\$ 0	\$ 576	\$ 117,930
Accrued wages	2,311	0	0	0	2,311
Claims payable	0	0	0	198,736	198,736
Due to other funds	0	0	59,958	0	59,958
Compensated absences payable	1,197	0	0	0	1,197
<b>Total current liabilities</b>	<u>28,129</u>	<u>92,733</u>	<u>59,958</u>	<u>199,312</u>	<u>380,132</u>
<b>Noncurrent liabilities:</b>					
Compensated absences payable	0	0	0	0	0
<b>Total liabilities</b>	<u>28,129</u>	<u>92,733</u>	<u>59,958</u>	<u>199,312</u>	<u>380,132</u>
<b>Net Assets:</b>					
Unrestricted	<u>97,262</u>	<u>271,570</u>	<u>2,017,430</u>	<u>2,028,018</u>	<u>4,414,280</u>
<b>Total net assets</b>	<u>97,262</u>	<u>271,570</u>	<u>2,017,430</u>	<u>2,028,018</u>	<u>4,414,280</u>
<b>Total liabilities and net assets</b>	<u>\$ 125,391</u>	<u>\$ 364,303</u>	<u>\$ 2,077,388</u>	<u>\$ 2,227,330</u>	<u>\$ 4,794,412</u>

City of Ankeny, Iowa

Combining Statement of Revenues, Expenses, and Changes in Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2007

	Central Garage	Risk Management	Equipment Reserve	Health Insurance	Total
Operating revenues:					
Charges for services	\$ 568,986	\$ 600,000	\$ 0	\$ 1,998,709	\$ 3,167,695
Other	14,989	78,925	0	103,342	197,256
Total operating revenues	583,975	678,925	0	2,102,051	3,364,951
Operating expenses:					
Personal services	150,213	207,892	0	2,112	360,217
Contractual services	9,009	421,834	0	1,632,260	2,063,103
Operating supplies	394,975	0	0	0	394,975
Total operating expenses	554,197	629,726	0	1,634,372	2,818,295
Operating income (loss)	29,778	49,199	0	467,679	546,656
Nonoperating revenues (expenses):					
Interest earnings	0	0	61,451	101,384	162,835
Net income (loss) before transfers	29,778	49,199	61,451	569,063	709,491
Transfers in	0	0	200,000	0	200,000
Change in net assets	29,778	49,199	261,451	569,063	909,491
Total net assets, beginning	67,484	222,371	1,755,979	1,458,955	3,504,789
Total net assets, ending	\$ 97,262	\$ 271,570	\$ 2,017,430	\$ 2,028,018	\$ 4,414,280

City of Ankeny, Iowa

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2007

	Central Garage	Risk Management	Equipment Reserve	Health Insurance	Total
Cash flows from operating activities:					
Cash received from customers	\$ 567,159	\$ 667,917	\$ 0	\$ 2,035,748	\$ 3,270,824
Payments to suppliers	(396,855)	(618,494)	0	(1,603,126)	(2,618,475)
Payments to employees	(163,994)	0	0	(1,919)	(165,913)
Net cash provided by operating activities	6,310	49,423	0	430,703	486,436
Cash flows from noncapital financing activities:					
Payments received on interfund accounts	0	0	591,048	0	591,048
Loans issued to other funds	0	0	(879,735)	0	(879,735)
Transfers from other funds	0	0	200,000	0	200,000
Net cash provided (used) by noncapital financing activities	0	0	(88,687)	0	(88,687)
Cash flows from investing activities:					
Purchase of investments	0	0	(300,048)	0	(300,048)
Interest received	0	0	64,442	101,384	165,826
Net cash provided (used) by investing activities	0	0	(235,606)	101,384	(134,222)
Net increase (decrease) in cash and cash equivalents	6,310	49,423	(324,293)	532,087	263,527
Cash and cash equivalents, beginning	41,376	235,473	359,886	1,628,619	2,265,354
Cash and cash equivalents, ending	\$ 47,686	\$ 284,896	\$ 35,593	\$ 2,160,706	\$ 2,528,881
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 29,778	\$ 49,199	\$ 0	\$ 467,679	\$ 546,656
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Changes in assets and liabilities:					
Receivables, net	(16,816)	(11,009)	0	(66,302)	(94,127)
Prepaid expenses	0	(9,813)	0	0	(9,813)
Inventory	6,287	0	0	0	6,287
Accounts and other payables	(2,394)	21,046	0	192	18,844
Claims payable	(10,545)	0	0	29,134	18,589
Net cash provided by operating activities	\$ 6,310	\$ 49,423	\$ 0	\$ 430,703	\$ 486,436
Noncash investing activities:					
Net change in unrealized gain (loss) on investments	\$ 0	\$ 0	\$ (2,951)	\$ 0	\$ (2,951)

## **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.

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

**Ankeny Foundation** - Accounts for funds being held for 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, 2007

	<u>Arts Council</u>	<u>Ankeny Foundation</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 83,175	\$ 5,218	\$ 88,393
Receivables, interest	<u>169</u>	<u>0</u>	<u>169</u>
Total assets	<u>\$ 83,344</u>	<u>\$ 5,218</u>	<u>\$ 88,562</u>
Liabilities:			
Monies held for other agencies	<u>\$ 83,344</u>	<u>\$ 5,218</u>	<u>\$ 88,562</u>

City of Ankeny, Iowa

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Year Ended June 30, 2007

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
<b><u>Arts Council</u></b>				
Assets:				
Cash and cash equivalents	\$ 78,966	\$ 4,209	\$ 0	\$ 83,175
Receivables, interest	189	169	189	169
Total assets	<u>\$ 79,155</u>	<u>\$ 4,378</u>	<u>\$ 189</u>	<u>\$ 83,344</u>
Liabilities:				
Monies held for other agencies	<u>\$ 79,155</u>	<u>\$ 4,378</u>	<u>\$ 189</u>	<u>\$ 83,344</u>
<b><u>Ankeny Foundation</u></b>				
Assets:				
Cash and cash equivalents	<u>\$ 5,151</u>	<u>\$ 272</u>	<u>\$ 205</u>	<u>\$ 5,218</u>
Liabilities:				
Monies held for other agencies	<u>\$ 5,151</u>	<u>\$ 272</u>	<u>\$ 205</u>	<u>\$ 5,218</u>
<b><u>Total</u></b>				
Assets:				
Cash and cash equivalents	\$ 84,117	\$ 4,481	\$ 205	\$ 88,393
Receivables, interest	189	169	189	169
Total assets	<u>\$ 84,306</u>	<u>\$ 4,650</u>	<u>\$ 394</u>	<u>\$ 88,562</u>
Liabilities:				
Monies held for other agencies	<u>\$ 84,306</u>	<u>\$ 4,650</u>	<u>\$ 394</u>	<u>\$ 88,562</u>

City of Ankeny, Iowa

Statement of Cash Flows  
Discretely Presented Component unit  
For the Year Ended June 30, 2007

	<u>Ankeny Arts Council</u>
Cash flows from operating activities:	
Cash received from customers	\$ 87,576
Payments to suppliers	(51,731)
Payments to employees	<u>(21,662)</u>
Net cash provided by operating activities	<u>14,183</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(15,065)
Cash flows from investing activities:	
Interest received	<u>601</u>
Net increase in cash and cash equivalents	(281)
Cash and cash equivalents, beginning	<u>61,163</u>
Cash and cash equivalents, ending	<u><u>\$ 60,882</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 6,200
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	5,170
Changes in assets and liabilities:	
Prepaid expenses	(167)
Accounts and other payables	<u>2,980</u>
Net cash provided by operating activities	<u><u>\$ 14,183</u></u>

**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, 2007 and 2006**

	<b>2007</b>	<b>2006</b>
Governmental funds capital assets:		
Land	\$ 5,336,572	\$ 4,774,719
Other improvements	10,725,133	8,908,377
Infrastructure (2)	89,291,270	34,706,047
Buildings	16,384,956	12,388,702
Machinery and equipment	10,301,115	8,928,572
Furniture and fixtures	1,219,949	1,219,949
Construction in progress	10,197,808	28,031,835
 Total governmental funds capital assets	 \$ 143,456,803	 \$ 98,958,201
Investment in governmental funds capital assets by source:		
General fund	\$ 19,164,863	\$ 18,454,792
Special revenue funds	4,741,304	4,253,480
Capital project funds	56,358,080	47,208,684
Local, state, and federal grants and donations	63,192,556	29,041,245
 Total investment in governmental funds capital assets by source	 \$ 143,456,803	 \$ 98,958,201

(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, 2007

	<u>Land</u>	<u>Other Improvements</u>	<u>Infrastructure (2)</u>
Public safety:			
Police	\$ 29,006	\$ 0	\$ 0
Fire and ambulance	144,806	0	0
Code enforcement	<u>0</u>	<u>0</u>	<u>0</u>
Total public safety	<u>173,812</u>	<u>0</u>	<u>0</u>
Health and social services:			
Mosquito control	0	0	0
Public relations	<u>0</u>	<u>0</u>	<u>0</u>
Total health and social services	<u>0</u>	<u>0</u>	<u>0</u>
Culture and recreation:			
Library	14,361	94,657	0
Parks and recreation	<u>3,181,581</u>	<u>10,286,365</u>	<u>122,023</u>
Total culture and recreation	<u>3,195,942</u>	<u>10,381,022</u>	<u>122,023</u>
Public works:			
Public works	<u>1,867,287</u>	<u>290,870</u>	<u>89,169,247</u>
Community and economic development:			
Planning and zoning	<u>0</u>	<u>0</u>	<u>0</u>
General government:			
Council and management	<u>99,531</u>	<u>53,241</u>	<u>0</u>
Total general fixed assets	<u>\$ 5,336,572</u>	<u>\$ 10,725,133</u>	<u>\$ 89,291,270</u>

(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.

<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Furniture and Fixtures</u>	<u>Work in Progress</u>	<u>Total</u>
\$ 38,795	\$ 1,166,750	\$ 0	\$ 2,197,507	\$ 3,432,058
1,833,909	3,210,617	48,316	845,132	6,082,780
0	126,845	0	0	126,845
<u>1,872,704</u>	<u>4,504,212</u>	<u>48,316</u>	<u>3,042,639</u>	<u>9,641,683</u>
0	25,420	0	0	25,420
0	18,802	0	0	18,802
<u>0</u>	<u>44,222</u>	<u>0</u>	<u>0</u>	<u>44,222</u>
3,149,085	432,863	619,879	0	4,310,845
4,367,703	1,061,917	45,220	3,036,455	22,101,264
<u>7,516,788</u>	<u>1,494,780</u>	<u>665,099</u>	<u>3,036,455</u>	<u>26,412,109</u>
3,551,665	3,256,203	0	3,968,512	102,103,784
<u>0</u>	<u>25,126</u>	<u>0</u>	<u>0</u>	<u>25,126</u>
<u>3,443,799</u>	<u>976,572</u>	<u>506,534</u>	<u>150,202</u>	<u>5,229,879</u>
<u>\$ 16,384,956</u>	<u>\$ 10,301,115</u>	<u>\$ 1,219,949</u>	<u>\$ 10,197,808</u>	<u>\$ 143,456,803</u>

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, 2007**

	Governmental Funds Capital Assets June 30, 2006	Additions (2)	Deductions	Governmental Funds Capital Assets June 30, 2007
Public safety:				
Police	\$ 1,247,311	\$ 2,374,321	\$ 189,574	\$ 3,432,058
Fire and ambulance	4,730,590	1,501,208	149,018	6,082,780
Code enforcement	106,707	20,138	0	126,845
Total public safety	<u>6,084,608</u>	<u>3,895,667</u>	<u>338,592</u>	<u>9,641,683</u>
Health & social services:				
Mosquito control	16,710	8,710	0	25,420
Public relations	18,802	0	0	18,802
Total health & social services	<u>35,512</u>	<u>8,710</u>	<u>0</u>	<u>44,222</u>
Culture and recreation:				
Library	4,310,845	0	0	4,310,845
Parks and recreation	20,026,513	3,630,503	1,555,752	22,101,264
Total culture and recreation	<u>24,337,358</u>	<u>3,630,503</u>	<u>1,555,752</u>	<u>26,412,109</u>
Public works:				
Public works	63,110,289	41,963,419	2,969,924	102,103,784
Community & economic development:				
Planning & zoning	25,126	0	0	25,126
General government:				
Council and management	5,365,308	637,844	773,273	5,229,879
Total general fixed assets	<u>\$ 98,958,201</u>	<u>\$ 50,136,143</u>	<u>\$ 5,637,541</u>	<u>\$ 143,456,803</u>

(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.

**Statistical Section  
Contents**

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The statistical section of the City's comprehensive annual financial report represents detailed information as a context for understanding what the information presented in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain information to help the reader understand how the City's financial performance and well being have changed over time.	90
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	96
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	102
<b>Demographic and Economic Informaiton</b> These schedules offer demographic and economic indicators to help the reader understand the environment with which the City's financial activities take place.	109
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	112

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The City implemented GASB 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

City of Ankeny, Iowa

**Net Assets by Component  
Last Five Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year				
	2007	2006	2005	2004	2003
Governmental activities:					
Invested in capital assets, net of related debt	\$ 65,059,807	\$ 60,796,555	\$ 30,124,884	\$ 20,560,194	\$ 13,670,814
Restricted:					
Debt service	953,844	277,845	76,043	101,900	228,683
Enabling legislation	430,349	443,893	344,685	238,968	209,000
Restricted by other governments	602,659	973,642	1,387,052	3,239,386	2,129,080
Donor restrictions	169,659	659,074	111,512	54,897	157,366
Unrestricted	6,884,490	7,446,042	4,851,785	387,745	432,989
Total governmental activities net assets	<u>74,100,808</u>	<u>70,597,051</u>	<u>36,895,961</u>	<u>24,583,090</u>	<u>16,827,932</u>
Business-type activities:					
Invested in capital assets, net of related debt	71,526,488	69,831,317	57,574,412	53,976,846	48,088,234
Restricted:					
Debt service	1,579,500	1,256,848	950,134	1,419,884	1,250,378
Unrestricted	10,007,638	10,393,160	9,134,709	6,580,474	8,901,177
Total business-type activities net assets	<u>83,113,626</u>	<u>81,481,325</u>	<u>67,659,255</u>	<u>61,977,204</u>	<u>58,239,789</u>
Primary government:					
Invested in capital assets, net of related debt	136,586,295	130,627,872	87,699,296	74,537,040	61,759,048
Restricted:(1)					
Debt service	2,533,344	1,534,693	1,026,177	1,521,784	1,479,061
Enabling legislation	430,349	443,893	344,685	238,968	209,000
Restricted by other governments	602,659	973,642	1,387,052	3,239,386	2,129,080
Donor restrictions	169,659	659,074	111,512	54,897	157,366
Unrestricted	16,892,128	17,839,202	13,986,494	6,968,219	9,334,166
Total primary government net assets	<u>\$ 157,214,434</u>	<u>\$ 152,078,376</u>	<u>\$ 104,555,216</u>	<u>\$ 86,560,294</u>	<u>\$ 75,067,721</u>

(1) Restricted net assets for years prior to fiscal year 2007 are restated to include changes relating to GASB Statement No. 46.

City of Ankeny, Iowa

Changes in Net Assets  
Last Five Fiscal Years  
(accrual basis of accounting)

	Fiscal Year				
	2007	2006	2005	2004	2003
<b>Expenses</b>					
Governmental activities:					
Public safety	\$ 7,740,691	\$ 7,119,401	\$ 6,563,401	\$ 5,953,448	\$ 5,624,663
Health and social services	115,375	59,113	95,944	212,221	103,307
Culture and recreation	4,760,072	4,569,428	4,039,270	3,614,161	2,784,367
Public works	11,685,977	5,383,612	4,065,180	4,462,967	2,625,544
Community and economic development	2,739,944	2,312,740	1,513,129	1,153,503	1,391,893
General government	2,356,261	2,159,580	2,008,601	1,934,620	1,725,874
Capital projects	0	0	0	0	2,015,710
Interest on long-term debt	2,652,376	2,208,212	1,762,124	1,624,607	1,670,819
Total governmental activities expenses	32,050,696	23,812,086	20,047,649	18,955,527	17,942,177
Business-type activities:					
Solid waste	446,051	387,949	277,336	244,886	221,296
Water	5,857,555	4,259,984	3,992,676	4,011,420	3,219,883
Sewer	5,000,540	4,701,184	3,999,585	3,333,904	2,651,113
Storm Water	72,075	19,425	3,500	0	0
Otter Creek golf course	1,061,638	1,082,932	1,108,882	1,138,654	1,099,752
Total business-type activities expenses	12,437,859	10,451,474	9,381,979	8,728,864	7,192,044
Total primary government expenses	44,488,555	34,263,560	29,429,628	27,684,391	25,134,221
<b>Program revenues</b>					
Governmental activities:					
Charges for services:					
Public safety	1,768,328	2,233,436	1,771,657	1,526,943	1,603,092
Culture and recreation	834,055	805,189	650,012	512,236	460,069
Other activities	2,130,411	605,952	1,228,247	1,169,245	418,686
Operating grants and contributions	4,154,440	4,331,282	2,898,819	2,761,838	2,965,910
Capital grants and contributions	4,071,240	11,943,414	8,417,503	5,306,596	5,522,979
Total governmental activities program revenues	12,958,474	19,919,273	14,966,238	11,276,858	10,970,736
Business-type activities:					
Charges for services:					
Water	5,433,073	5,654,906	4,382,184	3,972,892	3,351,534
Sewer	5,641,090	4,795,246	4,221,821	3,490,284	3,211,933
Other activities	1,319,077	1,355,074	1,233,294	1,202,659	969,258
Operating grants and contributions	27,930	0	0	0	0
Capital grants and contributions	1,577,633	12,453,517	5,155,227	4,016,586	2,961,507
Total business-type activities program revenues	13,998,803	24,258,743	14,992,526	12,682,421	10,494,232
Total primary government program revenues	26,957,277	44,178,016	29,958,764	23,959,279	21,464,968
<b>Net (expense) revenue</b>					
Governmental activities	(19,092,222)	(3,892,813)	(5,081,411)	(7,678,669)	(6,971,441)
Business-type activities	1,560,944	13,807,269	5,610,547	3,953,557	3,302,188
Total primary government net (expense) revenue	(17,531,278)	9,914,456	529,136	(3,725,112)	(3,669,253)
<b>General revenues and other changes in net assets</b>					
Governmental activities:					
Taxes:					
Property taxes	18,753,563	16,493,129	15,240,675	13,189,116	12,598,029
Other taxes	1,232,323	1,144,786	1,082,129	1,019,780	744,109
Grants and contributions not restricted to specific programs	0	0	0	34,664	292,357
Interest	2,216,659	1,514,889	778,632	555,465	619,500
Other	183,348	83,898	227,433	368,050	69,157
Transfers	210,086	224,000	65,413	266,752	824,000
Total governmental activities	22,595,979	19,460,702	17,394,282	15,433,827	15,147,152
Business-type activities:					
Interest	196,466	184,429	83,974	50,610	87,240
Other	84,977	54,372	52,943	0	361,073
Transfers	(210,086)	(224,000)	(65,413)	(266,752)	(824,000)
Total business-type activities	71,357	14,801	71,504	(216,142)	(375,687)
Total primary government	22,667,336	19,475,503	17,465,786	15,217,685	14,771,465
<b>Changes in net assets</b>					
Governmental activities	3,503,757	15,567,889	12,312,871	7,755,158	8,175,711
Business-type activities	1,632,301	13,822,070	5,682,051	3,737,415	2,926,501
Total primary government changes in net assets	\$ 5,136,058	\$ 29,389,959	\$ 17,994,922	\$ 11,492,573	\$ 11,102,212

City of Ankeny, Iowa

**Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)**

	Fiscal Year				
	2007	2006	2005	2004	2003
General fund:					
Unreserved	\$ 4,596,769	\$ 3,760,757	\$ 2,953,483	\$ 2,356,907	\$ 2,416,299
Reserved	0	0	0	0	0
Total general fund	<u>\$ 4,596,769</u>	<u>\$ 3,760,757</u>	<u>\$ 2,953,483</u>	<u>\$ 2,356,907</u>	<u>\$ 2,416,299</u>
All other governmental funds:					
Reserved	\$ 953,844	\$ 277,845	\$ 76,043	\$ 101,900	\$ 1,318,683
Unreserved, reported in:					
Debt service funds	0	0	0	0	0
Special revenue funds	1,607,459	2,659,219	2,520,269	4,269,476	3,498,560
Capital project funds	38,064,035	24,464,550	30,077,141	27,144,527	15,596,747
Total all other governmental funds	<u>\$ 40,625,338</u>	<u>\$ 27,401,614</u>	<u>\$ 32,673,453</u>	<u>\$ 31,515,903</u>	<u>\$ 20,413,990</u>

2002	2001	2000	1999	1998
\$ 2,459,460	\$ 2,935,008	\$ 2,907,826	\$ 3,257,393	\$ 2,633,254
0	0	0	0	0
<u>\$ 2,459,460</u>	<u>\$ 2,935,008</u>	<u>\$ 2,907,826</u>	<u>\$ 3,257,393</u>	<u>\$ 2,633,254</u>
\$ 1,212,255	\$ 160,531	\$ 206,814	\$ 260,074	\$ 310,803
0	2,212,135	2,119,763	2,057,612	1,620,590
2,715,230	2,070,536	1,870,278	1,406,141	1,289,282
18,535,367	11,213,240	11,987,493	12,077,505	9,987,777
<u>\$ 22,462,852</u>	<u>\$ 15,656,442</u>	<u>\$ 16,184,348</u>	<u>\$ 15,801,332</u>	<u>\$ 13,208,452</u>

City of Ankeny, Iowa

**Changes in Fund Balance  
Last Ten Fiscal Years  
(modified accrual basis of accounting)**

	Fiscal Year				
	2007	2006	2005	2004	2003 (1)
<b>Revenues:</b>					
Property taxes	\$ 18,794,111	\$ 16,514,753	\$ 15,165,093	\$ 13,269,314	\$ 12,531,302
Other taxes and assessments	1,531,956	1,443,778	1,769,012	1,140,340	983,094
Licenses and permits	1,101,473	1,494,933	1,157,466	878,768	640,065
Intergovernmental	7,808,298	4,723,686	5,224,090	2,828,942	4,192,528
Charges for services	1,378,617	1,125,569	982,051	1,371,140	743,296
Use of money and property	2,299,353	1,593,597	884,232	539,640	661,942
Miscellaneous	730,474	1,945,994	618,522	562,229	854,883
<b>Total revenues</b>	<b>33,644,282</b>	<b>28,842,310</b>	<b>25,800,466</b>	<b>20,590,373</b>	<b>20,607,110</b>
<b>Expenditures:</b>					
<b>Current operating:</b>					
Community protection	-	-	-	-	-
Human development	-	-	-	-	-
Home and community environment	-	-	-	-	-
Policy and administration	-	-	-	-	-
Public safety	8,017,872	7,245,549	6,601,587	5,729,060	5,541,328
Health and social services	106,535	66,687	88,979	103,791	102,907
Culture and recreation	4,430,748	3,535,146	3,121,200	2,978,587	2,584,357
Public works	3,770,657	3,354,035	3,170,707	2,976,702	2,689,826
Community and economic development	2,767,813	2,323,059	1,522,821	1,144,920	1,385,355
General government	2,273,884	2,153,257	1,779,191	1,567,450	1,484,543
<b>Debt service:</b>					
Principal	5,580,852	4,977,420	4,772,488	4,482,064	6,249,082
Interest and other charges	1,624,323	1,586,200	1,237,928	1,425,510	1,421,237
Capital projects	32,331,256	25,211,102	28,328,883	8,843,011	13,001,264
<b>Total expenditures</b>	<b>60,903,940</b>	<b>50,452,455</b>	<b>50,623,784</b>	<b>29,251,095</b>	<b>34,459,899</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(27,259,658)</b>	<b>(21,610,145)</b>	<b>(24,823,318)</b>	<b>(8,660,722)</b>	<b>(13,852,789)</b>
<b>Other financing sources (uses):</b>					
Issuance of long-term debt	41,291,341	16,890,189	26,452,303	23,292,618	11,196,310
Issuance of bond anticipation notes	-	-	-	-	-
Premium (discount) on long-term debt	17,967	31,391	59,728	22,991	(23,544)
Bond issuance costs	-	-	-	-	-
Project note repayments	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	(3,747,618)	-
Sale of capital assets	-	-	-	28,500	-
Transfers in	5,467,030	5,741,353	5,232,637	3,203,149	3,116,873
Transfers out	(5,456,944)	(5,517,353)	(5,167,224)	(3,096,397)	(2,528,873)
<b>Total other financing sources (uses)</b>	<b>41,319,394</b>	<b>17,145,580</b>	<b>26,577,444</b>	<b>19,703,243</b>	<b>11,760,766</b>
<b>Net change in fund balances</b>	<b>\$ 14,059,736</b>	<b>\$ (4,464,565)</b>	<b>\$ 1,754,126</b>	<b>\$ 11,042,521</b>	<b>\$ (2,092,023)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>15.26%</b>	<b>20.31%</b>	<b>16.20%</b>	<b>27.61%</b>	<b>24.49%</b>

(1) 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.

(2) The City started issuing a Comprehensive Annual Financial Report using guidelines issued by the Government Finance Officers Association in fiscal year 2002.

2002 (2)	2001	2000	1999	1998
\$ 11,472,633	\$ 11,341,607	\$ 9,910,609	\$ 8,944,979	\$ 8,181,677
883,587	-	-	-	-
523,578	-	-	-	-
2,995,346	2,677,054	2,572,849	8,179,294	2,252,660
689,834	1,095,078	1,006,330	996,270	817,093
949,636	-	-	-	-
641,050	1,729,753	2,153,793	1,961,955	1,650,502
<u>18,155,664</u>	<u>16,843,492</u>	<u>15,643,581</u>	<u>20,082,498</u>	<u>12,901,932</u>
5,072,845	4,787,296	4,147,879	5,000,852	4,087,547
2,668,753	5,854,353	5,028,946	2,745,124	2,839,645
3,261,511	8,617,844	8,574,147	10,165,141	9,373,878
1,908,354	2,110,058	2,020,032	1,796,599	2,857,588
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,318,400	-	-	-	-
1,424,931	-	-	-	-
7,308,489	-	-	-	-
<u>24,963,283</u>	<u>21,369,551</u>	<u>19,771,004</u>	<u>19,707,716</u>	<u>19,158,658</u>
<u>(6,807,619)</u>	<u>(4,526,059)</u>	<u>(4,127,423)</u>	<u>374,782</u>	<u>(6,256,726)</u>
10,828,813	2,886,206	5,281,582	-	12,546,094
-	-	3,833,460	2,840,035	5,190,300
-	4,044,935	-	-	-
(89,001)	(20,494)	(31,317)	-	(77,392)
-	(2,840,000)	(5,190,000)	-	(10,115,000)
-	-	-	-	-
-	-	-	-	-
2,299,314	-	267,147	2,202	47,634
<u>(2,075,314)</u>	<u>(45,312)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>10,963,812</u>	<u>4,025,335</u>	<u>4,160,872</u>	<u>2,842,237</u>	<u>7,591,636</u>
<u>\$ 4,156,193</u>	<u>\$ (500,724)</u>	<u>\$ 33,449</u>	<u>\$ 3,217,019</u>	<u>\$ 1,334,910</u>
<u>26.87%</u>	<u>27.52%</u>	<u>29.83%</u>	<u>29.19%</u>	<u>28.20%</u>

City of Ankeny, Iowa

Actual Valuation and Taxable Valuation of Property (1)  
Last Ten Fiscal Years

Actual Valuation

	As of January 1:				
	2005	2004	2003	2002	2001
Residential	\$ 1,917,419,643	\$ 1,604,885,354	\$ 1,429,751,281	\$ 1,194,083,777	\$ 1,096,157,464
Agricultural	2,085,460	2,215,860	2,365,790	1,868,510	2,121,890
Commercial	435,008,427	373,093,369	353,213,009	312,560,663	295,414,970
Industrial	58,750,920	57,205,307	64,404,580	65,377,160	70,658,123
Personal/Real estate	0	0	0	0	2,776,335
Utilities	40,205,954	35,528,211	33,382,236	34,804,554	33,370,578
Gross valuation	2,453,470,404	2,072,928,101	1,883,116,896	1,608,694,664	1,500,499,360
Less: Military exemption	2,946,532	2,753,924	2,598,646	2,546,590	2,439,084
Net valuation	2,450,523,872	2,070,174,177	1,880,518,250	1,606,148,074	1,498,060,276
Incremental value	137,270,000	122,335,000	110,200,000	103,538,880	95,265,000
Actual valuation	\$ 2,587,793,872	\$ 2,192,509,177	\$ 1,990,718,250	\$ 1,709,686,954	\$ 1,593,325,276
Percent change	18.029%	10.137%	16.438%	7.303%	13.271%

Taxable Valuation

	As of January 1:				
	2005	2004	2003	2002	2001
Residential	\$ 870,781,373	\$ 759,608,294	\$ 685,089,321	\$ 606,050,267	\$ 559,204,394
Agricultural	2,085,460	2,215,860	2,365,790	1,868,510	2,121,890
Commercial	430,373,567	373,093,369	349,881,059	312,560,663	287,019,740
Industrial	58,750,920	57,205,307	64,404,580	65,377,160	70,658,123
Personal/Real estate	0	0	0	0	2,776,335
Utilities	35,229,249	32,955,571	34,094,357	34,804,554	33,363,552
Gross valuation	1,397,220,569	1,225,078,401	1,135,835,107	1,020,661,154	955,144,034
Less: Military exemption	2,946,532	2,753,924	2,598,646	2,546,590	2,439,084
Net valuation	1,394,274,037	1,222,324,477	1,133,236,461	1,018,114,564	952,704,950
Incremental value	137,270,000	122,335,000	110,200,000	103,538,880	95,265,000
Taxable valuation	\$ 1,531,544,037	\$ 1,344,659,477	\$ 1,243,436,461	\$ 1,121,653,444	\$ 1,047,969,950
Percent change	13.898%	8.141%	10.857%	7.031%	6.625%

Total Direct Tax Rate

City of Ankeny	\$ 10.33956	\$ 10.38956	\$ 10.38956	\$ 9.90126	\$ 9.90126
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(1) Polk County Auditor

2000	1999	1998	1997	1996
\$ 956,289,076	\$ 878,464,603	\$ 770,427,962	\$ 719,943,425	\$ 611,616,137
2,319,970	2,049,390	2,024,620	2,019,050	1,735,800
261,639,561	244,519,922	217,304,616	206,382,562	187,480,772
62,006,052	66,316,346	60,435,359	43,296,286	34,666,685
6,890,585	16,088,816	21,722,201	24,773,412	21,597,813
32,931,927	33,033,352	35,099,578	39,141,373	33,573,663
1,322,077,171	1,240,472,429	1,107,014,336	1,035,556,108	890,670,870
2,385,376	2,265,922	2,178,878	2,132,578	2,116,070
1,319,691,795	1,238,206,507	1,104,835,458	1,033,423,530	888,554,800
86,952,270	73,744,335	53,915,000	64,735,000	65,996,621
<u>\$ 1,406,644,065</u>	<u>\$ 1,311,950,842</u>	<u>\$ 1,158,750,458</u>	<u>\$ 1,098,158,530</u>	<u>\$ 954,551,421</u>
7.218%	13.221%	5.518%	15.044%	#REF!

2000	1999	1998	1997	1996
\$ 532,499,666	\$ 475,549,103	\$ 430,240,912	\$ 391,204,275	\$ 356,541,347
2,319,970	1,974,350	2,024,620	1,946,670	1,735,800
261,639,561	240,814,609	217,304,616	199,969,832	187,480,772
62,006,052	66,316,346	60,435,359	43,296,286	34,666,685
6,890,585	16,088,816	21,722,201	24,773,412	21,597,813
32,931,927	33,030,377	35,099,578	39,134,272	33,573,663
898,287,761	833,773,601	766,827,286	700,324,747	635,596,080
2,385,376	2,265,922	2,178,878	2,132,578	2,116,070
895,902,385	831,507,679	764,648,408	698,192,169	633,480,010
86,952,270	73,744,335	53,915,000	64,735,000	65,996,621
<u>\$ 982,854,655</u>	<u>\$ 905,252,014</u>	<u>\$ 818,563,408</u>	<u>\$ 762,927,169</u>	<u>\$ 699,476,631</u>
8.572%	10.590%	7.292%	9.071%	

<u>\$ 9.65126</u>	<u>\$ 9.65126</u>	<u>\$ 9.52084</u>	<u>\$ 9.65126</u>	<u>\$ 9.65126</u>
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City of Ankeny, Iowa

Property Tax Rates - All Direct and Overlapping Governments (1)  
 Per \$1,000 Taxable Valuation  
 Last Ten Fiscal Years

	Fiscal Year					
	2007	2006	2005	2004	2003	2002
City of Ankeny	\$ 10.33956	\$ 10.38956	\$ 10.38956	\$ 9.90126	\$ 9.90126	\$ 9.65126
Ankeny Community School District	16.70575	16.70201	16.90251	17.10241	17.24845	17.00682
Polk County County	9.87773	9.58881	9.64715	9.44511	9.37854	9.29570
Polk County Assessor	0.29738	0.35437	0.31745	0.31715	0.34363	0.34318
Des Moines Area Community College	0.68688	0.68408	0.59856	0.58184	0.54584	0.54454
Des Moines Area Transit	0.08789	N/A	N/A	N/A	N/A	N/A
State of Iowa	0.00400	0.00400	0.00400	0.00400	0.00400	0.00500
<b>Total Consolidated Tax Levy Rate*</b>	<b>\$ 37.99919</b>	<b>\$ 37.72283</b>	<b>\$ 37.85923</b>	<b>\$ 37.35177</b>	<b>\$ 37.42172</b>	<b>\$ 36.84650</b>
Saylor Community School District	\$ 13.38621	\$ 13.12949	\$ 14.67175	N/A	N/A	N/A
<b>Total Consolidated Tax Levy Rate (2)</b>	<b>\$ 34.67965</b>	<b>\$ 34.15031</b>	<b>\$ 35.62847</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

(1) Polk County Auditor

(2) As of fiscal year 2005, the City's taxing jurisdiction overlaps both the Ankeny Community School District and the Saydel Community School District taxing jurisdictions. Therefore, the City has multiple total consolidated tax rates as of fiscal year 2005.

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	2001	2000	1999	1998
\$	9.65126	\$ 9.52084	\$ 9.65126	\$ 9.65126
	17.09290	17.09029	17.50000	17.38533
	8.93917	8.97280	8.95609	8.85483
	0.31454	0.30594	0.33081	0.26053
	0.54506	0.52451	0.50551	0.47230
	N/A	N/A	N/A	N/A
	0.00500	0.00500	0.00500	0.00500
\$	36.54793	\$ 36.41938	\$ 36.94867	\$ 36.62925

N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

City of Ankeny, Iowa

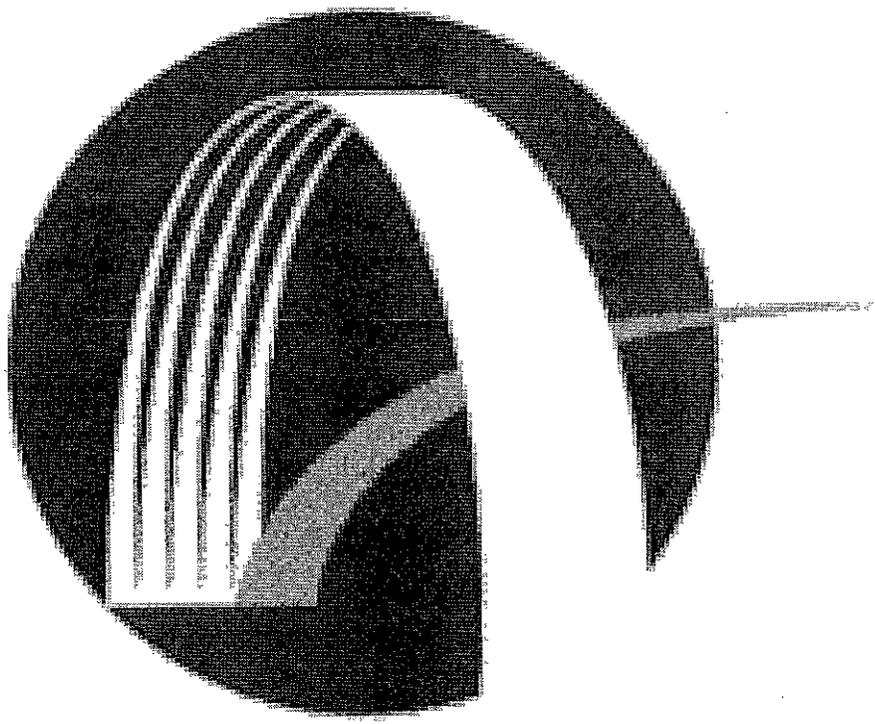
Principal Property Taxpayers (1)  
Current Year and Ten Years Ago

Taxpayer	Type of Business	Fiscal year 2007			Fiscal Year 1997		
		January 1, 2005 Taxable Valuation	Rank	Percent of Total Taxable Value	January 1, 1995 Taxable Valuation	Rank	Percent of Total Taxable Value
John Deere	Farm implements	\$ 25,866,070	1	1.69%	\$ 26,969,250	2	4.65%
Tone Brothers, Inc.	Spice manufacturing/distribution	22,632,000	2	1.48%	10,174,929	5	1.75%
Perishable Distributors of Iowa	Wholesale meat/bakery distributor	17,417,780	3	1.14%	9,792,178	6	1.69%
Casey's General Stores	Corporate headquarters/distribution	16,392,110	4	1.07%	18,226,591	3	3.14%
Wal-Mart	Retail merchandise/grocery	15,045,120	5	0.98%			
Karl Chevrolet	Automobile sales	14,536,510	6	0.95%			
Target	Retail merchandise/grocery	12,256,050	7	0.80%			
Menards, Inc.	Retail home improvement store	12,196,550	8	0.80%			
Denny Elwell Family	Real estate development	10,566,510	9	0.69%	15,903,670	4	2.74%
Sun Communities	Manufactured housing communities	9,676,140	10	0.63%			
Midwest Power	Engine manufacturer				26,979,204	1	4.65%
Aspen Four Seasons	Manufactured housing communities				7,952,189	7	1.37%
Crestmoor Investments	Apartment complex				6,115,440	8	1.05%
Ankeny Housing Association	Real estate development				4,887,720	9	0.84%
		<u>\$ 156,584,840</u>		<u>10.22%</u>	<u>\$ 127,001,171</u>		<u>21.89%</u>

City of Ankeny, Iowa

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Property Tax Levy	Current Property Tax Collections	Percent of Property Taxes Collected	Delinquent Property Tax Collections	Total Property Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
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%
2006	16,529,809	16,512,978	99.90%	5	16,512,983	99.90%
2007	18,815,615	18,791,243	99.87%	100	18,791,343	99.87%



City of Ankeny, Iowa

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Actual Property Valuation	Per Capita (1)
	General Obligation Bonds	Bond Anticipation Notes	Tax Increment Revenue Notes	General Obligation Bonds	Capital Loan Notes	Revenue Bonds			
1998	\$ 25,844,568	\$ 5,190,000	\$ 2,265,000	\$ 2,010,432	\$ 6,668,000	\$ 4,245,000	\$ 46,223,000	4.84%	2,151
1999	24,143,566	8,030,000	2,000,000	1,886,434	6,554,000	3,665,000	46,279,000	4.21%	2,154
2000	27,066,162	6,670,000	1,775,000	1,733,838	6,435,000	3,055,000	46,735,000	4.03%	1,723
2001	27,509,254	7,880,000	1,525,000	1,575,746	6,311,000	2,415,000	47,216,000	3.60%	1,741
2002	30,759,627	8,895,000	1,250,000	1,605,373	6,975,380	1,865,000	51,350,380	3.65%	1,894
2003	35,966,918	0	990,000	1,878,082	6,848,000	1,245,000	46,928,000	2.95%	1,731
2004	40,509,472	11,125,000	675,000	1,730,528	6,632,000	615,000	61,287,000	3.58%	2,260
2005	41,219,289	18,230,000	345,000	2,710,711	6,411,000	0	68,916,000	3.46%	2,541
2006	41,852,058	24,505,000	0	2,892,942	5,533,000	3,890,000	78,673,000	3.59%	2,176
2007	46,062,547	43,125,000	0	5,822,453	4,747,000	7,640,000	107,397,000	4.15%	2,970

(1) Per capita calculations based on data from U.S. Census Bureau

City of Ankeny, Iowa

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

Fiscal Year	Actual Property Valuation (1)	General Obligation Bonded Debt (2)	Less Debt Service Fund	Net	Percentage of Actual Property Valuation	Per Capita (3)
1998	\$ 954,551,421	\$ 35,310,000	\$ 310,803	\$ 34,999,197	3.67%	\$ 1,629
1999	1,098,158,530	36,060,000	260,074	35,799,926	3.26%	1,666
2000	1,158,750,458	37,245,000	206,814	37,038,186	3.20%	1,366
2001	1,311,950,842	38,490,000	160,531	38,329,469	2.92%	1,413
2002	1,406,644,065	42,510,000	122,255	42,387,745	3.01%	1,563
2003	1,593,335,556	38,835,000	228,683	38,606,317	2.42%	1,424
2004	1,709,686,954	54,040,000	101,900	53,938,100	3.15%	1,989
2005	1,990,718,250	62,505,000	76,043	62,428,957	3.14%	2,302
2006	2,192,509,177	69,250,000	277,845	68,972,155	3.15%	1,907
2007	2,587,793,872	95,010,000	953,844	94,056,156	3.63%	2,601

(1) Polk County Auditor

(2) Includes Tax Increment Revenue Capital Loan Notes and Bond Anticipation Notes.

(3) Per capita calculations based on data from U.S. Census Bureau

City of Ankeny, Iowa

Computation of Direct and Overlapping Bonded Debt  
 General Obligation Bonded Debt  
 June 30, 2007

	General Obligation Bonded Debt June 30, 2007	Percent Applicable to City (1)	Direct and Overlapping General Obligation Bonded Debt	Underlying General Obligation Bonded Debt
City of Ankeny	\$ 94,056,156 (2)	100.00%	\$ 94,056,156	\$ 0
Polk County	265,296,000	8.42%	22,337,923	242,958,077
Des Moines Area Community College	66,610,000	4.83%	3,217,263	63,392,737
Saydel Community School District	4,265,000	0.37%	15,781	4,249,220
Ankeny Community School District	<u>22,915,000</u>	81.36%	<u>18,643,644</u>	<u>4,271,356</u>
Total direct and overlapping bonded debt	<u>\$ 453,142,156</u>		<u>\$ 138,270,767</u>	<u>\$ 314,871,389</u>

(1) Taxable assessed valuation provided by Polk County Assessors office used to estimate applicable percentages

(2) See table - Ratio of Net General Obligation Bonded Debt to Actual Property Valuation and Net General Obligation Bonded Debt Per Capita

City of Ankeny, Iowa

Computation of Legal Debt Margin  
Last Ten Fiscal Years

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Actual property valuation (1)	\$ 2,587,793,872	\$ 2,192,509,177	\$ 1,990,718,250	\$ 1,709,686,954
Debt limit - 5% of assessed valuation	129,389,694	109,625,459	99,535,913	85,484,348
Amount of debt applicable to limit:				
General obligation bonds	51,885,000	44,745,000	43,930,000	42,240,000
Bond anticipation notes	<u>43,125,000</u>	<u>24,505,000</u>	<u>18,230,000</u>	<u>11,125,000</u>
Total debt applicable to limit	95,010,000	69,250,000	62,160,000	53,365,000
Legal debt margin	<u>\$ 34,379,694</u>	<u>\$ 40,375,459</u>	<u>\$ 37,375,913</u>	<u>\$ 32,119,348</u>
Percent of debt limit	26.57%	36.83%	37.55%	37.57%

(1) Polk County Auditor

2003	2002	2001	2000	1999	1998
\$ 1,593,325,276	\$ 1,406,644,065	\$ 1,311,950,842	\$ 1,158,750,458	\$ 1,098,158,530	\$ 954,551,421
79,666,264	70,332,203	65,597,542	57,937,523	54,907,927	47,727,571
37,845,000	32,365,000	29,085,000	28,800,000	26,030,000	27,855,000
0	8,895,000	7,880,000	6,670,000	8,030,000	5,190,000
37,845,000	41,260,000	36,965,000	35,470,000	34,060,000	33,045,000
<u>\$ 41,821,264</u>	<u>\$ 29,072,203</u>	<u>\$ 28,632,542</u>	<u>\$ 22,467,523</u>	<u>\$ 20,847,927</u>	<u>\$ 14,682,571</u>
52.50%	41.34%	43.65%	38.78%	37.97%	30.76%

City of Ankeny, Iowa

Revenue Bond Coverage  
Last Ten Fiscal Years

Fiscal Year	Sewer Fund				Coverage
	Gross Revenues	Operating Expenses (1)	Net Revenue Available For Debt Service	Maximum Debt Service Requirements (2)	
1998	\$ 2,654,117	\$ 799,194	\$ 1,854,923	\$ 1,184,817	1.5656
1999	2,758,229	903,160	1,855,069	1,184,817	1.5657
2000	2,831,168	897,946	1,933,222	1,184,817	1.6317
2001	2,963,233	1,048,085	1,915,148	1,126,910	1.6995
2002	3,016,404	1,204,985	1,811,419	1,113,509	1.6268
2003	3,105,152	1,273,837	1,831,315	1,100,379	1.6643
2004	3,311,739	1,864,093	1,447,646	1,069,094	1.3541
2005	N/A	N/A	N/A	N/A	N/A
2006	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A

(1) Total operating expenses exclusive of depreciation.

(2) Includes principal and interest of revenue bonds and capital loan notes

(3) Sewer Fund has no coverage requirements starting with fiscal year 2005;

Water Fund issued revenue bonds with coverage requirements in fiscal years 2006 and 2007

Water Fund				
Gross Revenues	Operating Expenses (1)	Net Revenue Available For Debt Service	Annual Debt Service Requirements (2)	Coverage
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
5,771,431	3,470,469	2,300,962	285,843	8.0497
5,587,391	4,839,031	748,360	436,744	1.7135

City of Ankeny, Iowa

Historical Economic Data  
Last Ten Years

Employment				Personal Income (3)			Retail Sales (4)		
Calendar Year	Population (1)	Labor Force (2)	Unemployment Rate (2)	Calendar Year	Personal Income (000's)	Per Capita	Fiscal Year	Number of Businesses	Taxable Sales
1997	21,485	257,300	2.6%	1997	N/A	N/A	1997	N/A	N/A
1998	21,485	259,400	2.1%	1998	N/A	N/A	1998	2,559	\$ 222,064,471
1999	21,485	260,000	1.9%	1999	N/A	N/A	1999	2,546	244,161,790
2000	27,117	279,600	2.7%	2000	N/A	N/A	2000	2,571	277,266,781
2001	27,117	285,500	3.3%	2001	N/A	N/A	2001	2,634	296,942,692
2002	27,117	289,400	4.0%	2002	N/A	N/A	2002	2,789	336,282,498
2003	27,117	289,600	4.0%	2003	\$ 17,303,000	\$34,326	2003	2,840	371,959,626
2004	27,117	294,500	4.4%	2004	18,824,000	36,724	2004	2,909	415,484,756
2005	36,161	301,300	4.2%	2005	19,750,000	37,737	2005	3,070	466,108,968
2006	36,161	307,500	3.3%	2006	21,144,000	39,579	2006	3,591	538,000,263

(1) U.S. Census Bureau

(2) Iowa Workforce Development; Des Moines Metropolitan Service Area

(3) U.S. Bureau of Economic Analysis; Des Moines Metropolitan Service Area

(4) Iowa Department of Revenue, fiscal year ending March 31. Years prior to fiscal year 1998 not available.

(5) City of Ankeny Planning and Building Department

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Building Permits (5)				
Calendar Year	Commercial Permits Issued	Dollar Value of Permits Issued	Residential Permits Issued	Dollar Value of Permits Issued
1997	20	\$ 13,638,516	420	\$ 35,094,758
1998	21	17,915,920	491	43,638,985
1999	13	9,317,344	494	43,489,161
2000	15	15,391,688	464	38,927,193
2001	21	15,153,000	601	54,065,206
2002	42	16,353,324	738	74,449,704
2003	30	14,829,798	1,042	119,766,928
2004	27	24,623,712	1,085	130,039,464
2005	30	21,570,268	1,311	203,434,307
2006	30	29,709,708	845	136,156,818

City of Ankeny, Iowa

Principal Employers (1)  
Current Year and Ten Years Ago

Employer (2)	Type of Business	Fiscal year 2007			Fiscal Year 1997		
		Approximate Number of Employees	Rank	Percent of Total City Employment	Approximate Number of Employees	Rank	Percent of Total City Employment
John Deere	Farm implements	1,350	1	5.77%	1,200	1	9.23%
Ankeny Community Schools	Education	999	2	4.27%	493	4	3.79%
DMACC	Education	630	3	2.69%	600	3	4.62%
Casey's General Stores	Corporate headquarters/distribution	538	4	2.30%	300	6	2.31%
Perishable Distributors of Iowa	Wholesale meat/bakery distributor	450	5	1.92%	927	2	7.13%
Tone Brothers, Inc.	Spice manufacturing/distribution	425	6	1.82%	450	5	3.46%
City of Ankeny	Government	348	7	1.49%	120	10	0.92%
Mrs. Clarks Foods	Manufacturing and distribution	310	8	1.32%			
SYSCO Food Services of Iowa	Wholesale distribution	260	9	1.11%			
Praxair	Industrial gases/welding equipment	151	10	0.65%			
Younkers Distribution	Retail distribution				175	7	1.35%
Midwest Connection	Trucking				150	8	1.15%
Fairco Foods, Inc.	Grocery warehouse				130	9	1.00%
Total		<u>5,461</u>		<u>23.34%</u>	<u>4,545</u>		<u>34.96%</u>

(1) City of Ankeny Planning and Building Department

(2) Does not include retail employers

City of Ankeny, Iowa

Number of Permanent City Employees by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Public safety:										
Police:										
Police Administration	3.00	3.00	3.00	3.00	2.80	2.80	3.00	3.00	3.00	3.00
Operations	36.00	31.00	29.00	28.00	27.00	25.00	25.00	23.00	24.00	21.00
Special Services	-	9.00	8.00	8.00	10.00	10.00	10.00	9.00	8.00	7.00
Support Services	14.00	6.50	8.50	8.30	7.50	11.00	8.50	8.50	8.50	8.00
Fire:										
Fire Support	3.00	2.00	2.00	2.00	2.75	2.25	3.25	3.25	2.50	2.50
Fire Suppression	2.00	2.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00
Ambulance & Rescue	7.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	1.00	0.00
Code Enforcement	10.00	9.00	8.00	6.00	6.50	5.50	5.00	5.00	3.50	3.50
Total Public Safety	75.00	65.50	62.50	59.30	60.55	60.55	57.75	54.75	50.50	45.00
Health and social services:										
Public Relations	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Culture and recreation:										
Library	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.60	6.60	5.60
Parks and Recreation:										
Park Administration	1.75	2.75	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Park Maintenance	6.00	5.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00	3.00
Recreation Programs	4.00	3.00	2.00	2.00	2.00	2.00	2.00	1.80	1.50	1.50
Prairie Ridge Sports Complex	2.00	2.00	2.00	2.00	2.00	2.00	0.00	0.00	0.00	0.00
Total culture and recreation	20.75	19.75	17.00	17.00	17.00	17.00	15.00	13.40	13.10	12.10
Public works:										
Engineering	3.00	3.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00
Street Cleaning	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Roadway Administration	5.25	5.25	4.50	3.70	3.70	2.50	2.50	2.50	1.50	1.50
Roadway Maintenance	14.00	14.00	13.00	12.00	12.00	12.00	12.00	11.00	10.00	10.00
Central Garage	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00
Total public works	26.25	26.25	23.50	21.70	21.70	21.50	21.50	19.50	17.50	17.50
Community and economic development:										
Development and Promotion	0.00	0.00	1.00	1.00	1.00	3.00	3.00	2.00	2.00	2.00
Planning & Zoning	5.50	4.50	4.50	4.50	4.50	4.50	4.50	3.50	3.50	3.00
Planning and Building Admin	2.00	2.00	2.80	2.80	2.00	0.00	0.00	0.00	0.00	0.00
Economic Development	3.00	2.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total community and economic devel	10.50	9.30	8.30	8.30	7.50	7.50	7.50	5.50	5.50	5.00
General government:										
Human Resources	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	0.00	0.00
Policy & Administration	5.00	4.00	4.00	4.00	4.00	3.00	5.00	4.00	4.00	4.00
City Clerk	4.00	4.00	3.50	3.00	3.00	3.00	2.50	2.50	2.50	3.50
Finance	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	5.75	5.50
Information Systems	4.00	3.00	3.00	3.00	3.00	3.00	0.00	0.00	0.00	0.00
Total general government	17.75	15.75	15.25	14.75	14.75	14.75	13.25	12.25	12.25	13.00
Water										
Water Administration	3.50	3.50	3.50	2.50	2.50	2.00	2.00	2.00	2.00	2.00
Water Maintenance	8.00	7.00	7.00	7.00	6.00	6.00	5.00	4.00	4.00	4.00
Total water	11.50	10.50	10.50	9.50	8.50	8.00	7.00	6.00	6.00	6.00
Sewer:										
Wastewater Administration	3.50	3.50	3.00	2.50	2.50	2.00	2.00	2.00	2.50	2.50
Wastewater Operations	11.00	10.00	10.00	10.00	8.00	8.00	9.00	8.00	8.00	7.00
Total sewer	14.50	13.50	13.00	12.50	10.50	10.00	11.00	10.00	10.50	9.50
Storm water:										
Stormwater Administration	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Otter Creek golf course:										
Golf Course Maintenance	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Golf Course Club House	1.50	1.50	1.50	1.50	0.50	0.50	0.00	0.00	0.00	0.00
Total Otter Creek golf course	4.50	4.50	4.50	4.50	3.50	3.50	3.00	3.00	3.00	3.00
<b>Total</b>	<b>182.75</b>	<b>166.05</b>	<b>154.55</b>	<b>147.55</b>	<b>144.00</b>	<b>142.80</b>	<b>136.00</b>	<b>124.40</b>	<b>118.35</b>	<b>111.10</b>

City of Ankeny, Iowa

Operating Indicators by Function (1)  
Last Six Years

Function	2007	2006	2005	2004	2003	2002
Public safety:						
Police:						
Calls for service (3)	30,160	31,756	35,219	28,715	21,621	21,132
Yearly miles logged by patrol (3)	288,976	310,234	345,187	319,918	284,923	251,628
Fire:						
Fire calls (3)	743	773	724	600	490	532
Ambulance calls (3)	1,875	1,640	1,676	1,498	1,387	1,274
Code Enforcement:						
Residential permits issued (3)	845	1,311	1,085	1,042	738	601
Commercial permits issued (3)	30	30	27	30	42	21
Culture and recreation:						
Library:						
Circulation (2)	367,723	350,213	320,910	316,217	308,081	300,000
Program attendance (2)	21,825	21,840	19,109	11,647	10,742	N/A
Parks and Recreation:						
Aquatic center attendance (3)	73,555	85,776	55,421	66,756	78,504	N/A
Public works:						
Street Cleaning:						
Tons of debris cleared (2)	227	391	649	670	N/A	N/A
Community and economic development:						
Planning and Building:						
Number of plats recorded (3)	31	35	44	42	29	27
Acres final platted (3)	719	555	823	582	299	404
General government:						
Human resources:						
Number of applications managed (3)	1,547	1,308	940	964	1,078	N/A
Water:						
Avg daily water consumption-gallons (2)	3,879,000	4,227,000	3,693,000	4,170,000	3,383,000	3,239,000
Average number of meters (2)	14,311	14,140	12,259	11,160	10,241	9,538
Sewer:						
Avg daily sewer treatment-gallons (2)	5,192,000	3,652,000	4,008,000	3,784,000	3,278,000	3,177,000
Otter Creek golf course:						
Number of rounds played (3)	33,591	36,123	38,695	38,081	35,467	38,613

(1) City of Ankeny Service Efforts and Accomplishments report

(2) Fiscal year

(3) Calendar year

City of Ankeny, Iowa

**Capital Asset Statistics by Function (1)**  
**Last Six Fiscal Years**

Function	2007	2006	2005	2004	2003	2002
Public safety:						
Police:						
Number of police stations	1	1	1	1	1	1
Fire:						
Number of fire stations	1	1	1	1	1	1
Health and social services:						
Mosquito control:						
Mosquito sprayers	3	2	1	1	1	1
Culture and recreation:						
Library:						
Number of branches	1	1	1	1	1	1
Titles	86,273	82,955	78,697	75,411	74,779	70,000
Parks and Recreation:						
Community centers	2	2	2	2	1	1
Sports complexes	2	2	2	2	2	2
Park acres developed	425	415	403	400	N/A	N/A
Public works:						
Miles of streets	182	175	163	148	136	N/A
General government:						
Data Processing						
Number of personal computers	292	225	190	170	150	N/A
Water:						
Above ground storage-gallons	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000
Miles of water main	230	196	163	160	158	140
Sewer:						
Number of treatment plants	1	1	1	1	1	1
Number of lift stations	5	5	5	5	5	4
Miles of sanitary sewer	201	200	186	170	139	131
Otter Creek golf course:						
Number of municipal golf courses	1	1	1	1	1	1

(1) City of Ankeny Service Efforts and Accomplishments report

**Insurance Schedule (1)**  
**June 30, 2007**

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 omissions Fine arts
Iowa Municipal Workers Compensation Association	0643	Worker's compensation
HCC Life Insurance Company	HCL13559	Employee health insurance

Liability Limits	Deductible	Policy Expiration
		07/16/2007
\$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	-	
\$48,159,981	\$1,000	
\$9,120,720	\$1,000	
\$100,000	\$1,000	
\$2,000,000	Var	
\$1,000,000	Var	
\$100,000	Var	
\$100,000	Var	
\$250,000	Var	
\$100,000	\$1,000	
\$100,000	\$1,000	
\$1,000,000	\$2,500	
\$20,000,000	10% of loss	
\$50,000	-	
\$500,000	Var	
\$19,500	\$1,000	
Statutory	N/A	06/30/2007
\$1,000,000 excess aggregate	\$55,000 per participant \$1,542,850 aggregate	07/31/2007





**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  
City of Ankeny  
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 as of and for the year ended June 30, 2007, which collectively comprise City of Ankeny's basic financial statements and have issued our report thereon dated January 11, 2008. 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'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.

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 deficiency described in the accompanying schedule of findings as item II-A-07, to be a significant deficiency in internal control over financial reporting.

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

Our consideration of 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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Ankeny'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 instances of noncompliance 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 questioned costs.

City of Ankeny's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the City of Ankeny's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials, management, employees and citizens of the City of Ankeny and other parties to whom the City of Ankeny 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 extend to us by personnel of the City of Ankeny 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 Henderson LLP*

Cedar Rapids, Iowa  
January 11, 2008

CITY OF ANKENY

Schedule of Findings

Year Ended June 30, 2007

**SUMMARY OF AUDITOR'S RESULTS**

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified?                     yes      no
- Significant deficiency(ies) identified that are not  
  considered to be material weaknesses?             yes      no
- Noncompliance material to  
  financial statements noted?                          yes      no

**FINANCIAL STATEMENT FINDINGS**

**II-A-07 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.

*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.

## FINANCIAL STATEMENT FINDINGS

### II-A-07 SEGREGATION OF DUTIES IN THE PAYROLL FUNCTION (CONTINUED)

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.

## FINDINGS RELATED TO STATUTORY REPORTING

- III-A-07 Certified Budget - Disbursements during the year ended June 30, 2007 did not exceed the amounts budgeted. Chapter 384.20 of the Code of Iowa states, in part, "public monies may not be expended or encumbered except under an annual or continuing appropriation."
- III-B-07 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.
- III-C-07 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- III-D-07 Business Transactions - We noted no business transactions between the City and City officials or employees.
- III-E-07 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.
- III-F-07 Council Minutes - We noted no transactions that we believe should have been approved in the council minutes and were not.
- III-G-07 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.
- III-H-07 Deficit Balances - The City had deficit balances in the Proprietary - Day Care Fund and Proprietary - Student Built House Fund at June 30, 2007.

Recommendation - The District should take appropriate action to return this fund to sound financial condition.

Response - The District has increased fees to accommodate for deficit.

Conclusion - Response accepted