CITY OF ANAMOSA, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

June 30, 2008

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CITY OF ANAMOSA

Officials

Name	Title	Term Expires
Jon Hatcher	Mayor	January 2010
Brady Reynolds	Council Member	January 2010
Dennis Hansen	Council Member	January 2010
Bill Feldman	Council Member	January 2010
Brian Harmon	Council Member	January 2010
Tom Swisher	Council Member	January 2010
Danny Young	Council Member	January 2010
Patrick Callahan	City Administrator	Indefinite
Tammy Coons	City Clerk	Indefinite
Penny Lobe	Deputy City Clerk	Indefinite
Adrian Knuth	City Attorney	Indefinite

CITY OF ANAMOSA

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Anamosa, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Anamosa's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Anamosa as of June 30, 2008, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2009 on our consideration of City of Anamosa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 12 and 32 through 34 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Offices in 17 states and Washington, DC

Member of HLB International

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Anamosa's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting as described in Note 1. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Clifton Gunderson LLP

Cedar Rapids, Iowa
February 10, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Anamosa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- Revenues totaled $9.3 million.
- Disbursements totaled $7.1 million.
- The City's total cash basis net assets at fiscal year ended June 30, 2008 totaled $6.2 million.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

BASIS OF ACCOUNTING

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

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

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

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.

- Business Type Activities include the waterworks and sanitary sewer systems. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities as of June 30, 2008 is $4 million.

Changes in Cash Basis Net Assets of Governmental Activities

	Year Ended June 30, 2008	Year Ended June 30, 2007
Receipts:		
Property tax	$ 1,214,875	$ 1,017,807
Tax increment financing collections	295,829	577,134
Other city tax	551,285	518,050
Licenses and permits	5,115	8,546
Use of money and property	76,628	97,380
Intergovernmental	738,312	977,347
Charges for services	272,711	130,396
Special assessments	43,721	49,634
Miscellaneous	278,929	218,598
Total receipts	3,477,405	3,594,892
Disbursements:		
Operating:		
Public safety	827,012	688,777
Public works	576,527	790,968
Culture and recreation	709,517	719,341
Community and economic development	352,173	81,771
General government	496,667	459,458
Debt service	630,080	724,012
Capital projects	2,432,424	840,872
Total disbursements	6,024,400	4,305,199
Excess of disbursements over receipts	(2,546,995)	(710,307)
Other Financing Sources (Uses):		
Bond proceeds	3,951,994	40,500
Sale of capital assets	36,990	15,842
Operating transfers in	568,526	896,728
Operating transfers out	(568,526)	(896,728)
Net other financing sources	3,988,984	56,342
Net change in cash basis net assets	1,441,989	(653,965)
Cash basis net assets, beginning	2,581,985	3,235,950
Cash basis net assets, ending	$ 4,023,974	$ 2,581,985

The City's total receipts for governmental activities were $7,466,389 which included bond proceeds and sale of capital assets.

The City decreased property tax rates for 2008 by $0.74 per thousand of taxable valuation, from $16.24 to $15.50 per thousand of taxable valuation. The decrease in property tax rate was due to several factors; a decrease in liability and property insurance costs and in the Debt Service Levy.

The cost of all governmental activities this year was just over $6 million.

Changes in Cash Basis Net Assets of Business Type Activities

	Year Ended June 30, 2008	Year Ended June 30, 2007
Operating Receipts:		
Charges for services:		
Water	$ 553,778	$ 542,642
Sewer	1,239,869	883,932
Nonoperating Receipts:		
Interest on investments	44,545	41,328
Miscellaneous	63,107	144,894
Total receipts	1,901,299	1,612,796
Disbursements:		
Water	509,026	509,472
Sewer	308,071	935,502
Debt service	282,640	285,260
Total disbursements	1,099,737	1,730,234
Increase (decrease) in cash basis net assets	801,562	(117,438)
Cash basis net assets beginning of year	1,389,277	1,506,715
Cash basis net assets end of year	$ 2,190,839	$ 1,389,277

Total business type activities receipts for the fiscal year were $1,901,299. The cash balance increased by approximately $801,562 from the prior year. Total disbursements for the fiscal year were $1,099,737.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Anamosa completed the year, its governmental funds reported a combined fund balance of $4 million, an increase of $1,441,989 above last year's total of $2.5 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance saw an increase of $88,471 from the prior year to $1.2 million. This increase in the General Fund cash balance is due to the G.O. financing received for the purchase of a new fire pumper truck for the fire department, purchased in FY 2007 and a portion of it was funded with General Fund money.

- The Road Use Tax Fund cash balance increased slightly to $609,625 during the fiscal year. This increase was due to a slight shifting of expenses for the Public Works department/Streets Department being funded with General Fund rather than RUT funds.

- The Local Option Sales Tax Fund cash balance increased slightly by $115,087 as compared to an increase in FY 2007 of $405,634. This increase is due to the G.O. financing received for the purchase of the new fire pumper truck for the fire department, purchased in FY 2007, and a portion of it was funded with LOST Fund money.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance decreased by $14,250 to $672,326, with $329,235 in reserves as compared to last FY cash balance increase of $9,033. The decrease in the Water Fund cash balance is due to the expenditures remaining approximately the same as in FY 2007 without any large increase in rates or revenues as in FY 2007.

- The Sewer Fund cash balance increased by $792,628 to $1,299,184, with $321,897 in reserves as compared to last FY cash balance decrease of $147,212. The addition to the Sewer Fund cash balance was due to the increase in revenues received from the Anamosa State Penitentiary for sewer usage under a new agreement.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget once. The amendment was approved on May 27, 2008 and resulted in an increase in disbursements to all programs except Health & Social Services. The increase in the budgeted disbursements was primarily due to an increase in snow removal costs, purchase of a new fire truck, an increase in housing rehabilitation projects, a new TIF grant for economic development and an increase in capital improvements.

DEBT ADMINISTRATION

Outstanding Debt at Year-End

	Year Ended June 30, 2008
General obligation bonds & notes	$ 2,777,545
Urban renewal tax increment financing revenue bonds	2,046,194
RUT revenue bonds	1,165,000
Water revenue bonds	575,000
Sewer revenue bonds	3,107,694
Total	$ 9,671,433

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt and TIF debt total of $4.8 million is significantly below its constitutional debt limit of approximately $9 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Anamosa's elected and appointed officials and citizens considered many factors when setting the fiscal year 2008 budget, tax rates, and fees that will be charged for various City activities. Unemployment in Jones County averaged 3.7 percent in 2008. This compares with the State's average unemployment rate of 4.4 percent in 2008.

The housing market is strong in Anamosa and continues to stay fairly steady. During calendar year 2008, 9 single family homes were built.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CITY OF ANAMOSA

Statement of Activities and Net Assets - Cash Basis

As of and for the Year Ended June 30, 2008

		Program Receipts		
	Disbursements	Charges for Services	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest
FUNCTIONS/PROGRAMS:				
Governmental activities:				
Public safety	$ 827,012	$ 34,937	$ 35,921	$ -
Public works	576,527	161,220	470,686	-
Culture and recreation	709,517	149,991	106,642	1,169
Community and economic development	352,173	4,582	-	122,739
General government	496,667	37,564	-	-
Debt service	630,080	-	-	-
Capital projects	2,432,424	-	-	121,599
Total governmental activities	6,024,400	388,294	613,249	245,507
Business type activities:				
Water	621,836	604,979	25,780	-
Sewer	477,901	1,251,776	18,764	-
Total business type activities	1,099,737	1,856,755	44,544	-
Total	7,124,137	2,245,049	657,793	245,507

GENERAL RECEIPTS:

Property taxes levied for:
- General purposes
- Employee benefits
- Tax increment financing
- Debt service

Other city tax

Local option sales tax

Grants and contributions not restricted to specific purposes

Unrestricted interest on investments

Special assessments

Net (Disbursements) Receipts and Change in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
$ (756,154)	$ -	$ (756,154)
55,379	-	55,379
(451,715)	-	(451,715)
(224,852)	-	(224,852)
(459,103)	-	(459,103)
(630,080)	-	(630,080)
(2,310,825)	-	(2,310,825)
(4,777,350)	-	(4,777,350)
-	8,923	8,923
-	792,639	792,639
-	801,562	801,562
(4,777,350)	801,562	(3,975,788)
678,149	-	678,149
340,593	-	340,593
295,828	-	295,828
196,130	-	196,130
186,863	-	186,863
364,422	-	364,422
88,283	-	88,283
25,002	-	25,002
43,721	-	43,721

(continued)

CITY OF ANAMOSA

Statement of Activities and Net Assets - Cash Basis

As of and for the Year Ended June 30, 2008

		Program Receipts		
	Disbursements	Charges for Services	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest
GENERAL RECEIPTS: (continued)				
Bond proceeds				
Sale of capital assets				
Total general receipts				
CHANGE IN CASH BASIS NET ASSETS				
CASH BASIS NET ASSETS, BEGINNING OF YEAR				
CASH BASIS NET ASSETS, END OF YEAR				
CASH BASIS NET ASSETS:				
Restricted:				
Capital projects				
Urban renewal purposes				
Debt service				
Other purposes				
Unrestricted				
TOTAL CASH BASIS NET ASSETS				

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

Governmental Activities	Business Type Activities	Total
3,963,358	-	3,963,358
36,990	-	36,990
6,219,339	-	6,219,339
1,441,989	801,562	2,243,551
2,581,985	1,389,277	3,971,262
$ 4,023,974	$ 2,190,839	$ 6,214,813
$ 223,673	$ -	$ 223,673
2,065,570	-	2,065,570
412,990	651,132	1,064,122
77,558	219,329	296,887
1,244,183	1,320,378	2,564,561
$ 4,023,974	$ 2,190,839	$ 6,214,813

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

CITY OF ANAMOSA

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

As of and for the Year Ended June 30, 2008

		Special Revenue		
	General	Road Use Tax	Local Option Sales Tax	Tax Increment Financing
RECEIPTS:				
Property tax	$ 678,149	$ -	$ -	$ -
Tax increment financing collections	-	-	-	295,829
Other city tax	171,634	-	364,422	-
Licenses and permits	5,115	-	-	-
Use of money and property	65,959	-	-	-
Intergovernmental	214,413	470,686	-	-
Charges for services	269,281	-	-	-
Special assessments	-	-	-	-
Miscellaneous	173,884	-	11,364	-
Total receipts	1,578,435	470,686	375,786	295,829
DISBURSEMENTS:				
Operating:				
Public safety	638,653	-	186,296	-
Public works	236,463	244,578	95,486	-
Culture and recreation	634,058	-	44,790	-
Community and economic development	100,964	-	-	251,209
General government	435,167	-	40,273	21,227
Debt service	-	149,538	-	280,014
Capital projects	-	-	458	86,347
Total disbursements	2,045,305	394,116	367,303	638,797
Excess (deficiency) of receipts over (under) disbursements	(466,870)	76,570	8,483	(342,968)
OTHER FINANCING SOURCES (USES):				
Bond proceeds	75,670	-	140,000	993,643
Sale of capital assets	36,990	-	-	-
Operating transfers in	442,681	-	-	-
Operating transfers out	-	-	(33,396)	(92,449)
Net other financing sources (uses)	555,341	-	106,604	901,194

Debt Service	Capital Projects: Sewer Projects	Other Nonmajor Governmental Funds	Totals
$ 196,132	$ -	$ 340,594	$ 1,214,875
-	-	-	295,829
8,930	-	6,299	551,285
-	-	-	5,115
-	-	10,669	76,628
-	-	53,213	738,312
-	-	3,430	272,711
-	-	43,721	43,721
-	-	93,681	278,929
205,062	-	551,607	3,477,405
-	-	2,063	827,012
-	-	-	576,527
-	-	30,669	709,517
-	-	-	352,173
-	-	-	496,667
200,528	-	-	630,080
-	1,974,562	371,057	2,432,424
200,528	1,974,562	403,789	6,024,400
4,534	(1,974,562)	147,818	(2,546,995)
-	1,836,994	905,687	3,951,994
-	-	-	36,990
-	-	125,845	568,526
-	-	(442,681)	(568,526)
-	1,836,994	588,851	3,988,984

(continued)

CITY OF ANAMOSA

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

As of and for the Year Ended June 30, 2008

		Special Revenue		
	General	Road Use Tax	Local Option Sales Tax	Tax Increment Financing
NET CHANGE IN CASH BALANCE	88,471	76,570	115,087	558,226
CASH BALANCE, BEGINNING OF YEAR	1,155,712	533,055	565,528	117,562
CASH BALANCE, END OF YEAR	$ 1,244,183	$ 609,625	$ 680,615	$ 675,788
CASH BASIS FUND BALANCE:				
Reserved:				
Debt service	$ -	$ -	$ -	$ -
Unreserved:				
General	1,244,183	-	-	-
Special revenue funds	-	609,625	680,615	675,788
Capital project funds	-	-	-	-
Permanent	-	-	-	-
Total cash basis fund balance	$ 1,244,183	$ 609,625	$ 680,615	$ 675,788

Debt Service	Capital Projects: Sewer Projects	Other Nonmajor Governmental Funds	Totals
4,534	(137,568)	736,669	1,441,989
129,829	37,547	42,752	2,581,985
$ 134,363	$ (100,021)	$ 779,421	$ 4,023,974
$ 134,363	$ -	$ 278,627	$ 412,990
-	-	-	1,244,183
-	-	99,542	2,065,570
-	(100,021)	323,694	223,673
-	-	77,558	77,558
$ 134,363	$ (100,021)	$ 779,421	$ 4,023,974

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

CITY OF ANAMOSA

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

As of and for the Year Ended June 30, 2008

	Water	Sewer	Nonmajor Enterprise Fund	Total
OPERATING RECEIPTS:				
Charges for services	$ 553,778	$ 1,239,869	$ -	$ 1,793,647
Miscellaneous	31,301	11,906	19,900	63,107
Total operating receipts	585,079	1,251,775	19,900	1,856,754
OPERATING DISBURSEMENTS:				
Business type activities:				
Water	502,456	-	6,570	509,026
Sewer	-	308,071	-	308,071
Total operating disbursements	502,456	308,071	6,570	817,097
Excess of operating receipts over operating disbursements	82,623	943,704	13,330	1,039,657
NONOPERATING RECEIPTS (DISBURSEMENTS):				
Interest on investments	15,937	18,764	9,844	44,545
Debt service	(112,810)	(169,830)	-	(282,640)
Net nonoperating receipts (disbursements)	(96,873)	(151,066)	9,844	(238,095)
NET CHANGE IN CASH BALANCE	(14,250)	792,638	23,174	801,562
CASH BALANCE, BEGINNING OF YEAR	686,576	506,546	196,155	1,389,277
CASH BALANCE, END OF YEAR	$ 672,326	$ 1,299,184	$ 219,329	$ 2,190,839
CASH BASIS FUND BALANCE:				
Reserved:				
Debt service	$ 329,235	$ 321,897	$ -	$ 651,132
Deposits	-	-	219,329	219,329
Unreserved	343,091	977,287	-	1,320,378
Total cash basis fund balance	$ 672,326	$ 1,299,184	$ 219,329	$ 2,190,839

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

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

For financial reporting purposes, the City of Anamosa has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

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

B. Basis of Presentation

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

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

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

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

B. Basis of Presentation (continued)

Government-wide Financial Statement (continued)

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

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

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

The City reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

B. Basis of Presentation (continued)

Capital Projects:

The Sewer Projects Fund is used to account for Sewer capital projects.

The City reports the following major proprietary funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, disbursements exceeded the amounts budgeted in the capital project function.

(2) **Cash and Pooled Investments**

The City's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

(2) **Cash and Pooled Investments** (continued)

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

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

(3) **Bonds and Notes Payable**

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

	General Obligation Bonds and Notes		Special Revenue Bonds and Notes		Revenue Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	$ 166,869	$ 122,629	$ 281,678	$ 146,346	$ 284,000	$ 157,309	$ 732,547	$ 426,284
2010	149,636	102,345	295,341	135,476	297,000	144,445	741,977	382,266
2011	145,319	96,828	309,657	124,410	309,000	132,145	763,976	353,383
2012	176,687	90,818	318,291	110,220	317,000	118,983	811,978	320,021
2013	237,370	84,152	327,607	96,118	335,000	105,150	899,977	285,420
2014	198,737	75,074	336,240	81,271	353,000	90,300	887,977	246,645
2015	215,104	68,172	314,873	65,695	251,000	74,405	780,977	208,272
2016	151,471	60,314	328,506	50,771	264,000	63,685	743,977	174,770
2017	172,838	54,396	342,516	34,874	278,000	52,200	793,354	141,470
2018	183,513	47,501	356,485	17,976	116,000	39,900	655,999	105,377
2019	185,000	40,010	-	-	119,000	36,420	304,000	76,430
2020	250,000	32,610	-	-	123,000	32,850	373,000	65,460
2021	265,000	22,485	-	-	127,000	29,160	392,000	51,645
2022	280,000	11,620	-	-	131,000	25,350	411,000	36,970
2023	-	-	-	-	134,000	21,420	134,000	21,420
2024	-	-	-	-	139,000	17,400	139,000	17,400
2025	-	-	-	-	105,694	13,230	105,694	13,230
2026	-	-	-	-	-	8,940	-	8,940
2027	-	-	-	-	-	4,530	-	4,530
Total	$2,777,544	$ 908,954	$3,211,194	$ 863,157	$3,682,694	$1,167,822	$9,671,433	$2,939,933

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

During 2004, the City entered into a general obligation note payable to buy a police car for $18,000. The City had a remaining balance on the note as of June 30, 2008 of $3,600.

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

a) An amount equal to 1/6th of the next interest payment due is to be set aside in a road use tax sinking fund.

b) A reserve fund is to be established with a required fund balance of $152,675.

c) All road use tax revenues remaining after making the required payments into the sinking and reserve funds shall be placed in a surplus fund which may be used to pay for road related improvements and services.

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

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

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

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

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

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

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

a) The City shall generate net revenues from water operations sufficient to pay the annual installments on the notes.

b) An amount equal to 1/12th of the next principal payment due and 1/6th of the next interest payment due shall be set aside in a water sinking fund.

c) A reserve fund is to be established with a required fund balance of $118,000.

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

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

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

a) The City shall generate net revenues from sewer operations of 125% of the average annual principal and interest payments.

b) An amount equal to 1/12th of the next principal payment due and 1/6th of the next interest payment due shall be set aside in a sewer sinking fund.

c) A reserve fund is to be established with a required fund balance of $173,910.

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

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

As of June 30, 2008, the City was in compliance with provisions of the debt resolutions listed above.

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

(4) **Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue - Employee Benefits	$ 342,681
Capital Projects: Water Projects	General	100,000
Capital Projects: Street Projects	Special Revenue: TIF	92,449
Capital Projects: Water Projects	Special Revenue: LOST	33,396
Total		$ 568,526

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

(5) **Pension and Retirement Benefits**

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

(5) **Pension and Retirement Benefits** (continued)

Most regular plan members are required to contribute 3.90% of their annual covered salary and the City is required to contribute 6.05% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were $70,557, $65,402, and $60,693, respectively, equal to the required contributions for each year.

(6) **Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation and sick leave hours based on the length of employment for subsequent use or for payment upon termination, retirement or death. Sick leave is not a vested benefit. It is payable when used and may be accumulated to a maximum of 1,440 hours. Vacation is payable when used and is cumulative to a maximum of 240 hours. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation payable to employees at June 30, 2008, primarily relating to the General Fund, is $54,198. This liability has been computed based on pay rates in effect at June 30, 2008.

(7) **Deficit Balance**

At June 30, 2008, the following fund has a deficit balance:

Capital Projects:	
Sewer Projects	$ 100,021

This deficit balance is the result of project costs in excess of available funds. This deficit will be eliminated upon collection of intergovernmental revenues.

(8) **Risk Management**

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

(9) **Significant Event**

In June 2008, the City had catastrophic damages due to the extensive flooding in the area. The damages included the destruction of the waste water treatment facility. Estimated cost of damages are not yet known at this time.

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ANAMOSA

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

Required Supplementary Information

Year Ended June 30, 2008

	Governmental Funds Actual	Proprietary Funds Actual	Total
RECEIPTS:			
Property tax	$ 1,214,875	$ -	$ 1,214,875
Tax increment financing collections	295,829	-	295,829
Other city tax	551,285	-	551,285
Licenses and permits	5,115	-	5,115
Use of money and property	76,628	44,545	121,173
Intergovernmental	738,312	-	738,312
Charges for services	272,711	1,793,647	2,066,358
Special assessments	43,721	-	43,721
Miscellaneous	278,929	63,107	342,036
Total receipts	3,477,405	1,901,299	5,378,704
DISBURSEMENTS:			
Operating:			
Public safety	827,012	-	827,012
Public works	576,527	-	576,527
Culture and recreation	709,517	-	709,517
Community and economic development	352,173	-	352,173
General government	496,667	-	496,667
Debt service	630,080	-	630,080
Capital projects	2,432,424	-	2,432,424
Business type activities	-	1,099,737	1,099,737
Total disbursements	6,024,400	1,099,737	7,124,137
Excess (deficiency) of receipts over (under) disbursements	(2,546,995)	801,562	(1,745,433)
OTHER FINANCING SOURCES	3,988,984	-	3,988,984
Excess (deficiency) of receipts and other financing sources over (under) disbursements	1,441,989	801,562	2,243,551
BALANCE, BEGINNING OF YEAR	2,581,985	1,389,277	3,971,262
BALANCE, END OF YEAR	$ 4,023,974	$ 2,190,839	$ 6,214,813

Budgeted Amounts		Final to Total
Original	Final	Variance
$ 1,310,954	$ 1,310,954	$ (96,079)
280,010	280,010	15,819
430,712	430,712	120,573
15,700	15,700	(10,585)
209,475	209,475	(88,302)
496,537	496,537	241,775
1,665,791	1,665,791	400,567
20,000	20,000	23,721
142,946	142,946	199,090
4,572,125	4,572,125	806,579
649,878	865,428	38,416
585,613	652,613	76,086
670,497	746,887	37,370
220,000	715,450	363,277
485,392	558,392	61,725
630,092	630,092	12
2,480,000	2,480,000	47,576
1,321,356	1,373,356	273,619
7,042,828	8,022,218	898,081
(2,470,703)	(3,450,093)	(1,704,660)
2,720,000	4,835,000	846,016
249,297	1,384,907	858,644
3,785,759	3,785,759	-
$ 4,035,056	$ 5,170,666	$ 858,644

See accompanying independent auditor's report.

CITY OF ANAMOSA

Notes to Required Supplementary Information - Budgetary Reporting

June 30, 2008

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

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

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functional areas are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities, and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased revenue by $2,340,976 and disbursements by $1,205,366. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2008, disbursements exceeded the amount budgeted in the capital projects function.

OTHER SUPPLEMENTARY INFORMATION

CITY OF ANAMOSA

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances

Nonmajor Governmental Funds

As of and for the Year Ended June 30, 2008

	Special Revenue				
	Employee Benefits	Library Special Gift	Police Department Forfeiture	Police Canine	Anamosa/ Monticello Local Access
RECEIPTS:					
Property tax	$ 340,594	$ -	$ -	$ -	$ -
Other city tax	6,299	-	-	-	-
Use of money and property	-	1,169	-	12	47
Intergovernmental	-	-	-	-	22,446
Charges for service	-	-	3,430	-	-
Special assessments	-	-	-	-	-
Miscellaneous	-	-	-	1,500	-
Total receipts	346,893	1,169	3,430	1,512	22,493
DISBURSEMENTS:					
Operating:					
Public safety	-	-	1,094	969	-
Culture and recreation	-	-	-	-	30,669
Capital projects	-	-	-	-	-
Total disbursements	-	-	1,094	969	30,669
Excess (deficiency) of receipts over (under) disbursements	346,893	1,169	2,336	543	(8,176)
OTHER FINANCING SOURCES (USES):					
Bond proceeds	-	-	-	-	-
Operating transfers in	-	-	-	-	-
Operating transfers out	(342,681)	-	-	-	-
Net other financing sources (uses)	(342,681)	-	-	-	-
NET CHANGES IN CASH BALANCE	4,212	1,169	2,336	543	(8,176)
CASH BALANCE, BEGINNING OF YEAR	36,000	35,045	204	3,632	13,776
CASH BALANCE, END OF YEAR	$ 40,212	$ 36,214	$ 2,540	$ 4,175	$ 5,600

		Debt Service	Capital Projects					Permanent	
Cemetary Operations	Wetlands Project	Special Assessment	City Building Project	Street Projects	Water Projects	Capital Projects	Park & Recreation Project	Cemetary Perpetual Care	Totals
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 340,594
-	-	-	-	-	-	-	-	-	6,299
-	-	9,441	-	-	-	-	-	-	10,669
-	-	-	-	26,867	-	-	3,900	-	53,213
-	-	-	-	-	-	-	-	-	3,430
-	-	43,721	-	-	-	-	-	-	43,721
-	-	-	-	23,956	66,875	-	-	1,350	93,681
-	-	53,162	-	50,823	66,875	-	3,900	1,350	551,607
-	-	-	-	-	-	-	-	-	2,063
-	-	-	-	-	-	-	-	-	30,669
-	-	-	-	254,586	78,862	36,429	1,180	-	371,057
-	-	-	-	254,586	78,862	36,429	1,180	-	403,789
-	-	53,162	-	(203,763)	(11,987)	(36,429)	2,720	1,350	147,818
-	-	-	-	346,357	330,000	229,330	-	-	905,687
-	-	-	-	92,449	33,396	-	-		125,845
-	-	-	-	-	(100,000)	-	-	-	(442,681)
-	-	-	-	438,806	263,396	229,330	-	-	588,851
-	-	53,162	-	235,043	251,409	192,901	2,720	1,350	736,669
10,000	801	225,465	-	(218,111)	(141,668)	-	1,400	76,208	42,752
$ 10,000	$ 801	$ 278,627	$ -	$ 16,932	$ 109,741	$ 192,901	$ 4,120	$ 77,558	$ 779,421

(continued)

CITY OF ANAMOSA

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances

Nonmajor Governmental Funds

As of and for the Year Ended June 30, 2008

	Special Revenue				
	Employee Benefits	Library Special Gift	Police Department Forfeiture	Police Canine	Anamosa/ Monticello Local Access
CASH BASIS FUND BALANCE:					
Reserved:					
Debt service	$ -	$ -	$ -	$ -	$ -
Unreserved:					
Special revenue funds	40,212	36,214	2,540	4,175	5,600
Capital project funds	-	-	-	-	-
Permanent	-	-	-	-	-
Total cash basis fund balance	$ 40,212	$ 36,214	$ 2,540	$ 4,175	$ 5,600

		Debt Service	Capital Projects					Permanent	
Cemetary Operations	Wetlands Project	Special Assessment	City Building Project	Street Projects	Water Projects	Capital Projects	Park & Recreation Project	Cemetary Perpetual Care	Totals
$ -	$ -	$ 278,627	$ -	$ -	$ -	$ -	$ -	$ -	$ 278,627
10,000	801	-	-	-	-	-	-	-	99,542
-	-	-	-	16,932	109,741	192,901	4,120	-	323,694
-	-	-	-	-	-	-	-	77,558	77,558
$ 10,000	$ 801	$ 278,627	$ -	$ 16,932	$ 109,741	$ 192,901	$ 4,120	$ 77,558	$ 779,421

Schedule 2

CITY OF ANAMOSA

Statement of Cash Receipts, Disbursements and Changes in Cash Balances

Nonmajor Enterprise Fund - Consumer Deposits

As of and for the Year Ended June 30, 2008

OPERATING RECEIPTS:	
Miscellaneous	$ 19,900
OPERATING DISBURSEMENTS:	
Business type activities:	
Water	6,570
Excess of receipts over disbursements	13,330
NONOPERATING RECEIPTS:	
Interest on investments	9,844
NET CHANGE IN CASH BALANCE	23,174
CASH BALANCE, BEGINNING OF YEAR	196,155
CASH BALANCE, END OF YEAR	$ 219,329
CASH BASIS FUND BALANCE:	
Reserved:	
Deposits	$ 219,329

CITY OF ANAMOSA

Schedule of Indebtedness

Year ended June 30, 2008

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Fawn Creek/Old Dubuque	July 1, 2000	5.20-5.60%	$ 510,000
General obligation notes:			
Street improvement project	June 1, 1998	4.35-5.05%	760,000
Corporate Purpose Note	April 9, 2008	2.60-4.15%	2,115,000
Refunding notes - Series 2002A	November 1, 2002	2.00-4.90%	455,000
Police car	September 17, 2003	3.50%	18,000
Equipment note	November 1, 2004	2.75%	50,000
Total			
Road Use Tax:			
Road Use Tax Revenue Notes	November 1, 2002	2.50-5.25%	1,595,000
Tax Increment Financing Bonds:			
2002 TIF bond	November 1, 2002	2.00-4.90%	2,870,000
TIF revenue - refinancing	November 1, 2002	2.00-4.60%	475,000
Total			
Revenue:			
Water revenue notes	April 1, 1999	4.40-5.15%	1,180,000
Sewer revenue notes	August 7, 2006	3.00%	37,500
Sewer revenue refunding notes	October 1, 2002	2.75-5.40%	1,785,000
Total			
Total indebtedness			

Schedule 3

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
$ 115,000	$ -	$ 70,000	$ 45,000	$ 6,405	$ -
365,000	-	55,000	310,000	17,862	-
-	2,115,000	-	2,115,000	-	-
306,530	-	22,586	283,944	13,413	-
7,200	-	3,600	3,600	252	-
30,000	-	10,000	20,000	810	-
823,730	2,115,000	161,186	2,777,544	38,742	-
1,255,000	-	90,000	1,165,000	59,237	-
1,933,585	-	142,391	1,791,194	84,705	-
295,000	-	40,000	255,000	12,295	-
2,228,585	-	182,391	2,046,194	97,000	-
655,000	-	80,000	575,000	32,510	-
37,500	1,860,194	-	1,897,694	14,987	
1,315,000	-	105,000	1,210,000	64,530	-
2,007,500	1,860,194	185,000	3,682,694	112,027	-
$ 6,314,815	$ 3,975,194	$ 618,577	$ 9,671,432	$ 307,006	$ -

CITY OF ANAMOSA

Bond and Note Maturities

June 30, 2008

	General Obligation Debt							
	2000 GO Bond		Street Improvement		Refunding Notes		Police Car	
	Issued July 1, 2000		Issued June 1, 1998		Issued Nov. 1, 2002		Issued Sept. 17, 2003	
Year Ending June 30,	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2009	5.60 %	$ 45,000	4.75 %	$ 55,000	3.75 %	$ 23,269	3.50 %	$ 3,600
2010		-	4.85 %	60,000	4.00 %	24,636		-
2011		-	4.95 %	60,000	4.15 %	25,319		-
2012		-	5.00 %	65,000	4.30 %	26,687		-
2013		-	5.05 %	70,000	4.40 %	27,370		-
2014		-		-	4.50 %	28,737		-
2015		-		-	4.60 %	30,104		-
2016		-		-	4.70 %	31,471		-
2017		-		-	4.80 %	32,838		-
2018		-		-	4.90 %	33,513		-
2019		-		-		-		-
2020		-		-		-		-
2021		-		-		-		-
2022		-		-		-		-
Total		$ 45,000		$ 310,000		$ 283,944		$ 3,600

	Special Revenue Debt						
	Road Use Tax Revenue		TIF		TIF Revenue-Refinancing		
	Issued Nov. 1, 2002		Issued Nov. 1, 2002		Issued Nov. 1, 2002		
Year Ending June 30,	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Total
2009	4.05 %	$ 95,000	3.75 %	$ 146,678	3.80 %	$ 40,000	$ 281,678
2010	4.25 %	100,000	4.00 %	155,341	4.00 %	40,000	295,341
2011	4.45 %	105,000	4.15 %	159,657	4.20 %	45,000	309,657
2012	4.65 %	105,000	4.30 %	168,291	4.40 %	45,000	318,291
2013	4.75 %	110,000	4.40 %	172,607	4.50 %	45,000	327,607
2014	4.85 %	115,000	4.50 %	181,240	4.60 %	40,000	336,240
2015	4.95 %	125,000	4.60 %	189,873		-	314,873
2016	5.05 %	130,000	4.70 %	198,506		-	328,506
2017	5.15 %	135,000	4.80 %	207,516		-	342,516
2018	5.25 %	145,000	4.90 %	211,485		-	356,485
2019		-		-		-	-
2020		-		-		-	-
2021		-		-		-	-
2022		-		-		-	-
2023		-		-		-	-
2024		-		-		-	-
2025		-		-		-	-
Total		$1,165,000		$1,791,194		$ 255,000	$3,211,194

Equipment Note Issued Nov. 1, 2004		GO Debt Issued April 9, 2008		
Interest Rates	Amount	Interest Rates	Amount	Total
2.75 %	$ 10,000	2.60 %	$ 30,000	$ 166,689
2.75 %	10,000	2.70 %	55,000	149,636
	-	2.85 %	60,000	145,319
	-	3.00 %	85,000	176,687
	-	3.10 %	140,000	237,370
	-	3.30 %	170,000	198,737
	-	3.50 %	185,000	215,104
	-	3.70 %	120,000	151,471
	-	3.80 %	140,000	172,838
	-	3.90 %	150,000	183,513
	-	4.00 %	185,000	185,000
	-	4.05 %	250,000	250,000
	-	4.10 %	265,000	265,000
	-	4.15 %	280,000	280,000
Total	$ 20,000		$2,115,000	$2,777,544

Revenue Debt

Sewer Revenue Issued August 7, 2006		Water Revenue Issued April 1, 1999		Sewer Revenue Issued October 1, 2002		
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Total
3.00 %	$ 89,000	4.80 %	$ 85,000	4.30 %	$ 110,000	$ 284,000
3.00 %	92,000	4.85 %	90,000	4.50 %	115,000	297,000
3.00 %	94,000	4.95 %	95,000	4.70 %	120,000	309,000
3.00 %	97,000	5.05 %	95,000	4.90 %	125,000	317,000
3.00 %	100,000	5.10 %	100,000	5.00 %	135,000	335,000
3.00 %	103,000	5.15 %	110,000	5.10 %	140,000	353,000
3.00 %	106,000		-	5.20 %	145,000	251,000
3.00 %	109,000		-	5.30 %	155,000	264,000
3.00 %	113,000		-	5.40 %	165,000	278,000
3.00 %	116,000		-		-	116,000
3.00 %	119,000		-		-	119,000
3.00 %	123,000		-		-	123,000
3.00 %	127,000		-		-	127,000
3.00 %	131,000		-		-	131,000
3.00 %	134,000		-		-	134,000
3.00 %	139,000		-		-	139,000
3.00 %	105,694		-		-	105,694
Total	$1,897,694		$ 575,000		$1,210,000	$3,682,694

Schedule 5

CITY OF ANAMOSA

Schedule of Receipts By Source and Disbursements By Function - All Governmental Funds

For the Last Four Years

	2008	2007	2006	2005
Receipts:				
Property tax	$ 1,214,875	$ 1,017,807	$ 973,794	$ 914,511
Tax increment financing collections	295,829	577,134	576,509	565,948
Other city tax	551,285	518,050	413,792	427,377
Licenses and permits	5,115	8,546	10,370	7,460
Use of money and property	76,628	97,380	80,686	63,342
Intergovernmental	738,312	977,347	888,072	768,030
Charges for service	272,711	130,396	117,672	137,328
Special assessments	43,721	49,634	82,155	82,810
Miscellaneous	278,929	218,598	272,888	325,446
Total	$ 3,477,405	$ 3,594,892	$ 3,415,938	$ 3,292,252
Disbursements:				
Operating:				
Public safety	$ 827,012	$ 688,777	$ 566,170	$ 531,939
Public works	576,527	790,968	456,399	477,866
Culture and recreation	709,517	719,341	647,769	499,851
Community and economic development	352,173	81,771	141,556	190,267
General government	496,667	459,458	355,676	296,893
Debt service	630,080	724,012	1,046,488	840,653
Capital projects	2,432,424	840,872	1,284,894	1,052,322
Total	$ 6,024,400	$ 4,305,199	$ 4,498,952	$ 3,889,791

See accompanying independent auditor's report.

Clifton Gunderson LLP
Certified Public Accountants & Consultants

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

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Anamosa, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the City of Anamosa's basic financial statements listed in the table of contents, and have issued our report thereon dated February 10, 2009. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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 City of Anamosa's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood that a misstatement of the City of Anamosa's financial statements that is more than inconsequential will not be prevented or detected by the City of Anamosa's internal control. We consider the deficiencies in internal control described in Part II of the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

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

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-2008 and item II-B-2008 are material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2008, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the findings were necessarily audited. The findings involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City and those parties to whom the City may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Anamosa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Clifton Gunderson LLP

Cedar Rapids, Iowa
February 10, 2009

CITY OF ANAMOSA

Schedule of Findings

Year Ended June 30, 2008

Part I: SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS:

(a) An unqualified opinion was issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

(b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

SIGNIFICANT DEFICIENCIES:

II-A-08: Segregation of Duties

Criteria:

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

Condition:

The City Clerk has complete control over the accounting function.

Context:

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

Effect:

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

Cause:

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

Recommendation:

When this condition exists, management's close supervision and review of accounting information is the best means of preventing or detecting errors and irregularities. We recommend the City review its operating procedures to obtain the maximum internal control possible under the circumstances.

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS: (CONTINUED)

SIGNIFICANT DEFICIENCIES: (CONTINUED)

II-A-08: Segregation of Duties (continued)

Management Response:

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

Conclusion:

Response accepted.

II-B-08: Preparation of Financial Statements

Criteria:

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

Condition:

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

Context:

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

Effect:

As a result of this condition, there is a higher risk that financial statement omissions or other errors could occur and not be detected.

Cause:

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

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS: (CONTINUED)

SIGNIFICANT DEFICIENCIES: (CONTINUED)

II-B-08: Preparation of Financial Statements (continued)

Recommendation:

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

Management Response:

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

Conclusion:

Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

PART III: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING

III-A-08 Certified Budget - We noted no disbursements during the year ended June 30, 2008 exceeding amounts budgeted.

III-B-08 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-08 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

PART III: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING (CONTINUED)

III-D-08 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

Name and Title	Transaction Description	Amount
Brian Harmon, Council Member	Repair work	$ 1,200
Bill Feldmann, Council Member	Repair work	39

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with the Council Members do not appear to represent conflicts of interest since total transactions with each individual were less than $1,500 during the fiscal year.

III-E-08 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

III-F-08 Revenue Notes - As of June 30, 2008, the City was in compliance with the funding and payment provisions of the revenue note resolutions.

III-G-08 Council Minutes - No transactions were found that we believe should have been approved in the council minutes but were not.

III-H-08 Deposits and Investments - No instances of noncompliance were noted with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

III-I-08 Financial Condition - The City had a deficit balance in the Capital Projects - Sewer Projects fund.

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

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

Conclusion - Response accepted.

CITY OF ANAMOSA

Audit Staff

This audit was performed by:

William Vincent, CPA, Partner

Bradley Hauge, CPA, Partner

Andrew Johnson, CPA, Manager

James Fitzpatrick, CPA, Manager

Joshua Barta, Associate