



**CITY OF ANAMOSA, IOWA
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2009



TABLE OF CONTENTS

| | | <u>Page</u> |
|---|-----------------|-------------|
| OFFICIALS | | 4 |
| INDEPENDENT AUDITOR’S REPORT | | 6-7 |
| MANAGEMENT’S DISCUSSION AND ANALYSIS | | 8-13 |
| BASIC FINANCIAL STATEMENTS: | | |
| | <u>Exhibit</u> | |
| Government-wide Financial Statement: Statement of Activities and Net Assets - Cash Basis | A | 15-18 |
| Governmental Fund Financial Statement: Statement of Cash Receipts, Disbursements and Changes in Cash Balances | B | 19-22 |
| Proprietary Fund Financial Statement: Statement of Cash Receipts, Disbursements and Changes in Cash Balances | C | 23 |
| Notes to Financial Statements | | 24-31 |
| REQUIRED SUPPLEMENTARY INFORMATION: | | |
| Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget to Actual (Cash Basis) - All Governmental Funds and Proprietary Funds | | 33-34 |
| Notes to Required Supplementary Information- Budgetary Reporting | | 35 |
| OTHER SUPPLEMENTARY INFORMATION: | | |
| | <u>Schedule</u> | |
| Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds | 1 | 37-40 |
| Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Enterprise Fund | 2 | 41 |
| Schedule of Indebtedness | 3 | 42-43 |
| Bond and Note Maturities | 4 | 44-45 |
| Schedule of Receipts by Source and Disbursements by Function - All Governmental Funds | 5 | 46 |
| SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS | | 47 |
| INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS | | 48-49 |

| | <u>Page</u> |
|---|-------------|
| INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 | 50-51 |
| SCHEDULE OF FINDINGS AND QUESTIONED COSTS | 52-56 |
| AUDIT STAFF | 57 |

CITY OF ANAMOSA

Officials

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|------------------|--------------------|---------------------|
| 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

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, 2009, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of 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, Iowa as of June 30, 2009, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2010 on our consideration of City of Anamosa, Iowa'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 8 through 13 and 33 through 35 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Anamosa, Iowa'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 four years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting as described in Note 1. Other supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Clifton Henderson LLP

Cedar Rapids, Iowa
February 12, 2010

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, 2009. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- Revenues totaled \$9.6 million.
- Disbursements totaled \$9.9 million.
- The City's total cash basis net assets at fiscal year ended June 30, 2009 totaled \$5.9 million.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements 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. In addition, the Schedule of Expenditures of Federal Awards provides details of the federal program benefiting the City.

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.

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, 2009 is \$3.2 million.

Changes in Cash Basis Net Assets of Governmental Activities

| | <u>Year Ended June 30, 2009</u> | <u>Year Ended June 30, 2008</u> |
|--|-------------------------------------|-------------------------------------|
| Receipts: | | |
| Property tax | \$ 1,266,102 | \$ 1,214,875 |
| Tax increment financing collections | 348,260 | 295,829 |
| Other city tax | 552,180 | 551,285 |
| Licenses and permits | 19,365 | 5,115 |
| Use of money and property | 128,162 | 76,628 |
| Intergovernmental | 2,296,571 | 738,312 |
| Charges for services | 396,397 | 272,711 |
| Special assessments | 34,359 | 43,721 |
| Miscellaneous | <u>197,900</u> | <u>278,929</u> |
| Total receipts | <u>5,239,296</u> | <u>3,477,405</u> |
| Disbursements: | | |
| Operating: | | |
| Public safety | 4,851,603 | 827,012 |
| Public works | 787,526 | 576,527 |
| Culture and recreation | 679,815 | 709,517 |
| Community and economic development | 502,638 | 352,173 |
| General government | 512,849 | 496,667 |
| Debt service | 717,230 | 630,080 |
| Capital projects | <u>288,472</u> | <u>2,432,424</u> |
| Total disbursements | <u>8,340,133</u> | <u>6,024,400</u> |
| Excess of disbursements over receipts | <u>(3,100,837)</u> | <u>(2,546,995)</u> |
| Other financing sources (uses): | | |
| Bond proceeds | 2,057,386 | 3,951,994 |
| Sale of capital assets | 9,594 | 36,990 |
| Operating transfers in | 1,325,538 | 568,526 |
| Operating transfers out | <u>(1,103,075)</u> | <u>(568,526)</u> |
| Net other financing sources | <u>2,289,443</u> | <u>3,988,984</u> |
| Net change in cash basis net assets | (811,394) | 1,441,989 |
| Cash basis net assets, beginning | <u>4,023,974</u> | <u>2,581,985</u> |
| Cash basis net assets, ending | <u>\$ 3,212,586</u> | <u>\$ 4,023,974</u> |

The City's total receipts for governmental activities were \$7,306,276 which included bond proceeds and sale of capital assets.

The City increased property tax rates for 2009 by \$0.63 per thousand of taxable valuation, from \$15.50 to \$16.13 per thousand of taxable valuation. The increase in property tax rate was due to several factors; an increase in liability and property insurance costs and in the Debt Service Levy.

The cost of all governmental activities this year was just over \$8.3 million.

Changes in Cash Basis Net Assets of Business Type Activities

| | <u>Year Ended June 30, 2009</u> | <u>Year Ended June 30, 2008</u> |
|--|-------------------------------------|-------------------------------------|
| Operating Receipts: | | |
| Charges for services: | | |
| Water | \$ 770,823 | \$ 553,778 |
| Sewer | 1,370,549 | 1,239,869 |
| Nonoperating Receipts: | | |
| Intergovernmental | 33,136 | - |
| Interest on investments | 44,326 | 44,545 |
| Miscellaneous | <u>54,918</u> | <u>63,107</u> |
| Total receipts | <u>2,273,752</u> | <u>1,901,299</u> |
| Disbursements: | | |
| Water | 560,784 | 509,026 |
| Sewer | 628,102 | 308,071 |
| Debt service | <u>349,367</u> | <u>282,640</u> |
| Total disbursements | <u>1,538,253</u> | <u>1,099,737</u> |
| Change in cash basis net assets before transfers | 727,736 | 801,562 |
| Transfers, net | <u>(222,463)</u> | <u>-</u> |
| Increase in cash basis net assets | 505,273 | 801,562 |
| Cash basis net assets beginning of year | <u>2,190,839</u> | <u>1,389,277</u> |
| Cash basis net assets end of year | <u>\$ 2,696,112</u> | <u>\$ 2,190,839</u> |

Total business type activities receipts for the fiscal year were \$2,273,752. The cash balance increased by approximately \$505,273 from the prior year. Total disbursements for the fiscal year were \$1,538,253.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Anamosa completed the year, its governmental funds reported a combined fund balance of \$3.2 million, a decrease of \$811,394 below last year's total of \$4 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance saw a decrease of \$169,835 from the prior year to \$1.1 million. This decrease in the General Fund cash balance is due to an increase in operating costs and employee benefits and no corresponding increase in revenues received.
- The Special Revenue, Road Use Tax Fund cash balance decreased \$280,073 to \$329,552 during the fiscal year. This decrease was due to the combination of expenditures for Roadway expenses and transfers to the General Fund to cover the benefits paid for Public Works employees.
- The Special Revenue, Local Option Sales Tax Fund cash balance increased slightly by \$28,823 as compared to an increase in FY 2008 of \$115,087. The slight increase is due to decreased spending of LOST Funds and continued collection of streetscapes assessments.
- The Debt Service Fund cash balance increased \$13,405 to \$147,768 during the fiscal year. This increase was due to transfers in from Project Funds to cover the debt payments for cost share of the projects.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance increased by \$77,816 to \$750,142, with \$341,747 in reserves as compared to last FY cash balance decrease of \$14,250. The increase in the Water Fund is primarily due to the Anamosa State Penitentiary going on the City's water service after the Flood of 2008 and the payment for those services.
- The Sewer Fund cash balance increased by \$401,416 to \$1,700,600, with \$321,898 in reserves as compared to last FY cash balance increase of \$792,628. The addition to the Sewer Fund cash balance was primarily due to the increase in revenues received from the Anamosa State Penitentiary for sewer usage under a new agreement and also the scheduled increases in the sewer rates that were set by ordinance.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget once. The amendment was approved on May 26, 2009 and resulted in an increase in revenues in the Intergovernmental Program, increase due to the receipt of Federal FEMA reimbursement for damages from the Flood of 2008 and also the Other Financing Resources due to interfund transfers.

The increase in budgeted disbursements occurred in all programs except the Health & Social Services and Culture and Recreation. These increases were due to 2008 Flood expenses, TIF Economic Development Grants, a payment to the Local Access Fund that was not included in the original budget, unforeseen Capital Projects and interfund transfers.

DEBT ADMINISTRATION

Outstanding Debt at Year-End

| | <u>Year Ended June 30, 2009</u> |
|---|--|
| General obligation bonds & notes | \$ 4,567,994 |
| Urban renewal tax increment financing revenue bonds | 1,859,516 |
| RUT revenue bonds | 1,070,000 |
| Water revenue bonds | 490,000 |
| Sewer revenue bonds | <u>3,010,762</u> |
| Total | <u>\$10,998,272</u> |

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt and TIF debt total of \$6.4 million is significantly below its constitutional debt limit of approximately \$12 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 2010 budget, tax rates, and fees that will be charged for various City activities. Unemployment in Jones County averaged 7.4 percent in 2009. This compares with the State's average unemployment rate of 6.9 percent in 2009.

The housing market is strong in Anamosa and continues to stay fairly steady. During calendar year 2009, nine 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, 2009

| | Disbursements | Program Receipts | | |
|--|---------------------|----------------------|--|---|
| | | Charges for Services | Operating Grants, Contributions, and Restricted Interest | Capital Grants, Contributions and Restricted Interest |
| FUNCTIONS/PROGRAMS: | | | | |
| Governmental activities: | | | | |
| Public safety | \$ 4,851,603 | \$ 56,474 | \$ 1,687,127 | \$ - |
| Public works | 787,526 | 281,449 | 455,836 | - |
| Culture and recreation | 679,815 | 137,291 | 105,267 | 1,203 |
| Community and economic development | 502,638 | 12,245 | - | 44,636 |
| General government | 512,849 | 36,740 | - | - |
| Debt service | 717,230 | - | - | - |
| Capital projects | 288,472 | - | - | 1,250 |
| Total governmental activities | <u>8,340,133</u> | <u>524,199</u> | <u>2,248,230</u> | <u>47,089</u> |
| Business type activities: | | | | |
| Water | 682,557 | 819,531 | 22,499 | - |
| Sewer | 863,459 | 1,376,759 | 21,827 | 33,136 |
| Total business type activities | <u>1,546,016</u> | <u>2,196,290</u> | <u>44,326</u> | <u>33,136</u> |
| Total | <u>\$ 9,886,149</u> | <u>\$ 2,720,489</u> | <u>\$ 2,292,556</u> | <u>\$ 80,225</u> |
| 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 |
|------------------------------------|-------------------------------------|--------------------|
| \$ (3,108,002) | \$ - | \$ (3,108,002) |
| (50,241) | - | (50,241) |
| (436,054) | - | (436,054) |
| (445,757) | - | (445,757) |
| (476,109) | - | (476,109) |
| (717,230) | - | (717,230) |
| (287,222) | - | (287,222) |
| <u>(5,520,615)</u> | <u>-</u> | <u>(5,520,615)</u> |
| - | 159,473 | 159,473 |
| - | 568,263 | 568,263 |
| - | 727,736 | 727,736 |
| <u>(5,520,615)</u> | <u>727,736</u> | <u>(4,792,879)</u> |
| 701,844 | - | 701,844 |
| 355,469 | - | 355,469 |
| 348,260 | - | 348,260 |
| 208,789 | - | 208,789 |
| 242,638 | - | 242,638 |
| 322,117 | - | 322,117 |
| 124,233 | - | 124,233 |
| 82,069 | - | 82,069 |
| 34,359 | - | 34,359 |

(continued)

CITY OF ANAMOSA

Statement of Activities and Net Assets - Cash Basis

As of and for the Year Ended June 30, 2009

| | <u>Program Receipts</u> | | |
|---|---------------------------------|---|--|
| | <u>Charges for Services</u> | <u>Operating Grants, Contributions, and Restricted Interest</u> | <u>Capital Grants, Contributions and Restricted Interest</u> |
| <u>Disbursements</u> | | | |
| GENERAL RECEIPTS: (continued) | | | |
| Debt proceeds | | | |
| Bond proceeds | | | |
| Sale of capital assets | | | |
| Transfers | | | |
| Total general receipts and transfers | | | |
| CHANGE IN CASH BASIS NET ASSETS | | | |
| CASH BASIS NET ASSETS, BEGINNING OF YEAR | | | |
| CASH BASIS NET ASSETS, END OF YEAR | | | |
| CASH BASIS NET ASSETS: | | | |
| Restricted: | | | |
| 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 |
|----------------------------|-----------------------------|---------------------|
| 1,957,318 | - | 1,957,318 |
| 100,068 | - | 100,068 |
| 9,594 | - | 9,594 |
| 222,463 | (222,463) | - |
| 4,709,221 | (222,463) | 4,486,758 |
| (811,394) | 505,273 | (306,121) |
| 4,023,980 | 2,190,839 | 6,214,819 |
| \$ 3,212,586 | \$ 2,696,112 | \$ 5,908,698 |
| | | |
| \$ 182,906 | \$ - | \$ 182,906 |
| 1,414,939 | - | 1,414,939 |
| 460,754 | 663,645 | 1,124,399 |
| 79,633 | 245,370 | 325,003 |
| 1,074,354 | 1,787,097 | 2,861,451 |
| \$ 3,212,586 | \$ 2,696,112 | \$ 5,908,698 |

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, 2009

| | Special Revenue | | |
|---|--------------------|------------------|------------------------------|
| | General | Road Use Tax | Local Option Sales Tax |
| RECEIPTS: | | | |
| Property tax | \$ 701,844 | \$ - | \$ - |
| Tax increment financing collections | - | - | - |
| Other city tax | 207,367 | - | 322,117 |
| Licenses and permits | 19,365 | - | - |
| Use of money and property | 98,889 | - | 28,034 |
| Intergovernmental | 1,796,188 | 455,836 | - |
| Charges for services | 387,925 | - | - |
| Special assessments | - | - | - |
| Miscellaneous | 193,084 | - | - |
| | <u>3,404,662</u> | <u>455,836</u> | <u>350,151</u> |
| Total receipts | | | |
| DISBURSEMENTS: | | | |
| Operating: | | | |
| Public safety | 4,810,586 | - | 30,444 |
| Public works | 279,274 | 284,226 | 224,026 |
| Culture and recreation | 589,150 | - | 57,784 |
| Community and economic development | 32,638 | - | - |
| General government | 471,478 | - | 4,841 |
| Debt service | - | 151,073 | - |
| Capital projects | - | - | 2,178 |
| | <u>6,183,126</u> | <u>435,299</u> | <u>319,273</u> |
| Total disbursements | | | |
| Excess (deficiency) of receipts over (under) disbursements | <u>(2,778,464)</u> | <u>20,537</u> | <u>30,878</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Bond proceeds | 1,957,318 | - | - |
| Sale of capital assets | 9,594 | - | - |
| Operating transfers in | 641,717 | - | - |
| Operating transfers out | - | (300,610) | (2,055) |
| | <u>2,608,629</u> | <u>(300,610)</u> | <u>(2,055)</u> |
| Net other financing sources (uses) | | | |

Exhibit B

| Debt Service | Nonmajor Governmental Funds | Totals |
|------------------|-----------------------------------|--------------------|
| \$ 208,789 | \$ 355,469 | \$ 1,266,102 |
| - | 348,260 | 348,260 |
| 18,796 | 3,900 | 552,180 |
| - | - | 19,365 |
| - | 1,239 | 128,162 |
| - | 44,547 | 2,296,571 |
| - | 8,472 | 396,397 |
| - | 34,359 | 34,359 |
| - | 4,816 | 197,900 |
| <u>227,585</u> | <u>801,062</u> | <u>5,239,296</u> |
| - | 10,573 | 4,851,603 |
| - | - | 787,526 |
| - | 32,881 | 679,815 |
| - | 470,000 | 502,638 |
| - | 36,530 | 512,849 |
| 566,157 | - | 717,230 |
| - | 286,294 | 288,472 |
| <u>566,157</u> | <u>836,278</u> | <u>8,340,133</u> |
| <u>(338,572)</u> | <u>(35,216)</u> | <u>(3,100,837)</u> |
| - | 100,068 | 2,057,386 |
| - | - | 9,594 |
| 351,977 | 331,844 | 1,325,538 |
| - | (800,410) | (1,103,075) |
| <u>351,977</u> | <u>(368,498)</u> | <u>2,289,443</u> |

(continued)

CITY OF ANAMOSA

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

As of and for the Year Ended June 30, 2009

| | Special Revenue | | |
|--|------------------|------------------------------|----------------|
| General | Road Use Tax | Local Option Sales Tax | |
| NET CHANGE IN CASH BALANCE | (169,835) | (280,073) | 28,823 |
| CASH BALANCE, BEGINNING OF YEAR | 1,244,189 | 609,625 | 680,615 |
| CASH BALANCE, END OF YEAR | \$ 1,074,354 | \$ 329,552 | \$ 709,438 |
| CASH BASIS FUND BALANCE: | | | |
| Reserved: | | | |
| Debt service | \$ - | \$ - | \$ - |
| Unreserved: | | | |
| General | 1,074,354 | - | - |
| Special revenue funds | - | 329,552 | 709,438 |
| Capital project funds | - | - | - |
| Permanent | - | - | - |
| Total cash basis fund balance | \$ 1,074,354 | \$ 329,552 | \$ 709,438 |

Exhibit B

| Debt Service | Nonmajor Governmental Funds | Totals |
|-------------------|-----------------------------------|---------------------|
| 13,405 | (403,714) | (811,394) |
| <u>134,363</u> | <u>1,355,188</u> | <u>4,023,980</u> |
| <u>\$ 147,768</u> | <u>\$ 951,474</u> | <u>\$ 3,212,586</u> |
| | | |
| \$ 147,768 | \$ 312,986 | \$ 460,754 |
| - | - | 1,074,354 |
| - | 375,949 | 1,414,939 |
| - | 182,906 | 182,906 |
| <u>-</u> | <u>79,633</u> | <u>79,633</u> |
| <u>\$ 147,768</u> | <u>\$ 951,474</u> | <u>\$ 3,212,586</u> |

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

CITY OF ANAMOSA

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

As of and for the Year Ended June 30, 2009

| | Water | Sewer | Nonmajor Enterprise Fund | Total |
|--|-------------------|---------------------|--------------------------------|---------------------|
| OPERATING RECEIPTS: | | | | |
| Charges for services | \$ 770,823 | \$ 1,370,549 | \$ - | \$ 2,141,372 |
| Miscellaneous | 24,883 | 6,210 | 23,825 | 54,918 |
| Total operating receipts | <u>795,706</u> | <u>1,376,759</u> | <u>23,825</u> | <u>2,196,290</u> |
| OPERATING DISBURSEMENTS: | | | | |
| Business type activities: | | | | |
| Water | 560,784 | - | 7,763 | 568,547 |
| Sewer | - | 628,102 | - | 628,102 |
| Total operating disbursements | <u>560,784</u> | <u>628,102</u> | <u>7,763</u> | <u>1,196,649</u> |
| Excess of operating receipts over operating disbursements | <u>234,922</u> | <u>748,657</u> | <u>16,062</u> | <u>999,641</u> |
| NONOPERATING RECEIPTS (DISBURSEMENTS): | | | | |
| Intergovernmental | - | 33,136 | - | 33,136 |
| Interest on investments | 12,520 | 21,827 | 9,979 | 44,326 |
| Debt service | (114,010) | (235,357) | - | (349,367) |
| Net nonoperating receipts (disbursements) | <u>(101,490)</u> | <u>(180,394)</u> | <u>9,979</u> | <u>(271,905)</u> |
| Excess of receipts over disbursements | 133,432 | 568,263 | 26,041 | 727,736 |
| OTHER FINANCING USES: | | | | |
| Operating transfers out | (55,616) | (166,847) | - | (222,463) |
| NET CHANGE IN CASH BALANCE | 77,816 | 401,416 | 26,041 | 505,273 |
| CASH BALANCE, BEGINNING OF YEAR | <u>672,326</u> | <u>1,299,184</u> | <u>219,329</u> | <u>2,190,839</u> |
| CASH BALANCE, END OF YEAR | <u>\$ 750,142</u> | <u>\$ 1,700,600</u> | <u>\$ 245,370</u> | <u>\$ 2,696,112</u> |
| CASH BASIS FUND BALANCE: | | | | |
| Reserved: | | | | |
| Debt service | \$ 341,747 | 321,898 | \$ - | \$ 663,645 |
| Deposits | - | - | 245,370 | 245,370 |
| Unreserved | <u>408,395</u> | <u>1,378,702</u> | <u>-</u> | <u>1,787,097</u> |
| Total cash basis fund balance | <u>\$ 750,142</u> | <u>\$ 1,700,600</u> | <u>\$ 245,370</u> | <u>\$ 2,696,112</u> |

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

CITY OF ANAMOSA

Notes to Financial Statements

June 30, 2009

(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 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 - Cash Basis reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

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

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

CITY OF ANAMOSA

Notes to Financial Statements

June 30, 2009

(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 - Cash Basis 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 and enterprise funds are aggregated and reported as nonmajor governmental or nonmajor enterprise funds.

The City reports the following major governmental funds:

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

Special Revenue:

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

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

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

CITY OF ANAMOSA
Notes to Financial Statements
June 30, 2009

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

B. Basis of Presentation (continued)

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, 2009, disbursements exceeded the amounts budgeted in the public safety, culture and recreation and community and economic development functions, prior to amendment.

E. Property Tax Calendar

The City's property tax rates were extended against the assessed valuation of the City as of January 1, 2007, to compute the amounts which became liens on property on July 1, 2008. These taxes were due and payable in two installments on September 30, 2008 and March 31, 2009, at the Jones County Treasurer's Office. These taxes are recognized as income to the City when they are received from the County.

CITY OF ANAMOSA

Notes to Financial Statements

June 30, 2009

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days, but the maturities shall be consistent with the needs and use of the City.

(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:

| | <u>General Obligation Bonds and Notes</u> | | <u>Special Revenue Bonds and Notes</u> | | <u>Revenue Notes</u> | | <u>Total</u> | |
|------|---|-----------------|--|-----------------|----------------------|-----------------|------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2010 | \$2,106,954 | \$ 175,745 | \$ 295,341 | \$ 135,476 | \$ 297,000 | \$ 144,445 | \$ 2,699,295 | \$ 455,666 |
| 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 | 183,514 | 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 |

CITY OF ANAMOSA

Notes to Financial Statements

June 30, 2009

(3) Bonds and Notes Payable (continued)

| | <u>General Obligation Bonds and Notes</u> | | <u>Special Revenue Bonds and Notes</u> | | <u>Revenue Notes</u> | | <u>Total</u> | |
|--------------|---|-------------------|--|-------------------|----------------------|--------------------|---------------------|--------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2024 | - | - | - | - | 139,000 | 17,400 | 139,000 | 17,400 |
| 2025 | - | - | - | - | 143,000 | 13,230 | 143,000 | 13,230 |
| 2026 | - | - | - | - | 64,762 | 8,940 | 64,762 | 8,940 |
| 2027 | - | - | - | - | - | 4,530 | - | 4,530 |
| Total | <u>\$4,567,994</u> | <u>\$ 859,725</u> | <u>\$2,929,516</u> | <u>\$ 716,811</u> | <u>\$3,500,762</u> | <u>\$1,010,513</u> | <u>\$10,998,272</u> | <u>\$2,587,049</u> |

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:

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

CITY OF ANAMOSA

Notes to Financial Statements

June 30, 2009

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

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.

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 revenue 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.

CITY OF ANAMOSA

Notes to Financial Statements

June 30, 2009

(3) Bonds and Notes Payable (continued)

- c) A reserve fund is to be established with a required fund balance of \$173,910.
- d) An improvement and extension fund is to be established with a required fund balance of \$50,000.

As of June 30, 2009, 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, 2009 is as follows:

| <u>Transfer to</u> | <u>Transfer from</u> | <u>Amount</u> |
|--|---|--------------------|
| General | Special Revenue: Road Use Tax | \$ 300,610 |
| | Employee Benefits | <u>341,107</u> |
| | | <u>641,717</u> |
| Debt Service | Special Revenue: Tax Increment Financing | <u>351,977</u> |
| Special Revenue: Tax Increment Financing | Capital Projects: Water Projects | <u>107,326</u> |
| Capital Projects: Sewer Projects | Enterprise: Water | 55,616 |
| | Wastewater | <u>166,847</u> |
| | | <u>222,463</u> |
| Capital Projects: Park and Recreation Project | Special Revenue: Local Option Sales Tax | <u>2,055</u> |
| Total | | <u>\$1,325,538</u> |

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

CITY OF ANAMOSA

Notes to Financial Statements

June 30, 2009

(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, PO Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 4.10% of their annual covered salary and the City is required to contribute 6.35% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$70,148, \$70,557, and \$65,402, 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, 2009, primarily relating to the General Fund, is \$63,547. This liability has been computed based on pay rates in effect at June 30, 2009.

(7) 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.

(8) New Accounting Standard

The City of Anamosa will implement GASB Statement No. 45, *Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*, during the year ending June 30, 2010. This statement establishes uniform accounting and financial reporting standards for state and local governmental entities related to postemployment benefits other than pension plans ("OPEB"). It is not anticipated that the implementation of the new standard will have a significant effect to the City's financial statements.

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, 2009

| | Governmental Funds Actual | Proprietary Funds Actual | Total |
|--|--|---|---------------------|
| | <u>Actual</u> | <u>Actual</u> | <u>Total</u> |
| RECEIPTS: | | | |
| Property tax | \$ 1,266,102 | \$ - | \$ 1,266,102 |
| Tax increment financing collections | 348,260 | - | 348,260 |
| Other city tax | 552,180 | - | 552,180 |
| Licenses and permits | 19,365 | - | 19,365 |
| Use of money and property | 128,162 | 44,326 | 172,488 |
| Intergovernmental | 2,296,571 | 33,136 | 2,329,707 |
| Charges for services | 396,397 | 2,141,372 | 2,537,769 |
| Special assessments | 34,359 | - | 34,359 |
| Miscellaneous | 197,900 | 54,918 | 252,818 |
| | <u>5,239,296</u> | <u>2,273,752</u> | <u>7,513,048</u> |
| Total receipts | | | |
| DISBURSEMENTS: | | | |
| Operating: | | | |
| Public safety | 4,851,603 | - | 4,851,603 |
| Public works | 787,526 | - | 787,526 |
| Culture and recreation | 679,815 | - | 679,815 |
| Community and economic development | 502,638 | - | 502,638 |
| General government | 512,849 | - | 512,849 |
| Debt service | 717,230 | - | 717,230 |
| Capital projects | 288,472 | - | 288,472 |
| Business type activities | - | 1,546,016 | 1,546,016 |
| | <u>8,340,133</u> | <u>1,546,016</u> | <u>9,886,149</u> |
| Total disbursements | | | |
| Excess (deficiency) of receipts over (under) disbursements | (3,100,837) | 727,736 | (2,373,101) |
| OTHER FINANCING SOURCES | | | |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements | (811,394) | 505,273 | (306,121) |
| BALANCE, BEGINNING OF YEAR | <u>4,023,980</u> | <u>2,190,839</u> | <u>6,214,819</u> |
| BALANCE, END OF YEAR | <u>\$ 3,212,586</u> | <u>\$ 2,696,112</u> | <u>\$ 5,908,698</u> |

| <u>Budgeted Amounts</u> | | <u>Final to Total Variance</u> |
|-------------------------|---------------------|--|
| <u>Original</u> | <u>Final</u> | |
| \$ 1,420,734 | \$ 1,420,734 | \$ (154,632) |
| 337,778 | 337,778 | 10,482 |
| 425,203 | 425,203 | 126,977 |
| 12,200 | 12,200 | 7,165 |
| 165,200 | 165,200 | 7,288 |
| 613,753 | 5,255,043 | (2,925,336) |
| 2,137,841 | 2,259,489 | 278,280 |
| 20,000 | 20,000 | 14,359 |
| <u>383,921</u> | <u>383,921</u> | <u>(131,103)</u> |
| <u>5,516,630</u> | <u>10,279,568</u> | <u>(2,766,520)</u> |
| 674,784 | 5,300,239 | 448,636 |
| 684,237 | 852,237 | 64,711 |
| 763,566 | 763,566 | 83,751 |
| 206,569 | 954,819 | 452,181 |
| 487,946 | 533,468 | 20,619 |
| 745,168 | 747,229 | 29,999 |
| - | 293,750 | 5,278 |
| <u>1,853,056</u> | <u>2,022,704</u> | <u>476,688</u> |
| <u>5,415,326</u> | <u>11,468,012</u> | <u>1,581,863</u> |
| 101,304 | (1,188,444) | 1,184,657 |
| <u>-</u> | <u>-</u> | <u>(2,066,980)</u> |
| 101,304 | (1,188,444) | 882,323 |
| <u>4,220,559</u> | <u>4,220,559</u> | <u>1,994,260</u> |
| <u>\$ 4,321,863</u> | <u>\$ 3,032,115</u> | <u>\$ 2,876,583</u> |

See accompanying independent auditor's report.

CITY OF ANAMOSA

Notes to Required Supplementary Information - Budgetary Reporting

June 30, 2009

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all. 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 eight functional areas are: public safety, public works, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, 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 receipts by \$4,762,938 and disbursements by \$6,052,686. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2009, disbursements exceeded the amounts budgeted in the public safety, culture and recreation and community and economic development functions prior to an amendment being made.

OTHER SUPPLEMENTARY INFORMATION

CITY OF ANAMOSA

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances

Nonmajor Governmental Funds

As of and for the Year Ended June 30, 2009

| | Special Revenue | | | | | | |
|--|-------------------|----------------------|------------------------------|-----------------|---------------------------------|---------------------|------------------|
| | Employee Benefits | Library Special Gift | Police Department Forfeiture | Police Canine | Anamosa/Monticello Local Access | Cemetary Operations | Wetlands Project |
| RECEIPTS: | | | | | | | |
| Property tax | \$ 355,469 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tax increment financing collections | - | - | - | - | - | - | - |
| Other city tax | 3,900 | - | - | - | - | - | - |
| Use of money and property | - | 1,203 | (5) | 10 | 31 | - | - |
| Intergovernmental | - | - | - | - | 43,297 | - | - |
| Charges for service | - | - | 8,472 | - | - | - | - |
| Special assessments | - | - | - | - | - | - | - |
| Miscellaneous | - | - | - | 2,741 | - | - | - |
| Total receipts | <u>359,369</u> | <u>1,203</u> | <u>8,467</u> | <u>2,751</u> | <u>43,328</u> | <u>-</u> | <u>-</u> |
| DISBURSEMENTS: | | | | | | | |
| Operating: | | | | | | | |
| Public safety | - | - | 6,188 | 4,385 | - | - | - |
| Culture and recreation | - | - | - | - | 32,881 | - | - |
| Community and economic development | - | - | - | - | - | - | - |
| General government | - | - | - | - | - | - | - |
| Capital projects | - | - | - | - | - | - | - |
| Total disbursements | <u>-</u> | <u>-</u> | <u>6,188</u> | <u>4,385</u> | <u>32,881</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts over (under) disbursements | <u>359,369</u> | <u>1,203</u> | <u>2,279</u> | <u>(1,634)</u> | <u>10,447</u> | <u>-</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Bond proceeds | - | - | - | - | - | - | - |
| Operating transfers in | - | - | - | - | - | - | - |
| Operating transfers out | (341,107) | - | - | - | - | - | - |
| Net other financing sources (uses) | <u>(341,107)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN CASH BALANCES | <u>18,262</u> | <u>1,203</u> | <u>2,279</u> | <u>(1,634)</u> | <u>10,447</u> | <u>-</u> | <u>-</u> |
| CASH BALANCES, BEGINNING OF YEAR | <u>40,212</u> | <u>36,214</u> | <u>2,540</u> | <u>4,175</u> | <u>5,600</u> | <u>10,000</u> | <u>801</u> |
| CASH BALANCES, END OF YEAR | <u>\$ 58,474</u> | <u>\$ 37,417</u> | <u>\$ 4,819</u> | <u>\$ 2,541</u> | <u>\$ 16,047</u> | <u>\$ 10,000</u> | <u>\$ 801</u> |

| Tax Increment Financing | Special Assessment | Capital Projects | | | | | | Permanent | Totals |
|-------------------------------|-----------------------|-----------------------------|--------------------|-------------------|---------------------|-------------------|---------------------------------|-------------------------------|-------------------|
| | | City Building Project | Street Projects | Water Projects | Capital Projects | Sewer Projects | Park & Recreation Project | Cemetery Perpetual Care | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 355,469 |
| 348,260 | - | - | - | - | - | - | - | - | 348,260 |
| - | - | - | - | - | - | - | - | - | 3,900 |
| - | - | - | - | - | - | - | - | - | 1,239 |
| - | - | - | - | - | - | - | 1,250 | - | 44,547 |
| - | 34,359 | - | - | - | - | - | - | - | 8,472 |
| - | - | - | - | - | - | - | - | - | 34,359 |
| - | - | - | - | - | - | - | - | 2,075 | 4,816 |
| <u>348,260</u> | <u>34,359</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,250</u> | <u>2,075</u> | <u>801,062</u> |
| - | - | - | - | - | - | - | - | - | 10,573 |
| - | - | - | - | - | - | - | - | - | 32,881 |
| 470,000 | - | - | - | - | - | - | - | - | 470,000 |
| 36,530 | - | - | - | - | - | - | - | - | 36,530 |
| 27,017 | - | - | 4,071 | 2,415 | 22,856 | 222,510 | 7,425 | - | 286,294 |
| <u>533,547</u> | <u>-</u> | <u>-</u> | <u>4,071</u> | <u>2,415</u> | <u>22,856</u> | <u>222,510</u> | <u>7,425</u> | <u>-</u> | <u>836,278</u> |
| <u>(185,287)</u> | <u>34,359</u> | <u>-</u> | <u>(4,071)</u> | <u>(2,415)</u> | <u>(22,856)</u> | <u>(222,510)</u> | <u>(6,175)</u> | <u>2,075</u> | <u>(35,216)</u> |
| - | - | - | - | - | - | 100,068 | - | - | 100,068 |
| 107,326 | - | - | - | - | - | 222,463 | 2,055 | - | 331,844 |
| <u>(351,977)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(107,326)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(800,410)</u> |
| <u>(244,651)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(107,326)</u> | <u>-</u> | <u>322,531</u> | <u>2,055</u> | <u>-</u> | <u>(368,498)</u> |
| <u>(429,938)</u> | <u>34,359</u> | <u>-</u> | <u>(4,071)</u> | <u>(109,741)</u> | <u>(22,856)</u> | <u>100,021</u> | <u>(4,120)</u> | <u>2,075</u> | <u>(403,714)</u> |
| <u>675,788</u> | <u>278,627</u> | <u>-</u> | <u>16,932</u> | <u>109,741</u> | <u>192,901</u> | <u>(100,021)</u> | <u>4,120</u> | <u>77,558</u> | <u>1,355,188</u> |
| <u>\$ 245,850</u> | <u>\$ 312,986</u> | <u>\$ -</u> | <u>\$ 12,861</u> | <u>\$ -</u> | <u>\$ 170,045</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 79,633</u> | <u>\$ 951,474</u> |

(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, 2009

| | Special Revenue | | | | | | |
|---------------------------------|-------------------|----------------------|------------------------------|-----------------|---------------------------------|---------------------|------------------|
| | Employee Benefits | Library Special Gift | Police Department Forfeiture | Police Canine | Anamosa/Monticello Local Access | Cemetery Operations | Wetlands Project |
| CASH BASIS FUND BALANCE: | | | | | | | |
| Reserved: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved: | | | | | | | |
| Special revenue funds | 58,474 | 37,417 | 4,819 | 2,541 | 16,047 | 10,000 | 801 |
| Capital project funds | - | - | - | - | - | - | - |
| Permanent | - | - | - | - | - | - | - |
| Total cash basis fund balance | <u>\$ 58,474</u> | <u>\$ 37,417</u> | <u>\$ 4,819</u> | <u>\$ 2,541</u> | <u>\$ 16,047</u> | <u>\$ 10,000</u> | <u>\$ 801</u> |

| Capital Projects | | | | | | | | Permanent | |
|-------------------------|--------------------|-----------------------|------------------|----------------|-------------------|----------------|---------------------------|-------------------------|-------------------|
| Tax Increment Financing | Special Assessment | City Building Project | Street Projects | Water Projects | Capital Projects | Sewer Projects | Park & Recreation Project | Cemetary Perpetual Care | Totals |
| \$ - | \$ 312,986 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 312,986 |
| 245,850 | - | - | - | - | - | - | - | - | 375,949 |
| - | - | - | 12,861 | - | 170,045 | - | - | - | 182,906 |
| - | - | - | - | - | - | - | - | 79,633 | 79,633 |
| <u>\$ 245,850</u> | <u>\$ 312,986</u> | <u>\$ -</u> | <u>\$ 12,861</u> | <u>\$ -</u> | <u>\$ 170,045</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 79,633</u> | <u>\$ 951,474</u> |

See accompanying independent auditor's report.

CITY OF ANAMOSA

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances

Nonmajor Enterprise Fund - Consumer Deposits

As of and for the Year Ended June 30, 2009

| | |
|--|-------------------|
| OPERATING RECEIPTS: | |
| Miscellaneous | \$ 23,825 |
| OPERATING DISBURSEMENTS: | |
| Business type activities: | |
| Water | <u>7,763</u> |
| Excess of receipts over disbursements | 16,062 |
| NONOPERATING RECEIPTS: | |
| Interest on investments | <u>9,979</u> |
| NET CHANGE IN CASH BALANCE | 26,041 |
| CASH BALANCE, BEGINNING OF YEAR | <u>219,329</u> |
| CASH BALANCE, END OF YEAR | <u>\$ 245,370</u> |
| CASH BASIS FUND BALANCE: | |
| Reserved: | |
| Deposits | <u>\$ 245,370</u> |

See accompanying independent auditor's report.

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

| <u>Obligation</u> | <u>Date of Issue</u> | <u>Interest Rates</u> | <u>Amount Originally Issued</u> |
|-------------------------------------|----------------------|-----------------------|---------------------------------|
| General obligation bonds: | | | |
| Fawn Creek/Old Dubuque | July 1, 2000 | 5.20-5.60% | \$ 510,000 |
| General obligation notes: | | | |
| Street improvement project | June 1, 1998 | 4.35-5.05% | 760,000 |
| Corporate Purpose Note | April 9, 2008 | 2.60-4.15% | 2,115,000 |
| Corporate Purpose Anticipation Note | October 1, 2008 | 3.75% | 1,957,318 |
| 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

| <u>Balance Beginning of Year</u> | <u>Issued During Year</u> | <u>Redeemed During Year</u> | <u>Balance End of Year</u> | <u>Interest Paid</u> | <u>Interest Due and Unpaid</u> |
|--|-----------------------------------|-------------------------------------|------------------------------------|--------------------------|--|
| \$ 45,000 | \$ - | \$ 45,000 | \$ - | \$ 2,520 | \$ - |
| 310,000 | - | 55,000 | 255,000 | 14,728 | - |
| 2,115,000 | - | 30,000 | 2,085,000 | 89,701 | - |
| - | 1,957,318 | - | 1,957,318 | - | - |
| 283,944 | - | 23,268 | 260,676 | 12,623 | - |
| 3,600 | - | 3,600 | - | 126 | - |
| 20,000 | - | 10,000 | 10,000 | 550 | - |
| <u>2,777,544</u> | <u>1,957,318</u> | <u>166,868</u> | <u>4,567,994</u> | <u>120,248</u> | <u>-</u> |
| <u>1,165,000</u> | <u>-</u> | <u>95,000</u> | <u>1,070,000</u> | <u>55,772</u> | <u>-</u> |
| 1,791,194 | - | 146,678 | 1,644,516 | 79,719 | - |
| 255,000 | - | 40,000 | 215,000 | 10,855 | - |
| <u>2,046,194</u> | <u>-</u> | <u>186,678</u> | <u>1,859,516</u> | <u>90,574</u> | <u>-</u> |
| 575,000 | - | 85,000 | 490,000 | 28,710 | - |
| 1,897,694 | 100,068 | 87,000 | 1,910,762 | 59,032 | - |
| 1,210,000 | - | 110,000 | 1,100,000 | 60,225 | - |
| <u>3,682,694</u> | <u>100,068</u> | <u>282,000</u> | <u>3,500,762</u> | <u>147,967</u> | <u>-</u> |
| <u>\$ 9,671,432</u> | <u>\$ 2,057,386</u> | <u>\$ 730,546</u> | <u>\$ 10,998,272</u> | <u>\$ 414,561</u> | <u>\$ -</u> |

See accompanying independent auditor's report.

CITY OF ANAMOSA

Bond and Note Maturities

June 30, 2009

General Obligation Debt

| Year Ending June 30, | <u>GO Anticipation Note</u> <u>Issued October 1, 2008</u> | | <u>Street Improvement</u> <u>Issued June 1, 1998</u> | | <u>Refunding Notes</u> <u>Issued Nov. 1, 2002</u> | | <u>Equipment Note</u> <u>Issued Nov. 1, 2004</u> | |
|-------------------------|--|--------------------|---|-------------------|--|-------------------|---|------------------|
| | Interest | | Interest | | Interest | | Interest | |
| | <u>Rates</u> | <u>Amount</u> | <u>Rates</u> | <u>Amount</u> | <u>Rates</u> | <u>Amount</u> | <u>Rates</u> | <u>Amount</u> |
| 2010 | | \$1,957,318 | 4.85 % | \$ 60,000 | 4.00 % | \$ 24,636 | 2.75 % | \$ 10,000 |
| 2011 | | - | 4.95 % | 60,000 | 4.15 % | 25,319 | | - |
| 2012 | | - | 5.00 % | 65,000 | 4.30 % | 26,687 | | - |
| 2013 | | - | 5.05 % | 70,000 | 4.40 % | 27,370 | | - |
| 2014 | | - | | - | 4.50 % | 28,737 | | - |
| 2015 | | - | | - | 4.60 % | 30,104 | | - |
| 2016 | | - | | - | 4.70 % | 31,471 | | - |
| 2017 | | - | | - | 4.80 % | 32,838 | | - |
| 2018 | | - | | - | 4.90 % | 33,514 | | - |
| 2019 | | - | | - | | - | | - |
| 2020 | | - | | - | | - | | - |
| 2021 | | - | | - | | - | | - |
| 2022 | | - | | - | | - | | - |
| Total | | <u>\$1,957,318</u> | | <u>\$ 255,000</u> | | <u>\$ 260,676</u> | | <u>\$ 10,000</u> |

Special Revenue Debt

| Year Ending June 30, | <u>Road Use Tax Revenue</u> <u>Issued Nov. 1, 2002</u> | | <u>TIF</u> <u>Issued Nov. 1, 2002</u> | | <u>TIF Revenue-Refinancing</u> <u>Issued Nov. 1, 2002</u> | | <u>Total</u> |
|-------------------------|---|--------------------|--|--------------------|--|-------------------|--------------------|
| | Interest | | Interest | | Interest | | |
| | <u>Rates</u> | <u>Amount</u> | <u>Rates</u> | <u>Amount</u> | <u>Rates</u> | <u>Amount</u> | |
| 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 | | - | | - | | - | - |
| 2026 | | - | | - | | - | - |
| Total | | <u>\$1,070,000</u> | | <u>\$1,644,516</u> | | <u>\$ 215,000</u> | <u>\$2,929,516</u> |

Schedule 4

| <u>GO Debt</u> | | |
|-----------------------------|--------------------|--------------------|
| <u>Issued April 9, 2008</u> | | |
| Interest | | |
| <u>Rates</u> | <u>Amount</u> | <u>Total</u> |
| 2.70 % | \$ 55,000 | \$2,106,954 |
| 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 | 183,514 |
| 4.00 % | 185,000 | 185,000 |
| 4.05 % | 250,000 | 250,000 |
| 4.10 % | 265,000 | 265,000 |
| 4.15 % | <u>280,000</u> | <u>280,000</u> |
| Total | <u>\$2,085,000</u> | <u>\$4,567,994</u> |

| <u>Revenue Debt</u> | | | | | | |
|------------------------------|--------------------|-----------------------------|---------------|-------------------------------|---------------|--------------------|
| <u>Sewer Revenue</u> | | <u>Water Revenue</u> | | <u>Sewer Revenue</u> | | <u>Total</u> |
| <u>Issued August 7, 2006</u> | | <u>Issued April 1, 1999</u> | | <u>Issued October 1, 2002</u> | | |
| Interest | | Interest | | Interest | | |
| <u>Rates</u> | <u>Amount</u> | <u>Rates</u> | <u>Amount</u> | <u>Rates</u> | <u>Amount</u> | |
| 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 % | 143,000 | - | - | - | - | 143,000 |
| 3.00 % | <u>64,762</u> | - | - | - | - | <u>64,762</u> |
| Total | <u>\$1,910,762</u> | <u>\$ 490,000</u> | | <u>\$1,100,000</u> | | <u>\$3,500,762</u> |

See accompanying independent auditor's report.

CITY OF ANAMOSA

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

For the Last Five Years

| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| RECEIPTS: | | | | | |
| Property tax | \$ 1,266,102 | \$ 1,214,875 | \$ 1,017,807 | \$ 973,794 | \$ 914,511 |
| Tax increment financing collections | 348,260 | 295,829 | 577,134 | 576,509 | 565,948 |
| Other city tax | 552,180 | 551,285 | 518,050 | 413,792 | 427,377 |
| Licenses and permits | 19,365 | 5,115 | 8,546 | 10,370 | 7,460 |
| Use of money and property | 128,162 | 76,628 | 97,380 | 80,686 | 63,342 |
| Intergovernmental | 2,296,571 | 738,312 | 977,347 | 888,072 | 768,030 |
| Charges for service | 396,397 | 272,711 | 130,396 | 117,672 | 137,328 |
| Special assessments | 34,359 | 43,721 | 49,634 | 82,155 | 82,810 |
| Miscellaneous | <u>197,900</u> | <u>278,929</u> | <u>218,598</u> | <u>272,888</u> | <u>325,446</u> |
| Total | <u>\$ 5,239,296</u> | <u>\$ 3,477,405</u> | <u>\$ 3,594,892</u> | <u>\$ 3,415,938</u> | <u>\$ 3,292,252</u> |
| DISBURSEMENTS: | | | | | |
| Operating: | | | | | |
| Public safety | \$ 4,851,603 | \$ 827,012 | \$ 688,777 | \$ 566,170 | \$ 531,939 |
| Public works | 787,526 | 576,527 | 790,968 | 456,399 | 477,866 |
| Culture and recreation | 679,815 | 709,517 | 719,341 | 647,769 | 499,851 |
| Community and economic development | 502,638 | 352,173 | 81,771 | 141,556 | 190,267 |
| General government | 512,849 | 496,667 | 459,458 | 355,676 | 296,893 |
| Debt service | 717,230 | 630,080 | 724,012 | 1,046,488 | 840,653 |
| Capital projects | <u>288,472</u> | <u>2,432,424</u> | <u>840,872</u> | <u>1,284,894</u> | <u>1,052,322</u> |
| Total | <u>\$ 8,340,133</u> | <u>\$ 6,024,400</u> | <u>\$ 4,305,199</u> | <u>\$ 4,498,952</u> | <u>\$ 3,889,791</u> |

See accompanying independent auditor's report.

CITY OF ANAMOSA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2009

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>CFDA *</u> <u>Number</u> | <u>Federal</u> <u>Expenditures</u> |
|---|--------------------------------|---------------------------------------|
| U.S. Department of Homeland Security Passed Through the Iowa Homeland Security and Emergency Management Division Disaster Grants - Public Assistance (Presidentially Declared Disasters) Public Assistance Grants | 97.036 | \$ <u>3,745,550</u> |

Basis of Presentation: The Schedule of Federal Awards includes the federal grant activity of the City of Anamosa and is presented in conformity with an other comprehensive basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

See accompanying independent auditor's report.

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

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

We have audited the 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, 2009, 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 12, 2010. 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, Iowa'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 and Questioned Costs 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.

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 items II-A-09 and item II-B-09 are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Anamosa, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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, 2009, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the 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, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Anamosa, Iowa'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 City of Anamosa and other parties to whom the Council may report, including federal awarding agencies and pass through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Clifton Henderson LLP

Cedar Rapids, Iowa
February 12, 2010

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

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

Compliance

We have audited the compliance of City of Anamosa with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2009. City of Anamosa's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on City of Anamosa's compliance based on our audit.

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

In our opinion, City of Anamosa complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of City of Anamosa is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Anamosa's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Anamosa's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance 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. However, of the significant deficiencies described above, we believe Item III-A-09 is a material weakness.

This report, a public record by law, is intended solely for the information and use of the City of Anamosa and other parties to whom the Council may report, including federal awarding agencies and pass-through entities. 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 Henderson LLP

Cedar Rapids, Iowa
February 12, 2010

CITY OF ANAMOSA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2009

Part I - Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major program:

- Material weakness identified? X Yes No
- Deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major program Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? X Yes No

Identification of major program:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|---|
| 97.036 | Public Assistance Grants |

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

Auditee qualified as low-risk auditee? Yes X No

CITY OF ANAMOSA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-09: 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 duties 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.

Management Response:

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

Conclusion:

Response accepted.

**CITY OF ANAMOSA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009**

Part II: Findings Related to the Financial Statements: (CONTINUED)

II-B-09: 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.

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.

CITY OF ANAMOSA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

Part III - Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCY:

CFDA Number 97.036 Public Assistance Grant

III-A-09 Segregation of Duties over Federal Receipts - A lack of segregation of duties over receipts and disbursements, including those related to federal programs, exist in the City's finance department. See audit finding II-A-09.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-09 Certified Budget - Disbursements for the year ended June 30, 2009 exceeded the certified budget amounts in the public safety, culture and recreation, and community and economic development functions, prior to amendment.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

IV-B-09 Questionable Disbursements - We noted no disbursements that fail to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-09 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-09 Business Transactions - No business transactions between the City and City officials were noted.

IV-E-09 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-09 Revenue Notes - As of June 30, 2009, the City was in compliance with the funding and payment provisions of the revenue note resolutions.

CITY OF ANAMOSA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting: (CONTINUED)

- IV-G-09 Council Minutes - No transactions were found that we believe should have been approved in the council minutes but were not.

- IV-H-09 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.

CITY OF ANAMOSA

Audit Staff

This audit was performed by:

William Vincent, CPA, Partner

Bradley Hauge, CPA, Partner

Andrew Johnson, CPA, Manager

Joshua Barta, Senior Associate

Alan Moran, Associate

Christi O'Dell, Associate