



City of Ankeny, Iowa Comprehensive Annual Financial Report For the Year Ended June 30, 2012



City of Ankeny, Iowa

Comprehensive Annual Financial Report

For the Year Ended June 30, 2012

Prepared By:

Finance Department

Introductory Section

CITY OF ANKENY, IOWA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2012

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December 21, 2012

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

It is our privilege to present the Comprehensive Annual Financial Report (CAFR) of the City of Ankeny, Iowa, for the fiscal year ended June 30, 2012, consistent with the requirements of Chapter 11 of the Code of Iowa that requires the City of Ankeny to publish within nine months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2012.

Management assumes full responsibility for the completeness and reliability of all of the information presented in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. The cost of internal controls should not exceed anticipated benefits; therefore, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatement.

Denman & Company, LLP, a firm of licensed certified public accountants, has issued an unqualified (“clean”) opinion on the City of Ankeny’s financial statements for the fiscal year ended June 30, 2012. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

Profile of the City of Ankeny

The City of Ankeny, incorporated in 1903 is the state’s 11th largest city, located just north of Des Moines, Iowa’s state capital. As the fastest growing city in the State, the population has grown from 27,117 in 2000 to 45,582 in 2010.

Ankeny has a strong educational presence in the state including the Ankeny Community School District, with a student enrollment of close to 9,000 and a graduation rate of 93 percent; Des Moines Area Community College, Iowa’s largest community college, serving a student population of over 24,000; Ankeny Christian Academy; and higher learning opportunities at Faith Baptist Bible College and Theological Seminary. The Ankeny Community School District recently

completed construction of Prairie Trail elementary school. In addition, the district is currently constructing a second high school to serve the students in the north half of Ankeny, and will have a total of 15 elementary, middle school and high school facilities by school year 2013-2014.

The policy making and legislative authority is vested in the City Council. The City Council consists of a mayor and five council members, all elected at large. For continuity purposes the mayor and council members serve four-year staggered terms with elections held every two years. The City Council establishes the City's strategic direction, sets policies, adopts ordinances and resolutions, appoints board and commission members, and adopts the annual operating budget and capital improvement program.

The City Manager serves as the chief administrative officer and is responsible for implementing the policy decisions of the City Council, overseeing day-to-day operations of the City, and hiring of department directors. City departments include: Administrative Services, Economic Development, Finance, Fire, Human Resources, Information Services, Library, Municipal Utilities, Parks & Recreation, Planning & Building, Police, Public Relations, and Public Works. By state statute, a separate Board of Trustees administers the operations of the Public Library; however, the library receives its budget appropriation from the City Council and follows the policies and procedures implemented by the City.

The City is empowered to levy a property tax on real property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The financial reporting entity (the City) includes all the funds of the primary government (i.e. the City of Ankeny as legally defined). The City is not a component unit of another government, but does report the financial activities of four component units: Ankeny Community Foundation, Ankeny Sports Complex Foundation, Keep Ankeny Beautiful and Kirkendall Public Library Foundation. Component units are legally separate entities for which the primary government is financially accountable.

The annual budget serves as the foundation for the City's financial planning and control. The department directors submit budgets to the City Manager for their respective departments requesting appropriations to fund program, service and capital needs consistent with City Council goals and objectives. Following several months of review and revision, the City Manager submits a recommended budget to the City Council. The budget contains estimates of revenues and expenditures for the coming year, as well as re-estimates of revenues and expenditures for the current year. The six-month preparation process includes a series of public meetings including city council work sessions and public information meeting, culminating in March when the City Council, following a public hearing, adopts the annual budget and certifies it to the State of Iowa by March 15.

The state mandates legal spending control (that is, the level at which expenditures cannot legally exceed the appropriated amount) at the function level. These functions consist of public safety, public works, health and social services, culture and recreation, community and economic development, general government, capital projects, debt service, and business type activities/enterprise. Budget to actual comparisons are provided in this report and are presented as part of the required supplementary information.

Local Economy

The results of the 2010 Census showed that Ankeny continues to lead Iowa's population growth. The 2010 population of 45,582 represents an increase of 68% or 18,500 people in the last ten years. That growth represents a full 15% of the State of Iowa's overall 2000-2010 population growth. The benefits of this growth include the following:

- Continues to provide a pool of qualified workers for businesses in Ankeny;
- Attracts new retailers and restaurants to Ankeny's business amenities;
- Adds new revenues (based on population) for maintaining the street system.

Ankeny's unemployment rate stood at 5.9 percent in 2011, with the local business community reporting that employment had either returned to or exceeded pre-recession levels. Several manufacturing and bioscience companies are maximizing existing space and hiring new employees, adding to Ankeny's commercial tax base and job growth efforts.

Ankeny continues to attract designated target industries, including, advanced manufacturing/wind energy, biosciences, logistics and IT/business services. Major employers include: John Deere Des Moines Works, Ankeny Community School District, Des Moines Area Community College (DMACC), Casey's General Stores, Perishable Distributors of Iowa, and Tones Brothers, Inc. In addition, the Ankeny Regional Airport is the third busiest airport in the state and provides commercial and general aviation services. Additional economic data is included in the statistical section of this report.

Long Term Financial Planning

The preparation of the City's annual operating budget and the five year capital improvement program are governed by the council's budget policy statement, Vision and Goals, as well as the City Council's adopted Core Business Matrix. As a result of these policies, the annual operating budget has been prepared on a two year basis.

The long-term improvement of the City's infrastructure is outlined in the five-year capital improvement program (CIP). The approved 2012-16 capital improvement program anticipates the expenditure of \$96,904,714. Of this total, 65 percent is for transportation projects including annual maintenance, 18 percent for municipal utility and drainage projects, 12 percent for Prairie Trail, 3 percent for sidewalks and trails, and 2 percent for park facilities. The first year of the five-year CIP, which the City incorporates into the annual budget, is \$31,005,374 for fiscal year 2013. The major source of funds for the program include: general obligation bonds, revenue bonds, and tax increment financing to support economic development projects. In addition, the City leverages its program with available grants from federal and state governments and private partnerships.

Relevant Financial Policies

The City regards general fund unassigned fund balance as a critical component of fiscal health and criteria for an above average bond rating. The June 30, 2012 unassigned fund balance in the general fund was 40 percent of total general fund expenditures, up from 38 percent as of June 30, 2011. This amount is significantly higher than the policy guideline of 20 percent set by the Council for budgetary and planning purposes. The City Council has budgeted to maintain that fund balance for fiscal year 2013, which is important during these challenging economic times.

Major Initiatives and Accomplishments

The City is currently involved in the following major construction and development projects:

- Construction of the City's fourth interstate interchange was recently completed at Interstate 35 and Northeast 36th Street, and plans are underway for the reconstruction of the Interstate 35 and First Street Interchange. Both of these projects are designed to improve traffic safety, reduce congestion and emissions and provide sufficient capacity for the future.
- Prairie Trail, a public/private partnership to develop commercial and residential property on approximately 1,100 acres that was formerly owned by Iowa State University as a research farm, is under construction. Prairie Trail is currently home to the new Ankeny High School, new Southview Middle School, new Prairie Trail elementary school, Future Farmers of America Headquarters, Iowa Soybean Association and Cascade Falls, the City's second aquatic center. The town center titled "The District" is under construction and will include retail and entertainment destinations, parks and trails, residential neighborhoods, a commercial district and the Vintage Business Park.

- Crosswinds Business Park, located along Interstate 35, provides opportunity for commercial and retail development. It is in proximity to the Ankeny Regional Airport and Corporate Woods Business Park.

The City achieved the following accomplishments during fiscal year 2012:

- Ankeny earned its sixth designation as a Playful City USA from the KaBOOM! Foundation and was one of only 19 communities nationwide to receive the Playful City USA designation six consecutive years, demonstrating the community's commitment to play spaces for unstructured free play. The award is given to communities committed to creating unstructured free play spaces to encourage healthy lifestyles.
- The City of Ankeny's Budget 2013 - Virtual Town Hall won top national honors in the 24th annual national Savvy Awards Competition sponsored by the City-County Communications and Marketing Association (3CMA). The City won first place in the social media category and received a third place award in the citizen participation category. The Savvy Awards are held annually to recognize outstanding local government achievements in communications, public sector marketing, and citizen-government relationships.
- The City of Ankeny and RDG Planning & Design received the Daniel Burnham Award from the Iowa Chapter of the American Planning Association (APA) for its comprehensive plan. The Ankeny Comprehensive Plan 2010 was noted for its commitment to quality growth through planning and building on concepts and actions introduced in the previous plan to preserve the attributes that make Ankeny not only the fastest growing city in Iowa, but one recognized for its quality of life, academic resources, strong economy and prime location within the Des Moines Metropolitan area. The award recognizes comprehensive plans that advance the science and art of planning.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ankeny for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. This was the tenth consecutive year that the government has received this prestigious award. In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report that satisfied both the generally accepted accounting principles (GAAP) and applicable legal requirements.

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

In addition, for the fourteenth consecutive year, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated March 15, 2012. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide and a communications device.

The preparation of this report would not have been possible without the City's independent auditors, Denman & Company, LLP, and the dedicated service of the City's Finance Department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Likewise, we wish to extend our appreciation to the Mayor and members of the City Council in planning and conducting the financial operations of the City in a prudent and responsible manner.

Respectfully submitted,



James H. Spradling
City Manager



Jennifer Sease
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Ankeny
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



Linda C. Dandson

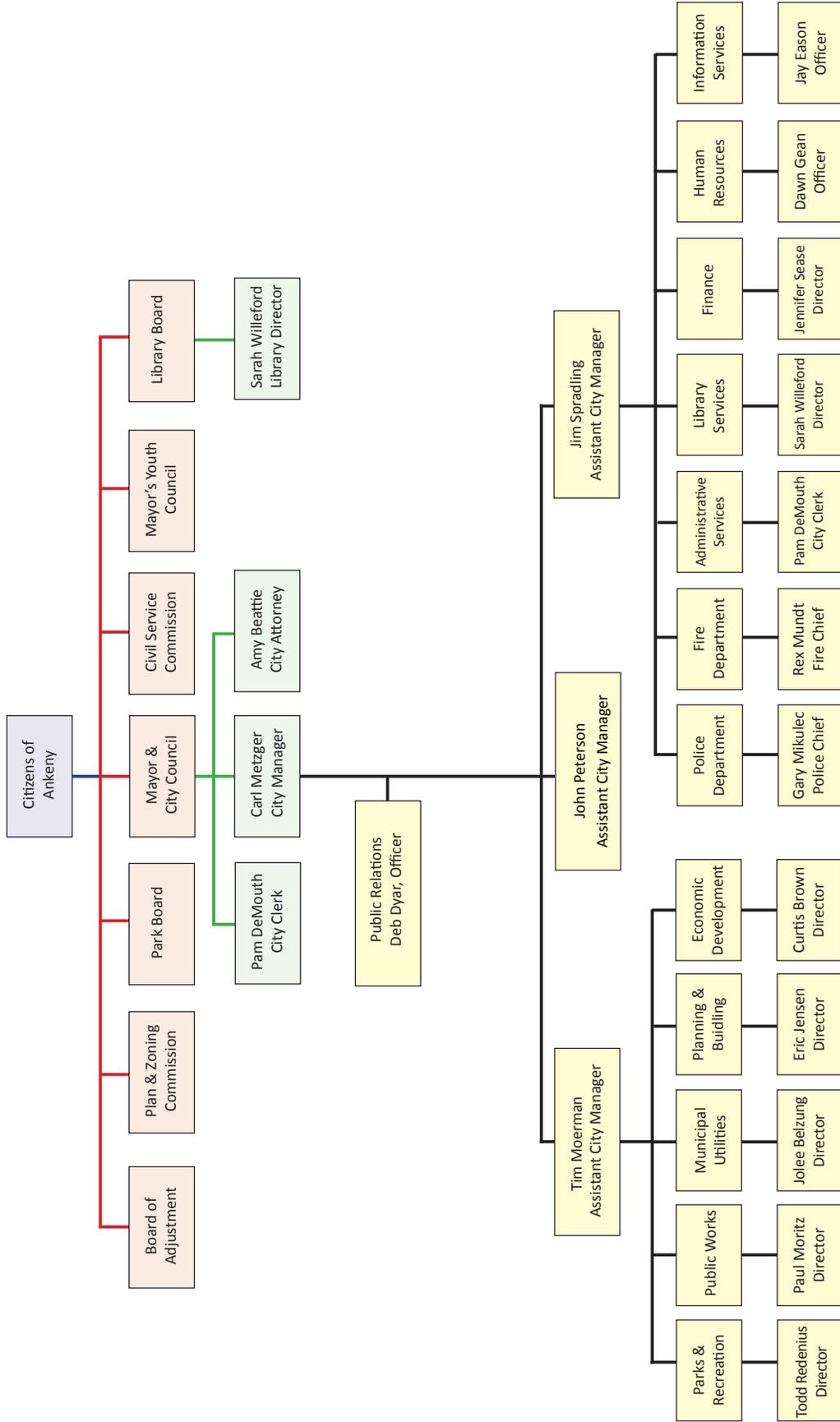
President

Jeffrey R. Emer

Executive Director

City of Ankeny, Iowa

Fiscal Year 2012 Organization Chart



CITY OF ANKENY, IOWA

List of Principal Officials June 30, 2012

ELECTED OFFICIALS

Mayor	Steve Van Oort
Council Member	Mark Holm
Council Member	Jim McKenna
Council Member	Dave Kissinger
Council Member	Denny Rafdal
Council Member	Wade Steenhoek

APPOINTED OFFICIALS

City Manager	Carl Metzger
Assistant City Manager	Tim Moerman
Assistant City Manager	John Peterson
Assistant City Manager	James Spradling
City Clerk	Pam DeMouth
Economic Development Director	Curtis Brown
Finance Director	Jennifer Sease
Fire Chief	Rex Mundt
Library Director	Sarah Willeford
Municipal Utilities Director	Jolee Belzung
Parks and Recreation Director	Todd Redenius
Planning and Building Director	Eric Jensen
Police Chief	Gary Mikulec
Public Works Director	Paul Moritz

Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Ankeny, 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 Ankeny, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ankeny, Iowa as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress for the retiree health plan and budgetary comparison information on pages 15 through 29 and 77 through 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ankeny, Iowa's basic financial statements as a whole. The introductory section, combining nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


DENMAN & COMPANY, LLP

West Des Moines, Iowa
December 20, 2012

Management's Discussion and Analysis

As management of the City of Ankeny, we offer readers of the City of Ankeny's financial statements this narrative overview and analysis of the financial activities of the City of Ankeny for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the Introductory Section at the front of this report.

Financial Highlights

- The assets of the City of Ankeny exceeded its liabilities at the close of the most recent fiscal year by \$192,264,850 (*net assets*). Of this amount, \$33,917,614 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors. For the fiscal year ended June 30, 2011, assets exceeded liabilities by \$170,816,871. Of this amount, \$17,269,448 was unrestricted.
- The government's total net assets increased by \$21,447,979 during the fiscal year ended June 30, 2012. Governmental activities increased \$13,103,727 and business-type activities increased \$8,344,252. For fiscal year ended June 30, 2011, total net assets increased \$8,945,558. Governmental activities increased \$6,716,922 and business-type activities increased by \$2,228,636.
- As of the close of the current fiscal year, the City of Ankeny's governmental funds reported combined ending fund balances of \$21,401,690, a decrease of \$2,003,007 in comparison with the prior year. As of the close of the fiscal year June 30, 2011, governmental funds reported combined ending fund balances of \$23,404,696.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,192,665 or 40 percent of total general fund expenditures. The unassigned fund balance for the general fund as of June 30, 2011 was \$7,064,005 or 38 percent of total general fund expenditures.
- The City of Ankeny's total debt increased by \$7,634,000 (5 percent) during the current fiscal year. Total debt for fiscal year June 30, 2011, increased by \$11,177,000 (7 percent).

Overview of the Financial Statements

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

other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Ankeny's finances, in a manner similar to private-sector business.

The *statement of net assets* presents information on all of the City of Ankeny's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Ankeny is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include public safety, health and social services, culture and recreation, public works, community and economic development, general government, and interest on long-term debt. The business type activities of the City include solid waste, water, sewer, storm water and Otter Creek Golf Course.

The government-wide financial statements include the City of Ankeny itself (known as the *primary government*). The financial statements also include the following blended component units: Ankeny Community Foundation, Ankeny Sports Complex Foundation, Keep Ankeny Beautiful and Kirkendall Public Library Foundation. These component units, although legally separate entities, are included in the City's reporting entity because of their significant operational or financial relationship with the City.

The government-wide financial statements are on pages 30-31 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Ankeny, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Ankeny can be

divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide level, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Ankeny maintains twenty-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, debt service fund, tax increment financing fund, and capital projects fund, all of which are considered major funds. Data for the other seventeen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 32-35 of this report.

Proprietary funds. The City of Ankeny maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for solid waste, water, sewer, storm water and Otter Creek Golf Course activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Ankeny uses internal service funds to account for vehicle maintenance, risk management, vehicle replacement, energy efficiency projects, economic development incentives, and employee benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise fund financial statements provide separate information for the water fund and sewer fund, both of which are considered to be major funds of the City of Ankeny. Data for the other three enterprise funds are combined into a single, aggregated presentation. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds and the nonmajor enterprise funds are provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 36-38 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for these funds is much like that used for proprietary funds. The City has one type of fiduciary fund: agency fund.

The basic fiduciary fund financial statements can be found on pages 39-40 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on pages 41-76 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Ankeny, including the Budgetary Comparison Schedule and Schedule of Funding Progress. Required supplementary information can be found on pages 77-82 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 84-95 of this report. Statistical information related to the City can be found on pages 100-129.

Government-wide Financial Analysis

As noted earlier, net assets may serve as a useful indicator of a government's financial position. In the case of the City of Ankeny, assets exceeded liabilities by \$192,264,850 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (79 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to the citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Net Assets (000's)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current assets	\$ 66,419	\$ 64,243	\$ 25,501	\$ 23,079	\$ 91,920	\$ 87,322
Noncurrent assets:						
Restricted cash and cash equivalents	58	58	3,031	3,026	3,089	3,084
Capital assets	195,475	177,296	119,450	109,011	314,925	286,307
Total assets	<u>261,952</u>	<u>241,597</u>	<u>147,982</u>	<u>135,116</u>	<u>409,934</u>	<u>376,713</u>
Current liabilities	68,374	54,129	3,771	3,893	72,145	58,022
Noncurrent liabilities	105,781	112,775	39,743	35,099	145,524	147,874
Total liabilities	<u>174,155</u>	<u>166,904</u>	<u>43,514</u>	<u>38,992</u>	<u>217,669</u>	<u>205,896</u>
Invested in capital assets, net of related debt	61,719	60,287	89,544	85,278	151,263	145,565
Restricted	4,131	5,015	2,953	2,967	7,084	7,982
Unrestricted	21,947	9,391	11,971	7,879	33,918	17,270
Total net assets	<u>\$ 87,797</u>	<u>\$ 74,693</u>	<u>\$ 104,468</u>	<u>\$ 96,124</u>	<u>\$ 192,265</u>	<u>\$ 170,817</u>

An additional portion of the City's net assets (4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$33,917,614) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of \$16,648,166 in unrestricted net assets reported in connection with the City of Ankeny's government-wide activities. This can be attributed to the change in restricted fund balance of the capital projects fund.

The government's net assets increased by \$21,447,979 during the current fiscal year, which is a combination of a \$13,103,727 increase in governmental activities net assets and an increase of \$8,344,252 in business-type activities net assets.

Changes in Net Assets (000's)

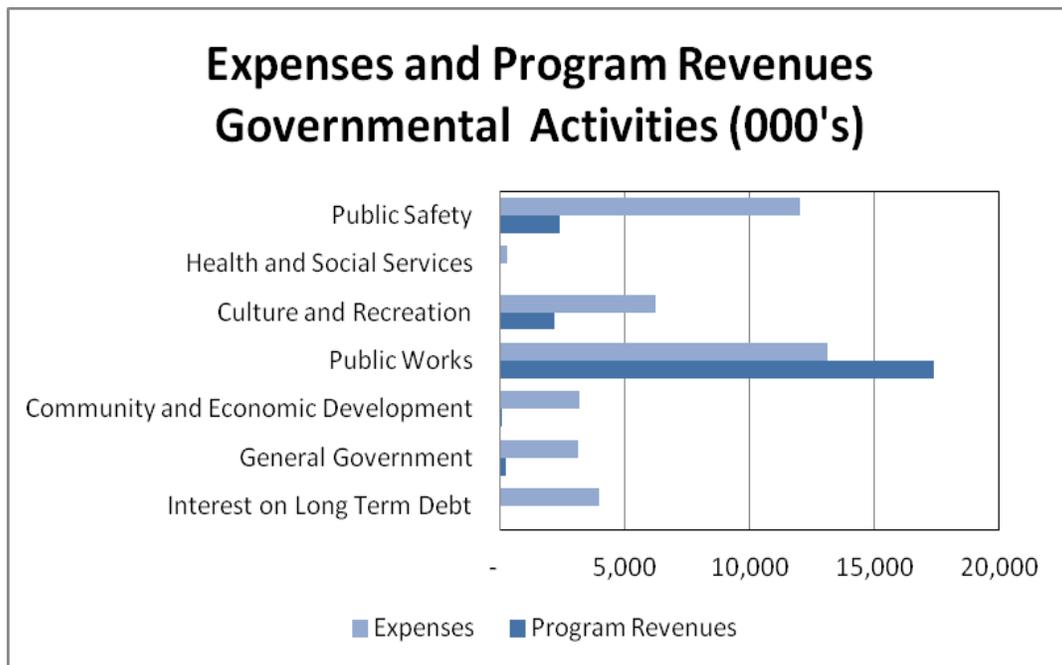
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 4,868	\$ 4,307	\$ 20,755	\$ 17,423	\$ 25,623	\$ 21,730
Operating grants and contributions	4,903	4,474	-	-	4,903	4,474
Capital grants and contributions	12,568	3,615	5,389	1,157	17,957	4,772
General revenues:						
Property taxes	29,205	27,368	-	-	29,205	27,368
Other taxes	2,815	1,661	-	-	2,815	1,661
Interest	279	388	32	34	311	422
Other	103	94	769	727	872	821
Total revenues	<u>54,741</u>	<u>41,907</u>	<u>26,945</u>	<u>19,341</u>	<u>81,686</u>	<u>61,248</u>
Expenses:						
Public safety	12,021	9,421	-	-	12,021	9,421
Health and social services	318	300	-	-	318	300
Culture and recreation	6,269	6,584	-	-	6,269	6,584
Public works	13,151	10,933	-	-	13,151	10,933
Community & economic development	3,192	2,531	-	-	3,192	2,531
General government	3,133	2,616	-	-	3,133	2,616
Interest of long-term debt	3,966	4,089	-	-	3,966	4,089
Solid waste	-	-	554	534	554	534
Water	-	-	6,896	6,426	6,896	6,426
Sewer	-	-	8,559	6,921	8,559	6,921
Storm Water	-	-	471	274	471	274
Otter Creek golf course	-	-	1,708	1,673	1,708	1,673
Total expenses	<u>42,050</u>	<u>36,474</u>	<u>18,188</u>	<u>15,828</u>	<u>60,238</u>	<u>52,302</u>
Excess before transfers	<u>12,691</u>	<u>5,433</u>	<u>8,757</u>	<u>3,513</u>	<u>21,448</u>	<u>8,946</u>
Transfers	412	1,284	(412)	(1,284)	-	-
Changes in net assets	<u>13,103</u>	<u>6,717</u>	<u>8,345</u>	<u>2,229</u>	<u>21,448</u>	<u>8,946</u>
Net assets, beginning	<u>74,693</u>	<u>67,976</u>	<u>96,124</u>	<u>93,895</u>	<u>170,817</u>	<u>161,871</u>
Net assets, ending	<u>\$ 87,797</u>	<u>\$ 74,693</u>	<u>\$ 104,468</u>	<u>\$ 96,124</u>	<u>\$ 192,265</u>	<u>\$ 170,817</u>

Governmental activities. Governmental activities increased the City's net assets by \$13,103,727, thereby accounting for 61 percent of the total improvement in net assets. Key elements of this increase are as follows:

- Capital grants and contributions increased by \$8,952,818, as a result of contributed assets (additions) in the area of public works.
- Property taxes increased by \$1,837,797 (7 percent) during the year. This increase is attributable to property valuation growth of over 4 percent.
- Other taxes increased by \$1,154,822 (70 percent) during the year. The increase is due to approval of a 2 percent franchise fee on electric and gas utilities in fiscal year 2011. Taxes collected in fiscal year 2012 represent a full year of collections.

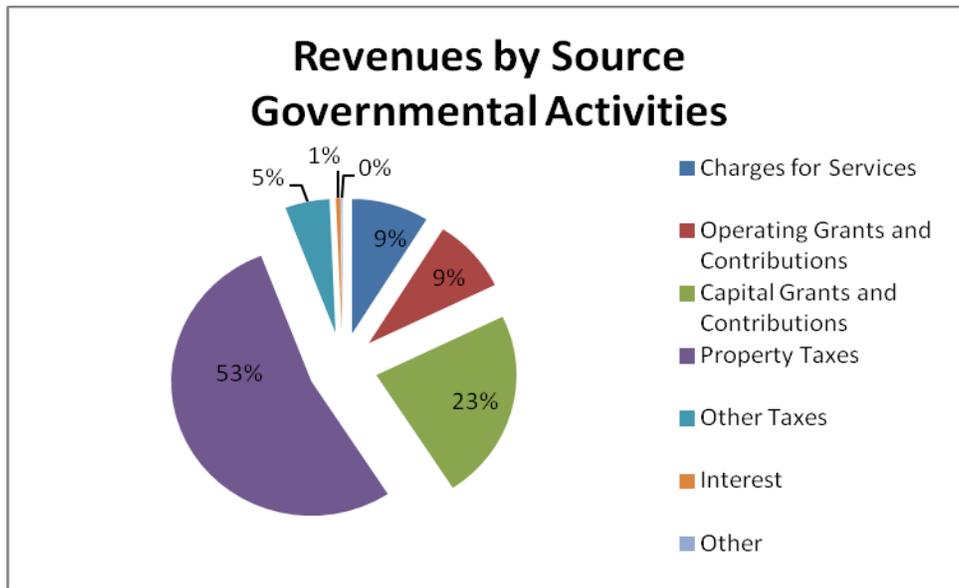
- Public safety expenses increased by \$2,599,376 (28%), primarily due to the addition of nine full-time firefighter paramedics in the fire department.
- Public works expenses increased by \$2,218,254 (20%) due to the completion of capital projects.

The change in net assets due to program activities is represented as follows:



Expenses are higher than revenues for all programs, with the exception of public works, due to the fact that many of the governmental activities are supported by general governmental revenues including property taxes, other taxes and interest income. Public works revenues exceeded expenses due to increased capital contributions and grants.

Revenues for the governmental activities are derived as follows:



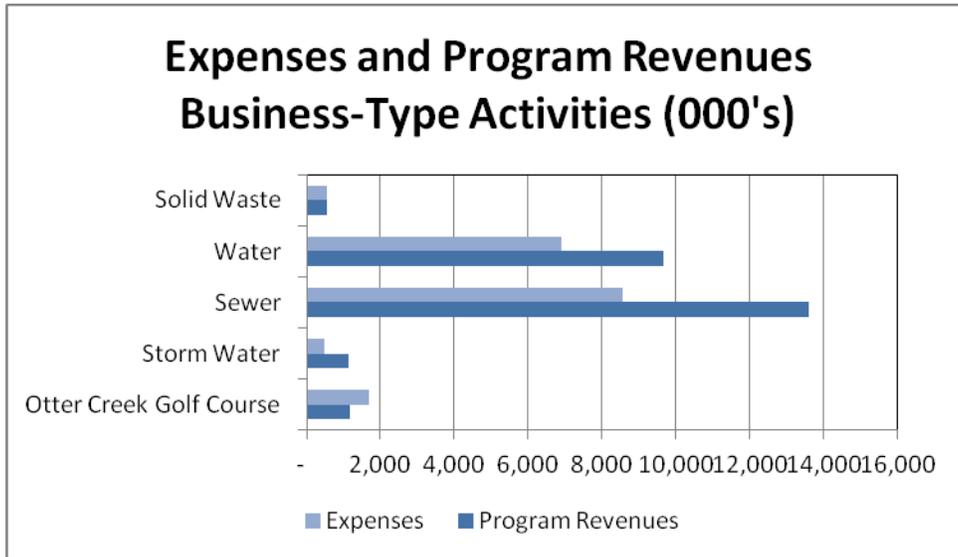
Business-type activities. Business-type activities increased the City's net assets by \$8,344,252, accounting for 39 percent of the total improvement in the government's net assets. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by \$3,332,451, with solid waste increasing 5 percent, water increasing 31 percent, sewer increasing 14 percent, storm water increasing 4 percent and Otter Creek Golf Course increasing by 6 percent.

The enterprise funds continue to see growth in the number of customers annually, but the majority of the increases are related to rate increases ranging from 6 to 8 percent for water and sewer. Additionally, hot and dry weather conditions had a positive impact on water sales and rounds of golf played.

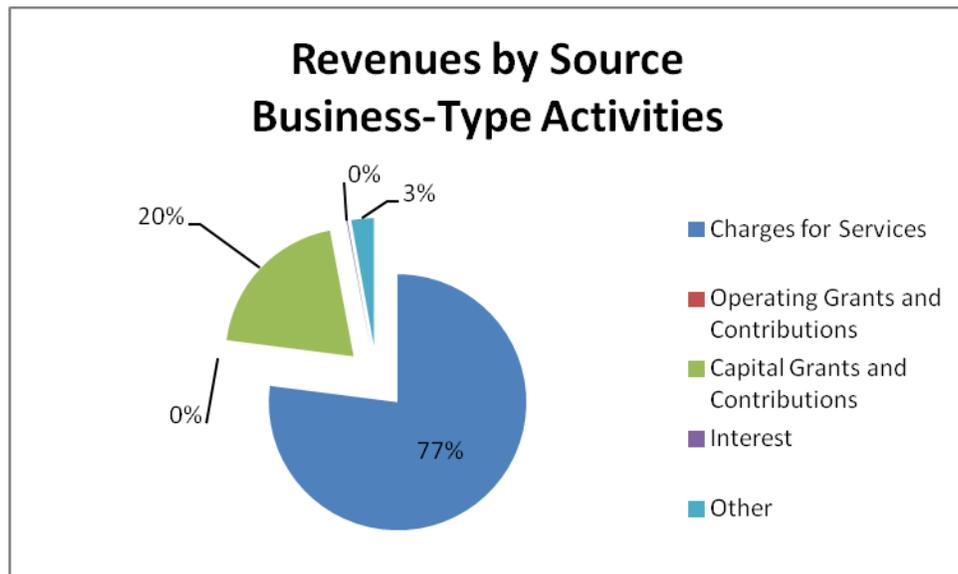
- Sewer expenses increased by \$1,638,151 due to debt service payments related to revenue bonds issued by the City and the Wastewater Reclamation Authority (WRA).
- Storm water expenses increased by \$196,383 (72 percent) due to expenses related to the cooperative public services agreement between Polk County, Iowa, and the Cities of Ankeny, Des Moines, and Pleasant Hill, Iowa, for the Four Mile Creek Watershed Study.

The change in net assets due to program activities is represented as follows:



The program revenues exceeded expenses for water, sewer and storm water and conversely expenses exceeded program revenues for solid waste and Otter Creek Golf Course. This graph reflects the fact that the business-type activities are operated in a business-like manner and are intended to be self-supporting through service charges.

Revenues for the business-type activities are derived as follows:



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$21,401,690, a decrease of \$2,003,007 in comparison with the prior year. Of this total amount, \$1,127 is *nonspendable*, which is inventory in a nonspendable form, and \$8,192,665 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance, \$13,207,898, is *restricted* to indicate that it is not available for spending because it can only be spent for the specific purposes stipulated by external resource providers, by constitution or by enabling legislation.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance reached \$8,192,665. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total expenditures. Total fund balance represents 40 percent of total general fund expenditures.

The fund balance of the City's general fund increased by \$990,116 (14 percent) during the current fiscal year. The general fund saw an increase in all sources of revenue with the exception of intergovernmental, charges for services and use of money and property, resulting in a net increase of \$1,683,861. The most significant changes are related to the following:

- The general fund property tax levy rate did not change, but property tax valuations remained strong at over 4 percent growth, resulting in an increase of \$623,382 in property taxes collected.
- Other taxes and assessments increased by \$1,153,392, due to the implementation of a franchise fee on electric and gas utilities.
- Use of money and property, comprised primarily of interest income on investments, decreased \$82,287 due to unfavorable interest rates.

In comparison to an 8 percent increase in revenues, general fund expenditures increased 12 percent. The most significant increases were in the areas of public safety, community and economic development and general government. Public safety expenditures increased, primarily due to the addition of nine full-time

firefighter paramedics in the fire department. Community and economic development and general government expenditures increased as a result of the realignment of the economic development department from the special revenue fund to the general fund.

The debt service fund had a total fund balance of \$2,214,278, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year was \$337,032 or 13 percent. While budgeted during fiscal year 2012, the use of fund balance is being used to stabilize the debt service levy rate, which was increased by \$0.85 in fiscal year 2013. This practice is planned to continue in order to maintain a consistent levy rate of \$4.35, at the same time reducing the excess fund balance to a more appropriate level.

The tax increment financing fund (TIF), a special revenue fund, had a total fund balance of \$639,603, all of which is restricted. The fund had an increase in fund balance of \$232,561 after transfers out of \$4,143,518 to the debt service fund. Property taxes collected in the special financing districts are generally transferred from the tax increment financing fund to other funds to cover bonded debt, other loans, advances and development agreements used to finance infrastructure improvements in the tax increment financing districts.

The capital projects fund had a fund balance of \$5,610,687, all of which is restricted. The fund had a decrease in fund balance of \$3,151,060. This decrease was attributable to the timing and scope of capital project expenditures.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

- Total net assets of the solid waste fund at the end of the year increased by \$15,335 to \$109,715, all of which is unrestricted.
- Total net assets of the water fund at the end of current year were \$29,851,947, with \$25,383,623 invested in capital assets net of related debt, \$1,140,007 restricted for debt service and \$3,328,317 in unrestricted net assets. This represents an increase in net assets of \$2,754,999.
- Total net assets of the sewer fund at the end of the current year were \$68,638,653, with \$58,981,939 invested in capital assets net of related debt, \$1,813,157 restricted for debt service and \$7,843,557 in unrestricted net assets. This represents an increase in net assets of \$4,426,338.
- The net assets of the storm water fund at the end of the current year were \$720,759, of which \$65,119 is invested in capital assets net of related debt and \$655,640 in unrestricted net assets, an increase of \$430,867.

- The Otter Creek Golf Course had total net assets of \$5,028,546, comprised of \$5,113,122 invested in capital assets net of related debt and an \$84,576 deficit in unrestricted net assets, an increase of \$678,142.

Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Ankeny's business-type activities.

Budgetary Highlights

The City adopts an annual appropriated budget for the activity of all funds except internal service and agency funds. Formal and legal budgetary control as required by state statute is based upon nine major classes of expenditures known as functions, not by fund or fund type.

Differences between the original budget and the final amended budget for the City of Ankeny can be summarized as follows:

- The total original revenue budget of \$64,651,249 was decreased to \$62,884,071, a reduction of \$1,767,178. Amended revenues included decreases related to interest income, grants and civic trust contributions. These decreases were offset by increases in hotel/motel taxes, building permits, water sales and hook up fees related to weather conditions and modest recovery in development activity.
- The total original expenditure budget of \$99,394,192 was increased to \$102,967,874, an increase of \$3,573,682. Amended expenditures included increases related unexpected maintenance and repairs and the timing of capital project expenditures.
- The total original budget for other financing sources, net of \$33,780,000 increased to \$33,820,000, an increase of \$40,000.

The budgetary comparison schedule and reconciliation to generally accepted accounting principles (GAAP) can be found on pages 77-79.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities was \$407,333,524 in fiscal year 2012 and \$370,131,135 for fiscal year 2011. This amount represents a net increase, including additions and deletions, of \$37,202,389 and \$18,327,665, respectively. The value of these capital assets, net of depreciation at June 30, 2012 and 2011, is depicted below. The investment in capital assets includes land, buildings, other improvements, machinery and equipment, furniture and fixtures, construction in progress and infrastructure. All required infrastructure has been recorded for the governmental and business-type activities.

Capital Assets (000's)
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 7,329	\$ 7,328	\$ 1,548	\$ 1,548	\$ 8,877	\$ 8,876
Construction in progress	39,841	35,400	20,568	12,978	60,409	48,378
Other improvements	22,252	21,595	158	183	22,410	21,778
Infrastructure	104,560	90,343	95,731	93,050	200,291	183,393
Buildings	16,551	17,353	505	484	17,056	17,837
Machinery and equipment	4,785	5,096	895	716	5,680	5,812
Furniture and fixtures	157	181	45	52	202	233
Total capital assets	\$ 195,475	\$ 177,296	\$ 119,450	\$ 109,011	\$ 314,925	\$ 286,307

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

- Expended over \$1,000,000 on two bike trails, Neal Smith and Gay-Lea Wilson.
- Expended close to \$3,200,000 on the Rock Creek Lateral Trunk Sewer project and \$1,000,000 on the Northeast Area Sanitary Sewer project.
- Expended over \$700,000 on the first phase of the reconstruction of SW Irvinedale Drive to accommodate the expansion of John Deere Des Moines Works.
- Expended over \$2,100,000 towards the extension of SW Magazine/SW Cherry Road, including new traffic signals. This project is near the new Ankeny High School and Southview Middle School recently constructed by the Ankeny School District.
- Expended close to \$2,000,000 widening NW 18th Street between 18th Street and 36th Street. This project is near the new Ankeny Centennial High School currently under construction by the Ankeny School District.
- Expended just over \$3,000,000 on the reconstruction of North Ankeny Boulevard.
- Expended \$2,500,000 on the widening of NE 36th Street for the new interchange located at the intersection of NE 36th Street and Interstate 35.
- Expended over \$700,000 towards improvements on various Prairie Trail projects.

Additional information can be found on the City's capital assets in Note 4 on pages 54-55 of this report.

Long-term debt. At the end of the current fiscal year, the City of Ankeny had total bonded debt outstanding of \$176,038,000. Of this amount, \$147,986,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Ankeny’s debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 133,421	\$ 130,849	\$ 14,165	\$ 11,034	\$ 147,586	\$ 141,883
Capital loan notes	400	-	1,249	1,821	1,649	1,821
Revenue bonds	-	-	26,803	24,700	26,803	24,700
Total outstanding debt	\$ 133,821	\$ 130,849	\$ 42,217	\$ 37,555	\$ 176,038	\$ 168,404

The City’s total debt increased by \$7,634,000 (5 percent) during the current fiscal year. The key factor in this increase was due to the City issuing \$17,825,000 general obligation refunding bonds and \$15,450,000 bond anticipation notes for various public improvements. The government also issued \$2,965,000 in revenue bonds related to sewer improvements.

Iowa statute limits the amount of general obligation debt a government may issue to five percent of its total assessed valuation of all taxable property in the City of Ankeny. The current debt limitation for the City is \$182,788,454. With outstanding general obligation debt of \$112,216,000, bond anticipation notes of \$35,370,000, and capital loan notes of \$400,000, the City had utilized 81 percent of the debt limit as of June 30, 2012.

The City maintains an “Aa2” rating for general obligation bonds, an “Aa3” rating for revenue bonds, and “MIG1” rating for bond anticipation notes. These ratings were assigned by Moody’s Investors Service.

Additional information on the City’s long-term debt can be found in Note 7 on pages 57-62 of this report.

Economic Factors and Next Year’s Budgets and Rates

- In calendar year 2011, the City issued 580 single-family residential permits, reflecting a moderate increase from 523 building permits in 2010.
- Commercial construction in calendar year 2011 decreased in terms of the number of permits issued at 15, but increased in terms of taxable valuation at \$19,062,235.
- The City’s taxable valuation has increased at an average of over 7 percent per year over the last five years, including an increase of 4 percent for fiscal year 2012.

All of these factors were considered in preparing the City of Ankeny's budget for fiscal year 2013. The fiscal year 2013 budget included total revenues of \$101,955,222 up from \$98,431,251, representing a 4 percent increase. The biggest increase in revenue is attributable to an increase in amount of property tax revenues. In addition, the fiscal year 2013 budget included an increase in expenditures from \$99,394,195 to \$107,680,201, an increase of 8 percent. The increase is attributable to increases in debt service and capital project expenditures. The City's property tax rate will see an increase in fiscal year 2013 from \$11.17646/\$1,000 valuations to \$12.02746/\$1,000 valuations, an 85-cent increase, for the debt service levy.

Requests for Information

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

City of Ankeny, Iowa

Statement of Net Assets
June 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 45,815,288	\$ 6,593,483	\$ 52,408,771
Investments	-	2,497,475	2,497,475
Receivables:			
Interest	19,179	8,412	27,591
Taxes	31,061,422	-	31,061,422
Accounts	645,626	2,506,299	3,151,925
Special assessments	526,403	37,313	563,716
Intergovernmental	1,163,300	349	1,163,649
Prepaid expenses	73,472	-	73,472
Inventory	219,758	95,367	315,125
Internal balances	(13,469,112)	13,469,112	-
Unamortized bond issuance costs	363,438	293,079	656,517
Total current assets	66,418,774	25,500,889	91,919,663
Noncurrent assets:			
Restricted cash and cash equivalents	57,717	3,031,098	3,088,815
Capital assets:			
Land	7,329,256	1,547,944	8,877,200
Construction-in-progress	39,840,924	20,568,405	60,409,329
Depreciable assets, net of accumulated depreciation	148,305,099	97,333,803	245,638,902
Total capital assets	195,475,279	119,450,152	314,925,431
Total noncurrent assets	195,532,996	122,481,250	318,014,246
Total assets	\$ 261,951,770	\$ 147,982,139	\$ 409,933,909
Liabilities and Net Assets			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 4,897,481	\$ 670,994	\$ 5,568,475
Retainage payable	603,268	-	603,268
Accrued wages	553,087	120,048	673,135
Claims payable	275,214	-	275,214
Customers deposits	57,717	77,934	135,651
Unearned revenue	30,980,235	(3,021)	30,977,214
Bond and capital loan note interest payable	356,903	185,664	542,567
Bonds and capital loan notes payable, net of unamortized discount/premium	30,141,206	2,618,075	32,759,281
Compensated absences payable	508,839	101,654	610,493
Total current liabilities	68,373,950	3,771,348	72,145,298
Noncurrent liabilities:			
Bonds and capital loan notes payable, net of unamortized discount/premium	105,397,406	39,613,671	145,011,077
Early retirement benefit payable	213,121	-	213,121
Other postemployment benefits	102,968	21,221	124,189
Compensated absences payable	67,566	107,808	175,374
Total noncurrent liabilities	105,781,061	39,742,700	145,523,761
Total liabilities	174,155,011	43,514,048	217,669,059
Net Assets:			
Investment in capital assets, net of related debt	61,719,171	89,543,803	151,262,974
Restricted for:			
Debt service	2,214,278	2,953,164	5,167,442
Community and economic development	961,768	-	961,768
Culture and recreation	839,852	-	839,852
Public safety	115,200	-	115,200
Unrestricted	21,946,490	11,971,124	33,917,614
Total net assets	\$ 87,796,759	\$ 104,468,091	\$ 192,264,850

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

City of Ankeny, Iowa
Statement of Activities
For the Year Ended June 30, 2012

Programs/Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
Public safety	\$ 12,020,771	\$ 2,066,539	\$ 324,067	\$ -	\$ (9,630,165)	\$ -	\$ (9,630,165)
Health and social services	318,200	25,236	-	-	(292,964)	-	(292,964)
Culture and recreation	6,268,871	2,007,595	190,449	-	(4,070,827)	-	(4,070,827)
Public works	13,151,367	517,336	4,300,815	12,568,192	4,234,976	-	4,234,976
Community and economic development	3,191,753	10,280	72,238	-	(3,109,235)	-	(3,109,235)
General government	3,133,067	241,481	15,018	-	(2,876,568)	-	(2,876,568)
Interest on long-term debt	3,966,374	-	-	-	(3,966,374)	-	(3,966,374)
Total governmental activities	42,050,403	4,868,467	4,902,587	12,568,192	(19,711,157)	-	(19,711,157)
Business-type activities:							
Solid waste	553,677	547,865	-	-	-	(5,812)	(5,812)
Water	6,896,336	8,281,518	-	1,380,925	-	2,766,107	2,766,107
Sewer	8,559,386	9,750,899	-	3,843,372	-	5,034,885	5,034,885
Storm water	470,710	1,153,650	-	-	-	682,940	682,940
Otter Creek golf course	1,708,377	1,021,488	-	164,403	-	(522,486)	(522,486)
Total business-type activities	18,188,486	20,755,420	-	5,388,700	-	7,955,634	7,955,634
Total primary government	60,238,889	25,623,887	4,902,587	17,956,892	(19,711,157)	7,955,634	(11,755,523)
General revenues:							
Taxes:							
Property taxes					29,205,370	-	29,205,370
Other taxes					2,815,350	-	2,815,350
Interest					279,326	31,933	311,259
Other					102,639	768,884	871,523
Transfers					412,199	(412,199)	-
Total general revenues and transfers					32,814,884	388,618	33,203,502
Changes in net assets					13,103,727	8,344,252	21,447,979
Net assets, beginning					74,693,032	96,123,839	170,816,871
Net assets, ending					\$ 87,796,759	\$ 104,468,091	\$ 192,264,850

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

City of Ankeny, Iowa

**Balance Sheet
Governmental Funds
June 30, 2012**

	<u>General</u>	<u>Debt Service</u>	<u>Tax Increment Financing</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Cash and cash equivalents	\$ 9,218,398	\$ 2,465,741	\$ 855,490	\$ 23,199,502	\$ 5,373,981	\$ 41,113,112
Receivables:						
Interest	19,130	-	-	33	10	19,173
Taxes	14,810,250	9,644,254	5,584,925	-	1,021,993	31,061,422
Accounts	558,952	-	-	7,316	79,358	645,626
Special assessments	724	-	-	-	525,679	526,403
Intergovernmental	354,275	364	-	481,737	318,933	1,155,309
Inventory	1,127	-	-	-	-	1,127
Due from other funds	4,000	-	-	-	-	4,000
Restricted assets, cash and cash equivalents	57,717	-	-	-	-	57,717
Total assets	\$ 25,024,573	\$ 12,110,359	\$ 6,440,415	\$ 23,688,588	\$ 7,319,954	\$ 74,583,889
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 527,110	\$ -	\$ 12,663	\$ 4,223,814	\$ 69,422	\$ 4,833,009
Retainage payable	-	-	-	603,268	-	603,268
Accrued wages	496,066	-	-	3,420	45,638	545,124
Due to other funds	262,975	279,280	-	13,192,305	288,786	14,023,346
Advances from other funds	466,335	-	-	-	628,456	1,094,791
Customer deposits	57,717	-	-	-	-	57,717
Deferred revenue	15,020,578	9,616,801	5,788,149	55,094	1,544,322	32,024,944
Total liabilities	16,830,781	9,896,081	5,800,812	18,077,901	2,576,624	53,182,199
Fund balances:						
Nonspendable	1,127	-	-	-	-	1,127
Restricted	-	2,214,278	639,603	5,610,687	4,743,330	13,207,898
Unassigned	8,192,665	-	-	-	-	8,192,665
Total fund balances	8,193,792	2,214,278	639,603	5,610,687	4,743,330	21,401,690
Total liabilities and fund balances	\$ 25,024,573	\$ 12,110,359	\$ 6,440,415	\$ 23,688,588	\$ 7,319,954	\$ 74,583,889

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

City of Ankeny, Iowa

**Reconciliation of the Balance Sheet to the
Statement of Net Assets
June 30, 2012**

Fund balances--total governmental funds		\$	21,401,690
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Governmental capital assets:			
Land	\$	7,329,256	
Construction-in-progress		39,840,924	
Depreciable capital assets		203,260,846	
Accumulated depreciation		<u>(54,955,747)</u>	195,475,279
The assets and liabilities of internal service funds are included in the governmental activities in the statement of net assets. Internal service fund net assets:			
Current assets	\$	5,610,249	
Internal balances		1,159,526	
Current liabilities		(356,186)	
Noncurrent liabilities		<u>(221,990)</u>	6,191,599
Internal service funds allocated to business-type activities			(118,474)
Deferred revenue is reported in governmental funds for revenues that have been earned but are not yet available to liquidate current liabilities. All earned revenues are reported as income at the government-wide level. The following deferred revenues for unavailable items were reported in the governmental funds:			
Various funds - property tax receivable	\$	199,289	
Various funds - special assessment receivable		526,253	
Capital projects fund - intergovernmental receivable		54,243	
General fund - accounts receivable		264,073	
Capital projects fund - accounts receivable		<u>851</u>	1,044,709
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
General obligation bonds	\$	(133,821,261)	
Unamortized bond issuance costs		363,438	
Unamortized premium on general obligation bonds		(1,870,828)	
Unamortized discount on general obligation bonds		153,477	
Other postemployment benefits		(100,577)	
Bond interest payable		(356,903)	
Compensated absences		<u>(565,390)</u>	<u>(136,198,044)</u>
Net assets of governmental activities		\$	<u>87,796,759</u>

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

City of Ankeny, Iowa
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	<u>General Fund</u>	<u>Debt Service</u>	<u>Tax Increment Financing</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 14,445,044	\$ 7,560,195	\$ 6,177,802	\$ -	\$ 890,593	\$ 29,073,634
Other taxes and assessments	2,704,284	107,577	-	-	211,545	3,023,406
Licenses and permits	1,153,239	-	-	-	-	1,153,239
Intergovernmental	439,645	-	12,640	4,131,974	4,297,642	8,881,901
Charges for services	2,155,438	-	-	-	12,450	2,167,888
Use of money and property	287,654	-	-	130,874	7,257	425,785
Miscellaneous	682,265	-	-	324,855	154,336	1,161,456
Total revenues	21,867,569	7,667,772	6,190,442	4,587,703	5,573,823	45,887,309
Expenditures:						
Current operating:						
Public safety	10,270,027	-	-	-	964,768	11,234,795
Health and social services	310,995	-	-	-	-	310,995
Culture and recreation	4,624,064	-	-	-	33,933	4,657,997
Public works	1,226,059	-	-	-	3,252,033	4,478,092
Community and economic development	1,148,465	-	1,814,363	-	249,966	3,212,794
General government	3,015,084	-	-	-	-	3,015,084
Debt service:						
Principal	-	8,470,740	-	-	-	8,470,740
Interest and other charges	-	3,777,098	-	422,898	-	4,199,996
Capital projects	-	-	-	20,832,387	-	20,832,387
Total expenditures	20,594,694	12,247,838	1,814,363	21,255,285	4,500,700	60,412,880
Excess (deficiency) of revenues over (under) expenditures	1,272,875	(4,580,066)	4,376,079	(16,667,582)	1,073,123	(14,525,571)
Other financing sources (uses):						
Issuance of long-term debt	-	-	-	15,945,000	-	15,945,000
Issuance of refunding bonds	-	-	-	13,036,254	-	13,036,254
Premium on long-term debt	-	-	-	65,508	-	65,508
Discount on long-term debt	-	-	-	(1,436)	-	(1,436)
Premium on refunding bonds	-	-	-	603,360	-	603,360
Payment of refunded bonds	-	-	-	(17,538,321)	-	(17,538,321)
Transfers in	341,757	4,243,034	-	1,464,414	-	6,049,205
Transfers out	(624,516)	-	(4,143,518)	(58,257)	(810,715)	(5,637,006)
Total other financing sources (uses)	(282,759)	4,243,034	(4,143,518)	13,516,522	(810,715)	12,522,564
Net change in fund balances	990,116	(337,032)	232,561	(3,151,060)	262,408	(2,003,007)
Fund balances, beginning	7,203,676	2,551,310	407,042	8,761,747	4,480,921	23,404,696
Fund balances, ending	\$ 8,193,792	\$ 2,214,278	\$ 639,603	\$ 5,610,687	\$ 4,743,329	\$ 21,401,689

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

City of Ankeny, Iowa

**Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2012**

Net change in fund balances--total governmental funds	\$	(2,003,007)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period:		
Capital outlay	\$ 15,827,193	
Depreciation expense	<u>(6,222,976)</u>	9,604,217
Governmental funds do not report capital assets and therefore do not report gains or losses on the disposal of those assets		(79,864)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		136,838
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Bond proceeds from issuances	\$ (28,981,254)	
Principal debt payments	26,009,061	
Premium on refunding bonds	(603,360)	
Premium on long-term debt	(65,508)	
Discount long-term debt	1,436	
Bond issuance costs	<u>110,710</u>	(3,528,915)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The following expenses did not require current financial resources:		
Other postemployment benefits	\$ (31,706)	
Compensated absences	(20,556)	
Amortization of bond discounts, issuance costs, premiums, and deferrals	128,249	
Adjustment to bond interest payable	<u>(5,337)</u>	70,650
Governmental funds do not report capital assets and therefore do not report the contribution of capital assets.		8,615,143
Internal service funds are used by management to charge costs of certain activities, such as vehicle and property maintenance, to individual funds. The net revenue (expense) of the internal service funds is reported with the governmental activities.		327,238
Change in internal service fund allocation to business-type activities.		<u>(38,573)</u>
Changes in net assets of governmental activities	<u>\$</u>	<u>13,103,727</u>

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

City of Ankeny, Iowa

Statement of Net Assets
Proprietary Funds
June 30, 2012

	Water	Sewer	Nonmajor Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ 933,184	\$ 4,724,689	\$ 935,610	\$ 6,593,483	\$ 4,702,176
Investments	1,498,645	998,830	-	2,497,475	-
Receivables:					
Interest	4,436	3,976	-	8,412	6
Accounts	1,202,799	1,073,299	230,201	2,506,299	-
Special Assessment	2,160	34,213	940	37,313	-
Intergovernmental	40	-	309	349	7,991
Prepaid expenses	-	-	-	-	73,472
Inventory	-	4,864	90,503	95,367	218,631
Due from other funds	2,023,328	9,608,250	1,960,005	13,591,583	607,973
Unamortized bond issuance costs	84,623	193,535	14,921	293,079	-
Total current assets	5,749,215	16,641,656	3,232,489	25,623,360	5,610,249
Noncurrent assets:					
Restricted cash and cash equivalents	1,217,941	1,813,157	-	3,031,098	-
Advances to other funds	-	-	-	-	1,159,526
Capital assets:					
Land	39,764	522,238	985,942	1,547,944	-
Construction-in-progress	5,402,421	9,202,645	5,963,339	20,568,405	-
Depreciable assets, net of accumulated depreciation	31,087,818	65,737,032	508,955	97,333,803	87,397
Total capital assets	36,530,003	75,461,915	7,458,236	119,450,152	87,397
Total noncurrent assets	37,747,944	77,275,072	7,458,236	122,481,250	1,246,923
Total assets	\$ 43,497,159	\$ 93,916,728	\$ 10,690,725	\$ 148,104,610	\$ 6,857,172
Liabilities and Net Assets					
Liabilities:					
Current liabilities:					
Accounts payable	\$ 352,103	\$ 88,963	\$ 229,927	\$ 670,994	\$ 64,472
Accrued wages	26,266	41,611	52,171	120,048	7,963
Due to other funds	-	-	176,209	176,209	4,000
Claims payable	-	-	-	-	275,214
Customer deposits	77,934	-	-	77,934	-
Unearned revenue	(3,021)	-	-	(3,021)	-
Bond and capital loan note interest payable	48,182	129,707	7,775	185,664	-
Bonds and capital loan notes payable, net of unamortized discount or premium	935,896	1,682,088	91	2,618,075	-
Compensated absences payable	38,509	30,152	32,993	101,654	4,537
Total current liabilities	1,475,869	1,972,521	499,166	3,947,557	356,186
Noncurrent liabilities:					
Bonds and capital loan notes payable, net of unamortized discount or premium	12,127,814	23,244,582	4,241,275	39,613,671	-
Early retirement benefit payable	-	-	-	-	213,121
Other postemployment benefits	6,277	9,863	5,081	21,221	2,391
Compensated absences payable	35,252	51,109	21,447	107,808	6,478
Advances from other funds	-	-	64,736	64,736	-
Total noncurrent liabilities	12,169,343	23,305,554	4,332,539	39,807,436	221,990
Total liabilities	13,645,212	25,278,075	4,831,705	43,754,993	578,176
Net Assets:					
Investment in capital assets, net of related debt	25,383,623	58,981,939	5,178,241	89,543,803	87,397
Restricted for:					
Debt service	1,140,007	1,813,157	-	2,953,164	-
Unrestricted	3,328,317	7,843,557	680,779	11,852,652	6,191,599
Total net assets	29,851,947	68,638,653	5,859,020	104,349,619	6,278,996
Total liabilities and net assets	\$ 43,497,159	\$ 93,916,728	\$ 10,690,725	\$ 148,104,610	\$ 6,857,172
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.				118,474	
Net assets of business-type activities				\$ 104,468,092	

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

City of Ankeny, Iowa

Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Water	Sewer	Nonmajor Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
Operating revenues:					
Charges for services	\$ 8,281,518	\$ 9,750,899	\$ 2,723,003	\$ 20,755,420	\$ 4,655,438
Other	60,480	-	708,404	768,884	304,044
Total operating revenues	8,341,998	9,750,899	3,431,407	21,524,304	4,959,482
Operating expenses:					
Personal services	863,185	1,316,557	1,125,262	3,305,004	840,125
Contractual services	1,854,789	4,074,001	1,079,854	7,008,644	3,075,482
Operating supplies	2,686,906	602,177	443,770	3,732,853	759,074
Depreciation	897,281	1,791,424	97,301	2,786,006	20,161
Total operating expenses	6,302,161	7,784,159	2,746,187	16,832,507	4,694,842
Operating income	2,039,837	1,966,740	685,220	4,691,797	264,640
Nonoperating revenues (expenses):					
Interest earnings	12,482	19,451	-	31,933	62,598
Interest expense	(607,367)	(790,604)	3,420	(1,394,551)	-
Total nonoperating revenues (expenses)	(594,885)	(771,153)	3,420	(1,362,618)	62,598
Net income before contributions and transfers	1,444,952	1,195,587	688,640	3,329,179	327,238
Capital contributions	1,380,925	3,843,372	164,403	5,388,700	-
Transfers in	-	58,257	521,301	579,558	-
Transfers out	(70,879)	(670,879)	(250,000)	(991,757)	-
Change in net assets	2,754,999	4,426,338	1,124,344	8,305,680	327,238
Total net assets, beginning	27,096,948	64,212,315	4,734,676		5,951,758
Total net assets, ending	<u>\$ 29,851,947</u>	<u>\$ 68,638,653</u>	<u>\$ 5,859,020</u>		<u>\$ 6,278,996</u>
				Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.	38,573
				Change in net assets of business-type activities	<u>\$ 8,344,253</u>

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

City of Ankeny, Iowa
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Water	Sewer	Nonmajor Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
Cash flows from operating activities:					
Receipts from customers	\$ 7,863,030	\$ 9,653,447	\$ 3,417,734	\$ 20,934,211	\$ 5,459,547
Payments to suppliers	(4,513,273)	(4,638,814)	(1,428,867)	(10,580,954)	(4,031,298)
Payments to employees	(842,203)	(1,271,007)	(1,086,424)	(3,199,634)	(453,910)
Net cash provided by operating activities	<u>2,507,554</u>	<u>3,743,626</u>	<u>902,443</u>	<u>7,153,623</u>	<u>974,339</u>
Cash flows from noncapital financing activities:					
Payments received on interfund accounts	217,752	4,926,770	2,281,361	7,425,883	668,140
Payments made on interfund accounts	-	-	(633,462)	(633,462)	-
Loans issued to other funds	(234,992)	(3,241,658)	-	(3,476,650)	(898,631)
Loans received from other funds	30,000	30,000	(4,184,954)	(4,124,954)	-
Transfers from other funds	-	58,257	521,301	579,558	-
Transfers to other funds	(70,879)	(670,879)	(250,000)	(991,757)	-
Net cash provided (used) by noncapital financing activities	<u>(58,119)</u>	<u>1,102,491</u>	<u>(2,265,754)</u>	<u>(1,221,382)</u>	<u>(230,491)</u>
Cash flows from capital and related financing activities:					
Proceeds from long-term debt, net of bond issue costs	234,992	3,241,658	4,225,079	7,701,729	-
Purchase of capital assets	(217,752)	(5,290,210)	(2,328,927)	(7,836,889)	(59,501)
Principal paid on long-term debt	(885,999)	(1,624,261)	-	(2,510,260)	-
Interest paid on long-term debt	(603,571)	(793,022)	-	(1,396,593)	-
Net cash provided (used) by capital and related financing activities	<u>(1,472,330)</u>	<u>(4,465,835)</u>	<u>1,896,152</u>	<u>(4,042,013)</u>	<u>(59,501)</u>
Cash flows from investing activities:					
Purchase of investments	(1,492,718)	(992,183)	-	(2,484,901)	-
Interest received	7,466	11,682	-	19,148	62,633
Net cash provided (used) by investing activities	<u>(1,485,252)</u>	<u>(980,501)</u>	<u>-</u>	<u>(2,465,753)</u>	<u>62,633</u>
Net increase (decrease) in cash and cash equivalents	(508,147)	(600,220)	532,841	(575,525)	746,980
Balances, beginning of year	2,659,271	7,138,065	402,769	10,200,105	3,955,196
Balances, end of year	<u>\$ 2,151,125</u>	<u>\$ 6,537,846</u>	<u>\$ 935,610</u>	<u>\$ 9,624,580</u>	<u>\$ 4,702,176</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 2,039,837	\$ 1,966,740	\$ 685,220	\$ 4,691,797	\$ 264,640
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	897,281	1,791,424	97,301	2,786,006	20,161
Changes in assets and liabilities:					
Receivables, net	(478,968)	(97,453)	(13,673)	(590,094)	500,066
Prepaid expenses	-	-	-	-	(946)
Inventory	-	(333)	(32,814)	(33,147)	56,932
Accounts and other payables	49,404	83,248	166,409	299,061	106,848
Claims payable	-	-	-	-	26,638
Net cash provided by operating activities	<u>\$ 2,507,554</u>	<u>\$ 3,743,626</u>	<u>\$ 902,443</u>	<u>\$ 7,153,623</u>	<u>\$ 974,339</u>
Noncash capital and related financing activities:					
Contribution of capital assets	<u>\$ 1,380,925</u>	<u>\$ 3,843,372</u>	<u>\$ 164,403</u>	<u>\$ 5,388,700</u>	<u>\$ -</u>
Noncash investing activities:					
Net change in unrealized gain (loss) on investments	<u>\$ 5,927</u>	<u>\$ 6,647</u>	<u>\$ -</u>	<u>\$ 12,574</u>	<u>\$ -</u>

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

City of Ankeny, Iowa

**Statement of Assets and Liabilities
Agency Fund
June 30, 2012**

	<u>Ankeny Foundation</u>
Assets:	
Cash and cash equivalents	<u>\$ 142,678</u>
Liabilities:	
Monies held for other agencies	<u>\$ 142,678</u>

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

City of Ankeny, Iowa

Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended June 30, 2012

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>Ankeny Foundation</u>				
Assets:				
Cash and cash equivalents	<u>\$ 5,237</u>	<u>\$ 137,441</u>	<u>\$ -</u>	<u>\$ 142,678</u>
Liabilities:				
Monies held for other agencies	<u>\$ 5,237</u>	<u>\$ 137,441</u>	<u>\$ -</u>	<u>\$ 142,678</u>

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

CITY OF ANKENY, IOWA
Notes to the Financial Statements
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

The City of Ankeny has quickly grown to an organization with over 497 employees and offers a wide variety of services including police and fire protection, library services, street maintenance, a public golf course, parks and recreation facilities and activities, planning and zoning, general administration and water and sewer services.

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

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

Component Units

There are several organizations that meet the conditions to be classified as a component unit of the City. Component units can be reported in two different ways – blended or discretely presented. Blended component units are integrated into the City's financial statements and are presented as funds of the City. Discretely presented component units are presented separately and appear in the financial statements as a separate entity. There are four entities that qualify as blended component units of the City. They are the Ankeny Community Foundation, Ankeny Sports Complex Foundation, Keep Ankeny Beautiful, and the Kirkendall Public Library Foundation.

The Ankeny Community Foundation is a charitable public foundation established for the purpose of improving the quality of life in Ankeny by initiating programs, coordinating resources, and supporting organizations that enhance education, community betterment, arts and culture, and human services. The Ankeny Community Foundation is a blended component unit, because the nature and significance of their relationship is such that without the Ankeny Community Foundation's financial presentation, the City's financial statements would be incomplete. The Ankeny Community Foundation is presented as a special revenue fund and has a June 30 year-end.

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

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

The Kirkendall Public Library Foundation was created for the purpose of raising funds for the Kirkendall Public Library, which is a facility operated and maintained by the City. All board members are appointed by the Mayor. The Kirkendall Public Library Foundation is a blended component unit, because it exclusively provides services and benefits to the City and is presented as a special revenue fund. The Kirkendall Public Library Foundation has a June 30 year-end.

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

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with

finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The City has the following fund types:

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

Property taxes, service charges, special assessments, intergovernmental revenue, and interest revenue are susceptible to accrual. Licenses and permits, fines and forfeitures, and other miscellaneous receipts become measurable and available when cash is received by the City and are recognized as revenue at that time. Proceeds of general long-term debt are reported as other financing sources.

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

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

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications—committed, assigned and then unassigned fund balances.

Governmental funds include the following fund types:

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

The *Special Revenue Funds* account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

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

The *Capital Project Funds* account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlay including the acquisition or construction of capital facilities and other capital assets.

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

Proprietary funds include the following fund types:

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

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

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

The City maintains its financial records on the cash basis. The financial statements of the City are prepared by making memorandum adjusting entries to the cash basis financial statements.

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

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

The Statement of Net Assets presents the City's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in the following categories:

Investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

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.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

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

Governmental activities in the government-wide statements include the operations from the governmental funds: general fund, special revenue funds, debt service fund and capital projects funds adjusted from the modified accrual

to the full accrual basis of accounting. Governmental activities also include the activities from the internal service funds, because their operations are governmental in nature. Business-type activities in the government-wide statements are comprised of the enterprise funds. Agency funds are not reported in the government-wide statements, because these funds cannot be used to support City activities.

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

GASB Statement No. 34 sets forth the minimum criteria for the determination of major funds. If a fund's assets, liabilities, revenues or expenditures/expenses are at least ten percent of those of its fund type and at least five percent of those of both governmental funds and enterprise funds, then it must be a major fund.

The City has the following major governmental funds:

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

The *Debt Service Fund* accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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

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

The City has the following major enterprise funds:

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

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

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

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

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

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

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

The *Economic Development Revolving Fund* accounts for a revolving loan fund that provides financial assistance to local businesses.

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

The *Sustainability Revolving Loan Fund* accounts for a revolving loan fund that provides no-interest loans to other departments for energy efficiency projects such as energy-efficient building retrofits and commissioning; the incremental costs of purchasing fuel-efficient hybrid vehicles instead of conventional vehicles; or other modest energy-efficiency improvement projects.

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

C. Assets, Liabilities and Fund Equity

Cash, Cash Equivalents and Investments

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

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

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by City Council; Iowa Public Agency Investment Trust (IPAIT); prime eligible bankers acceptances; certain highly rated commercial paper or other short-term corporate debt; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments for the City are reported at their fair value based on market prices as of June 30.

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

Property Taxes Receivable

Property taxes are recognized as a receivable at the time an enforceable legal claim is established. This is determined to occur when the budget is certified. No property tax levy date is established by the State of Iowa; however, the current tax levy which is due and collectable during the year ending June 30, 2012, was certified on March 15, 2011, by the local taxing authority, Polk County, Iowa, based on January 1, 2010, valuations establishing a lien date of March 15, 2011. Property taxes are due in two installments with the first half becoming delinquent after September 30 and the second half after March 31 of the following year. Property taxes are recognized as revenue at year-end if they are measurable and are available to pay current liabilities.

Property taxes certified on March 15, 2012, for the fiscal year beginning on July 1, 2012, are recognized as a receivable as of June 30, 2012, but are shown as deferred revenue because these taxes are not permitted for use until July 1, 2012.

Inventory and Prepaid Items

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

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

Interfund Balances

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

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

Restricted Assets

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

The City also has restricted assets relating to customer deposits.

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

Capital Assets

Capital assets used in governmental and business-type activities of the City are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized.

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

<u>Assets</u>	<u>Threshold</u>
Infrastructure	\$ 50,000
Other improvements	25,000
Buildings	25,000
Machinery and equipment	5,000
Furniture and fixtures	5,000
Land	0

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

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

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

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

Compensated Absences

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

Accrued vacation and sick leave benefits are reported as a liability in the proprietary funds using the same basis as the activities at the government-wide level. In governmental funds, however, these accrued benefits are not considered due and are not reported as a fund liability. The compensated absences liability has been computed based on rates of pay in effect at June 30,

2012. Compensated absences attributable to governmental activities are generally liquidated by the general fund and the road use tax fund.

Long-Term Obligations

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

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

Fund Equity

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can only be used for specific purposes pursuant to constraints formally imposed by the City Council through ordinance or resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts which are intended to be used for specific purposes as established by the delegated official (Finance Director), but does not meet the definition of restricted or committed.

Unassigned – All amounts not included in other spendable classifications.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt, excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net assets consist of \$433,272 restricted by donors, \$718,745 restricted by other governments, \$764,803 restricted through enabling legislation and \$5,167,442 restricted for debt service.

Use of Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

NOTE 3 - DEPOSITS AND INVESTMENTS

As of June 30, 2012, the City had investments in debt securities with the following original maturities:

Investment Type	Original Maturity			Totals
	Within 6 Months	6 Months to 1 Year	1 Year to 3 Years	
Commercial paper	\$ -	\$ 2,484,901	\$ -	\$ 2,484,901

The City held certificates of deposit totaling \$6,300,000. Of this total, \$4,300,000 had original maturities of 6 months to 1 year and \$2,000,000 had original maturities of 1 year to 3 years.

Risk Exposure

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

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

The City manages its exposure to *credit risk* by limiting its purchase of commercial paper and other short-term corporate debt to securities rated in the two highest classifications as established by one of the standard rating services approved by the State of Iowa Superintendent of Banking. Ratings are evaluated at time of purchase. Commercial paper of \$2,484,901 held by the City were rated P1 by Moody's Investors Service and A1 by Standard & Poor's at the time of purchase.

Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2012, the carrying amount of the City's cash deposits, which include certificates of deposit, totaled \$55,622,341 with bank balances of \$57,179,362. The bank balances are covered entirely by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, is as follows:

	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Governmental activities:				
Undepreciated:				
Land	\$ 7,328,206	\$ 1,050	\$ -	\$ 7,329,256
Construction in progress	35,399,531	13,747,466	9,306,073	39,840,924
Total, undepreciated	<u>42,727,737</u>	<u>13,748,516</u>	<u>9,306,073</u>	<u>47,170,180</u>
Depreciated:				
Other improvements	28,536,919	2,270,980	-	30,807,899
Infrastructure	114,213,367	16,758,032	-	130,971,399
Buildings	25,166,629	-	-	25,166,629
Machinery and equipment	14,349,871	1,030,386	525,044	14,855,213
Furniture and fixtures	1,459,706	-	-	1,459,706
Total, depreciated	<u>183,726,492</u>	<u>20,059,398</u>	<u>525,044</u>	<u>203,260,846</u>
Accumulated depreciation:				
Other improvements	6,942,336	1,614,097	-	8,556,433
Infrastructure	23,869,947	2,541,220	-	26,411,167
Buildings	7,813,284	802,527	-	8,615,811
Machinery and equipment	9,253,790	1,261,318	445,180	10,069,928
Furniture and fixtures	1,278,432	23,976	-	1,302,408
Total accumulated depreciation	<u>49,157,789</u>	<u>6,243,138</u>	<u>445,180</u>	<u>54,955,747</u>
Governmental activities capital assets, net	<u>\$ 177,296,440</u>	<u>\$ 27,564,776</u>	<u>\$ 9,385,937</u>	<u>\$ 195,475,279</u>

	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Business-type activities:				
Undepreciated:				
Land	\$ 1,547,944	\$ -	\$ -	\$ 1,547,944
Construction in progress	12,978,118	7,590,287	-	20,568,405
Total, undepreciated	<u>14,526,062</u>	<u>7,590,287</u>	<u>-</u>	<u>22,116,349</u>
Depreciated:				
Other improvements	531,372	-	-	531,372
Infrastructure	125,180,448	5,219,425	-	130,399,873
Buildings	987,640	44,209	-	1,031,849
Machinery and equipment	2,386,842	371,671	-	2,758,513
Furniture and fixtures	64,542	-	-	64,542
Total, depreciated	<u>129,150,844</u>	<u>5,635,305</u>	<u>-</u>	<u>134,786,149</u>
Accumulated depreciation:				
Other improvements	348,134	24,896	-	373,030
Infrastructure	32,130,536	2,538,384	-	34,668,920
Buildings	504,018	22,842	-	526,860
Machinery and equipment	1,670,556	193,430	-	1,863,986
Furniture and fixtures	13,096	6,454	-	19,550
Total accumulated depreciation	<u>34,666,340</u>	<u>2,786,006</u>	<u>-</u>	<u>37,452,346</u>
Business-type activities capital assets, net	<u>\$ 109,010,566</u>	<u>\$ 10,439,586</u>	<u>\$ -</u>	<u>\$ 119,450,152</u>

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

Governmental activities:		
Public safety	\$	1,087,385
Health and social services		4,284
Culture and recreation		1,790,596
Public works		3,253,776
General government		<u>107,096</u>
Total depreciation expense - governmental activities	\$	<u><u>6,243,138</u></u>
Business-type activities:		
Water	\$	897,281
Sewer		1,791,424
Storm water		24,261
Otter Creek golf course		<u>73,040</u>
Total depreciation expense - business-type activities	\$	<u><u>2,786,006</u></u>

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due To/From Other Funds:		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor, internal service	\$ 4,000
Water	Debt service	211,009
	Capital projects	1,752,321
	Enterprise, storm water	60,000
Sewer	Debt service	68,271
	Capital projects	9,479,979
	Enterprise, storm water	60,000
Storm Water	Capital projects	1,960,005
Nonmajor, internal service	General fund	262,976
	Special revenue, road use tax	288,786
	Enterprise, storm water	15,253
	Enterprise, Otter Creek golf course	<u>40,956</u>
		<u>\$14,203,556</u>
Advances To/From Other Funds:		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor, internal service	General fund	\$ 466,334
	Special revenue, road use tax	628,456
	Enterprise, Otter Creek golf course	<u>64,736</u>
		<u>\$ 1,159,526</u>

Interfund balances result from financing activities for the acquisition of capital equipment and improvements. The internal service fund, equipment reserve fund, loans to other funds for the acquisition of capital equipment; the resulting loan is reported as an interfund receivable/payable. The capital projects fund

accounts for the capital construction and related financing for many water and sewer projects, which are funded through debt financing. The timing differences between the debt issuance and the capital construction creates an interfund balance between the capital projects fund and the enterprise fund involved.

Interfund transfers for the year ended June 30, 2012 were as follows:

	Transfers In						Total
	General	Debt Service	Capital Projects	Water	Sewer	Nonmajor Enterprise	
Transfers Out:							
General	\$ -	\$ 99,516	\$ 25,000	\$ -	\$ -	\$ 500,000	\$ 624,516
Tax Increment Financing	-	4,143,518	-	-	-	-	4,143,518
Capital Projects	-	-	-	-	58,257	-	58,257
Water	70,879	-	-	-	-	-	70,879
Sewer	270,878	-	400,000	-	-	-	670,878
Nonmajor governmental	-	-	789,414	-	-	21,301	810,715
Nonmajor enterprise	-	-	250,000	-	-	-	250,000
	<u>\$ 341,757</u>	<u>\$ 4,243,034</u>	<u>\$ 1,464,414</u>	<u>\$ -</u>	<u>\$ 58,257</u>	<u>\$ 521,301</u>	<u>\$ 6,628,763</u>

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

NOTE 6 - DEFERRED REVENUE

Under both the accrual and the modified accrual methods of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset with a corresponding liability for deferred (unearned) revenue. The following funds had deferred (unearned) revenue at June 30, 2012:

General	Succeeding year taxes	\$ 14,727,578
Debt Service	Succeeding year taxes	9,599,189
Special Revenue:		
Tax Increment Financing	Succeeding year taxes	5,421,691
	DART lease agreement	214,880
Nonmajor Governmental:		
Police/Fire Pension	Succeeding year taxes	1,016,896
Water	Unearned charges	<u>(3,021)</u>
		<u>\$30,977,213</u>

Governmental funds also record deferred (unavailable) revenue for revenues that have been earned but are not available to liquidate current liabilities. The following funds had deferred (unavailable) revenues at June 30, 2012:

General	Delinquent taxes	\$ 28,353
	Accounts receivable	264,073
	Special Assessments	574
Debt Service	Delinquent taxes	17,612
Special Revenue:		
Tax Increment Financing	Delinquent taxes	151,578
Nonmajor Governmental:		
Police/Fire Pension	Delinquent taxes	1,747
Capital Projects:		
Capital Projects	Accounts receivable	851
	Intergovernmental receivable	54,243
Special Assessments	Special assessments	<u>525,679</u>
		<u>\$1,044,710</u>

NOTE 7 - LONG-TERM DEBT

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of infrastructure, major capital facilities, and other major capital assets. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in proprietary funds if they are expected to be repaid from proprietary fund revenues. General obligation bonds as of June 30, 2012 consist of the following individual issues:

<u>Debt</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Amount Issued</u>	<u>Interest Rate Range Outstanding</u>	<u>Balance June 30, 2012</u>
Various public improvements	05/27/05	06/01/13	\$ 14,790,000	4.000	\$ 1,235,000
Various public improvements	05/30/06	06/01/17	5,695,000	4.125 - 4.250	3,150,000
Various public improvements	05/30/07	06/01/18	13,040,000	4.000	8,450,000
Various public improvements	05/15/08	06/01/19	11,985,000	3.250 - 4.000	8,845,000
Public safety facilities	05/15/08	06/01/28	22,425,000	3.250 - 4.625	21,825,000
Landfill remediation	04/08/09	06/01/28	3,000,000	3.000	2,631,000
Various public improvements	05/15/09	06/01/28	32,010,000	4.000 - 4.375	27,050,000
Refunding	05/15/10	06/01/21	7,920,000	3.000 - 3.250	6,000,000
Refunding	05/15/11	06/01/26	13,250,000	2.000 - 4.000	13,250,000
Various public improvements	05/15/11	06/01/13	19,920,000	1.500	19,920,000
Refunding	05/15/11	06/01/14	2,910,000	3.000	1,955,000
Sport field lighting	08/15/11	06/01/16	495,000	1.000 - 1.800	400,000
Refunding	05/30/12	06/01/27	11,160,000	1.500 - 3.000	11,160,000
Various public improvements	05/30/12	06/01/14	15,450,000	1.000	15,450,000
Advance Refunding	05/30/12	06/01/18	6,665,000	2.000 - 4.000	6,665,000
			<u>\$ 180,715,000</u>		<u>\$ 147,986,000</u>

On August 15, 2011, the City issued series 2011D taxable general obligation capital loan notes totaling \$495,000, and was used to construct sports field lighting at Prairie Ridge Sports Complex.

On May 30, 2012, the City issued series 2012B general obligation refunding bonds totaling \$11,160,000, and was used to refund the series 2010D general obligation bond anticipation notes.

On May 30, 2012, the City issued series 2012C general obligation bond anticipation notes totaling \$15,450,000 and was used to construct various capital improvement projects.

On May 30, 2012, the City issued series 2012D general obligation refunding bonds, totaling \$6,665,000 with interest rates ranging from 2.0% to 4.0%. The proceeds were used to advance refund \$7,065,000 of outstanding of series 2005B general obligation refunding bonds with an average interest rate of 4.0%. The net proceeds related to the refunding of \$7,335,169 (including a \$670,169 premium and after payment of \$64,955 in underwriting and issuance costs) were used to purchase U.S. government securities (SLGS) in an irrevocable trust with an escrow agent. These proceeds will provide the future debt service payments on the series 2005B until the refunding date of June 1, 2013. The advance refunding was done to reduce aggregate debt service payments by \$548,600 over the next five years and obtain an economic gain (difference between the present values of the old and new debt service payments) of \$530,013. The refunded bonds are considered to be legally defeased and the liability for the refunded bonds has been removed from long-term debt.

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

Year Ending June 30	General Obligation Principal	General Obligation Interest	Total
2013	\$ 31,081,000	\$ 4,525,832	\$ 35,606,832
2014	26,699,000	3,781,306	30,480,306
2015	10,699,000	3,276,136	13,975,136
2016	11,118,000	2,922,666	14,040,666
2017	11,562,000	2,551,595	14,113,595
2018-2022	35,083,000	7,441,055	42,524,055
2023-2027	18,696,000	2,864,971	21,560,971
2028	3,048,000	136,746	3,184,746
	<u>\$ 147,986,000</u>	<u>\$ 27,500,307</u>	<u>\$ 175,486,307</u>

Accumulated fund balances in the Debt Service Fund are legally restricted for the repayment of debt service. The fund balance at June 30, 2012 in the Debt Service Fund is \$2,214,278.

Sewer revenue bonds/capital loan notes. The City issues capital loan notes and sewer revenue bonds to provide for the construction of sewer system infrastructure. These notes are reported in the sewer fund in the enterprise

funds. Sewer revenue bonds and capital loan notes as of June 30, 2012 consist of the following issues:

Debt	Issue Date	Final Maturity	Amount Issued	Interest		Balance June 30, 2012
				Rate Range	Outstanding	
Various sewer improvements	05/02/94	05/01/15	\$ 1,785,000	3.000		\$ 374,000
Various sewer improvements	04/07/97	05/01/17	4,344,000	3.000		400,000
Various sewer improvements	12/15/08	05/01/28	6,130,000	4.000 - 6.375		5,500,000
Rock Creek lateral sewer	01/20/10	05/01/32	3,642,000	3.000		3,642,000
Rock Creek lateral sewer	01/20/10	05/01/32	902,000	3.000		902,000
Landfill remediation	02/03/10	05/01/29	1,012,000	3.000		824,000
Various sewer improvements	12/15/10	05/01/30	3,010,000	2.500 - 4.500		2,890,000
Various sewer improvements	03/05/12	05/01/31	2,965,000	2.000 - 3.800		2,965,000
			<u>\$ 23,790,000</u>			<u>\$ 17,497,000</u>

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

Year ending June 30	Principal	Interest	Total
2013	\$ 890,000	\$ 654,066	\$ 1,544,066
2014	880,000	636,281	1,516,281
2015	912,000	609,506	1,521,506
2016	778,000	581,646	1,359,646
2017	802,000	556,276	1,358,276
2018-2022	4,362,000	2,345,567	6,707,567
2023-2027	5,375,000	1,400,660	6,775,660
2028-2032	3,498,000	295,294	3,793,294
	<u>\$ 17,497,000</u>	<u>\$ 7,079,296</u>	<u>\$ 24,576,296</u>

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay \$23,790,000 in sewer revenue bonds and capital loan notes. Proceeds from the bonds and notes provided financing for various sewer improvement projects. The bonds and notes are payable solely from sewer customer net revenues and are payable through 2032. Annual principal and interest payments on the bonds and notes are expected to require less than 90 percent of net revenues. The total principal and interest remaining to be paid on the bonds and notes is \$24,576,296. Principal and interest paid for the current year and total customer net revenues were \$2,417,283 and \$3,758,164, respectively.

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

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

the interest due on the next payment date plus one-twelfth of the principal maturing on the next retirement date.

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

The amount restricted in the Sewer Fund as of June 30, 2012 relating to these provisions is \$1,813,157.

Water revenue bonds/capital loan notes. The City issues water revenue bonds and capital loan notes to provide for the construction of water system infrastructure. This debt is reported in the water fund in the enterprise funds. Water revenue bonds and capital loan notes as of June 30, 2012 consist of the following issues:

Debt	Issue Date	Final Maturity	Amount Issued	Interest Rate Range Outstanding	Balance June 30, 2012
Eastside Rual Water Phase 1	10/01/01	06/01/21	\$ 908,000	3.000	\$ 475,000
Various water improvements	11/21/05	06/01/25	4,025,000	4.000 - 4.625	2,970,000
Various water improvements	12/15/06	06/01/26	3,890,000	3.700 - 4.300	3,160,000
Various water improvements	12/15/08	06/01/28	4,400,000	4.000 - 6.375	3,950,000
			<u>\$ 13,223,000</u>		<u>\$ 10,555,000</u>

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

Year ending June 30	Principal	Interest	Total
2013	\$ 552,000	\$ 480,055	\$ 1,032,055
2014	573,000	458,940	1,031,940
2015	600,000	437,025	1,037,025
2016	626,000	413,975	1,039,975
2017	653,000	389,365	1,042,365
2018-2022	3,686,000	1,501,124	5,187,124
2023-2027	3,500,000	600,305	4,100,305
2028	365,000	23,269	388,269
	<u>\$ 10,555,000</u>	<u>\$ 4,304,058</u>	<u>\$ 14,859,058</u>

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$13,223,000 in water revenue bonds and capital loan notes. Proceeds from the bonds and notes provided financing for various water improvement projects. The bonds and notes are payable solely from water customer net revenues and are payable through 2028. Annual principal and interest payments on the bonds and notes are expected to require less than 90 percent of net revenues. The total principal and interest remaining to be paid on

the bonds and notes is \$14,859,058. Principal and interest paid for the current year and total customer net revenues were \$1,489,570 and \$2,937,118, respectively.

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

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

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

The amount restricted in the Water Fund as of June 30, 2012 relating to these provisions is \$1,140,007.

Changes in Long-term Debt. The following is a summary of the changes in the long-term debt of the City for the year ended June 30, 2012.

	June 30, 2011	Additions	Retirements	June 30, 2012	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 130,849,069	\$ 28,486,254	\$ 25,914,061	\$ 133,421,262	\$ 29,812,389
Capital loan notes	0	495,000	95,000	400,000	100,000
Other postemployment benefits	70,570	32,398	-	102,968	-
Compensated absences	554,940	487,250	465,784	576,406	508,839
Early retirement	117,503	159,945	64,327	213,121	-
Total governmental activities	<u>131,592,082</u>	<u>29,660,847</u>	<u>26,539,172</u>	<u>134,713,757</u>	<u>30,421,228</u>
Business-type activities:					
General obligation bonds	11,033,931	4,788,746	1,657,939	14,164,738	1,168,611
Water revenue bonds	10,565,000	-	485,000	10,080,000	505,000
Sewer revenue bonds	14,135,000	2,965,000	377,000	16,723,000	521,000
Capital loan notes	1,821,000	-	572,000	1,249,000	416,000
Other postemployment benefits	15,069	6,152	-	21,221	-
Compensated absences	139,242	152,624	82,405	209,461	101,654
Total business-type activities	<u>37,709,242</u>	<u>7,912,522</u>	<u>3,174,344</u>	<u>42,447,420</u>	<u>2,712,265</u>
Total long-term debt	<u>\$ 169,301,324</u>	<u>\$ 37,573,369</u>	<u>\$ 29,713,516</u>	<u>\$ 177,161,177</u>	<u>\$ 33,133,493</u>

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

	Governmental Activities	Business-type Activities
Discounts:		
Current	\$ 23,018	\$ 13,435
Noncurrent	130,459	211,589
Total	<u>\$ 153,477</u>	<u>\$ 225,024</u>
Premiums:		
Current	\$ 251,835	\$ 20,808
Noncurrent	1,618,993	219,223
Total	<u>\$ 1,870,828</u>	<u>\$ 240,031</u>

NOTE 8 - RETIREMENT SYSTEMS

Iowa Public Employees Retirement System (IPERS)

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing, multiple-employer, defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits 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. This report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 5.38% of their annual covered salary and the City is required to contribute 8.07% of annual covered payroll, except covered firefighters who contribute 6.65% and the City contributes 9.97%. Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$736,889, \$647,790, and \$631,912, respectively, equal to the required contributions for each year.

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

The City contributes to the Municipal Fire and Police Retirement System of Iowa (MFPRSI) which is a cost-sharing, multiple-employer defined benefit plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits that are established by State statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to MFPRSI, 7155 Lake Drive, Suite 201, West Des Moines, Iowa 50266.

Plan members are required to contribute 9.40% of their earnable compensation and the City's contribution rate is 24.76% of earnable compensation. Contribution requirements are established by State statute. The City's contributions to the Plan for the years ended June 30, 2012, 2011, and 2010 were \$941,093, \$634,969, and \$552,553, respectively, which met the required minimum contributions for each year.

NOTE 9 - RISK MANAGEMENT AND INSURANCE

The City is a member of the Iowa Communities Assurance Pool (ICAP), as allowed by Chapter 670.7 of the Code of Iowa. ICAP is a local government risk-sharing pool whose 663 members include various government entities throughout the State of Iowa. ICAP was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. ICAP provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to ICAP fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, ICAP's general and administrative expenses, claims, claims expenses, and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over ICAP.

ICAP also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, ICAP's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's annual contributions to ICAP for the year ended June 30, 2012 were \$252,817.

ICAP uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. ICAP retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For

members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by ICAP up to \$150,000 per occurrence, each location, with excess coverage reinsured on an individual member basis.

ICAP's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhaust total member's equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly at June 30, 2012, no liability has been recorded in the City's financial statements. As of June 30, 2012, settled claims have not exceeded the risk pool or reinsurance coverage since ICAP's inception.

Members agree to continue membership in ICAP for a period of not less than one full year. After such period, a member who has given 60 days prior notice may withdraw from ICAP. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City also carries commercial insurance purchased from other insurers for coverage associated with workers compensation. The City assumes the liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The City also assumes all risks related to the injury of police officers and full-time fire fighters in the line of duty. The City's risk management activities are accounted for in the internal service fund, risk management fund, which provides for the purchase of insurance.

Health Insurance

The City operates a health insurance pool for the benefit of its employees that is self-funded through contributions in the form of employee premiums. The City is liable as to medical and dental claims made by the participants in the plan. The

pool is self insured with an annual stop loss deductible of \$55,000 per member and an aggregate stop loss deductible of \$2,003,612. Coverage from a private insurance company is maintained for losses in excess of both the individual and the aggregate stop loss deductibles. The City had no individual stop loss claims and no outstanding aggregate stop loss claims as of June 30, 2012. An independent claims administrator performs the handling of all claims and procedures. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims payable includes all known claims and an amount for claims that have been incurred but not reported (IBNR). Changes in the balances of claims payable are as follows:

	2012	2011
Claims payable, beginning of year	\$ 249,484	\$ 92,411
Incurred claims (including IBNR)	2,150,555	2,041,016
Claims payments	<u>(2,124,825)</u>	<u>(1,883,943)</u>
Claims payable, end of year	<u>\$ 275,214</u>	<u>\$ 249,484</u>

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

NOTE 10 - JOINTLY GOVERNED ORGANIZATIONS

The City participates in the Polk County Aviation Authority (PCAA) that operates the Ankeny Regional Airport. The City, along with Polk County, Altoona, and Bondurant, form the PCAA. The City appoints two board members of the seven-member board. In addition, the City levies a property tax of \$.14821 per thousand dollars of taxable valuation for the Authority. The City paid \$304,237 to the PCAA in fiscal year 2012.

The City participates in the Metro Waste Authority (MWA). The MWA is responsible for the management of the metro landfill, transfer station, compost center, and recycling center and operates the Curb It! recycling program. The MWA has 17 members, including Ankeny, with each appointing one representative. The City charges residents a monthly fee to help recover the City's cost of the Curb It! recycling program. The City paid fees totaling \$446,254 in fiscal year 2012.

The City is a member of the Des Moines Metro Area Planning Organization (MPO) that is responsible for transportation planning and federal grants allocation within the area. There are 18 member governments that appoint 25 voting representatives. The City appoints two members. The City paid \$51,508 in membership dues for fiscal year 2012.

The City is a full member of the Des Moines Area Regional Transportation Authority (DART). DART has 18 member cities and Polk County, which are

represented by nine board members. In fiscal year 2007, DART no longer charged member cities for annual contributions, but instead levied a property tax through Polk County. In addition, the City received \$316,000 in fiscal year 2004 from DART for prepayment of a 25-year lease for a Park-and-Ride lot that started on July 1, 2004. The balance remaining on the lease is \$214,880 as of June 30, 2012.

The City is a member of the Des Moines Metropolitan Wastewater Reclamation Authority (WRA), which is a separate entity created by agreement in accordance with Chapter 28E of the Code of Iowa. The purpose of the organization is for the planning, construction, operation, and management of sewer related facilities. The WRA has 14 member governments with a governing board of 19 representatives of which the City appoints 2 representatives. The City paid membership and participation fees during fiscal year 2012 of \$3,013.816.

NOTE 11 – OPERATING LEASES

The City leases office space known as the Parks and Recreation Building under a non-cancelable operating lease. The original term of the lease was for ten years; however the lease was amended in November 2005 to extend the term to February 29, 2016. The following is a schedule of the future minimum lease payments required under the operating lease:

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$ 66,000
2014	66,000
2015	66,000
2016	44,000
Total remaining payments	<u>\$ 242,000</u>

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

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

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$ 186,540
2014	186,540
2015	186,540
2016	186,540
2017	93,270
Total remaining payments	<u>\$ 839,430</u>

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

The City has a long-term lease agreement with the Des Moines Waterworks (DMWW) for the production and supply of drinking water. Under the terms of the agreement, the City agrees to pay DMWW for the cost of the debt that was issued to build the infrastructure and facilities necessary to make the water available to the City. The remaining reimbursements are scheduled until December 1, 2026 and with payments scheduled as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$ 910,638
2014	905,338
2015	909,238
2016	907,238
2017	914,238
2018 - 2022	4,573,330
2023 - 2027	4,605,312
Total remaining payments	<u>\$ 13,725,331</u>

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

The following is a schedule of the expected remaining lease payments under the agreement:

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$ 322,131
2014	322,131
2015	322,131
2016	322,131
2017	322,131
2018 - 2022	1,610,654
2023 - 2024	644,261
Total remaining payments	<u>\$ 3,865,569</u>

The City entered into a lease for space known as the Park Maintenance Building under a non-cancelable operating lease. The original term of the lease was for two years with the option to renew for an additional two years. The renewal option was exercised in May 2010, extending the lease to August 31, 2012. The following is a schedule of the future minimum lease payments required under the operating lease:

<u>Fiscal Year</u>	<u>Amount</u>
2013	6,500
Total remaining payments	<u>\$ 6,500</u>

The City is responsible for maintenance, repairs, and utilities of the facility while the lease is in effect.

The City entered into a lease agreement with National City Commercial Capital Company, LLC for the use of 70 golf carts for a period of 47 months beginning July 1, 2009 and ending on June 1, 2013. The following is a schedule of the future minimum lease payments required under the operating lease:

<u>Fiscal Year</u>	<u>Amount</u>
2013	57,442
Total remaining payments	<u>\$ 57,442</u>

NOTE 12 - CONDUIT DEBT OBLIGATIONS

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

The following summarizes the outstanding issues in which the City assisted at June 30, 2012:

<u>Company</u>	<u>Type</u>	<u>Issue Year</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Final Maturity</u>
On With Life, Inc.	Health Care Facility	2005	\$ 3,440,000	\$ 2,110,000	2020

NOTE 13 - COMMITMENTS AND CONTINGENCIES

The City has outstanding commitments for purchase orders that have been issued to various vendors. For budgetary purposes, these commitments are considered encumbrances. The City’s encumbrances at June 30, 2012, in the General Fund, Tax Increment Financing Fund, Capital Projects Fund and nonmajor governmental funds were \$262,637, \$12,288, \$641,461, and \$585,234, respectively. The City also had encumbrances in the Water Fund, Sewer Fund, and nonmajor enterprise funds of \$4,832, \$61,853, and \$72,089, respectively.

The City has outstanding commitments for construction projects including street improvements, park and recreation improvements, utility improvements and other construction and engineering projects. The City’s commitment to these contracts at June 30, 2012 is \$16,552,066.

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

NOTE 14 - OTHER POST EMPLOYMENT BENEFITS

Plan Description - The City operates a single-employer health care plan which provides medical, prescription drug and dental benefits for retirees and their spouses. Employees who have attained age 55 and retire from active employment are eligible for retiree benefits. There are 199 active and 5 retired members in the plan.

The medical and prescription drug coverage is provided through a partially self-insured plan administered by Wellmark BCBS and dental benefits through a fully-insured plan with Delta Dental of Iowa. Retirees under age 65 pay the same premium as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The current funding policy of the City is to pay health insurance premiums as they occur. This arrangement does not qualify as other post employment benefits (OPEB) plan assets under Governmental Accounting Standards Board (GASB) Statement No. 45 for current GASB reporting.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2012, the City contributed \$309.

Other postemployment obligations are generally liquidated by the Health Insurance Internal Service Fund.

Annual OPEB Cost and Net OPEB Obligation – The City’s annual OPEB cost (expense) is calculated based on an annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the City’s annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the City’s net OPEB obligation:

Annual required contribution	\$ 40,386
Interest on net OPEB obligation	3,426
Adjustment to annual required contribution	<u>(4,953)</u>
Annual OPEB cost (expense)	38,859
Contributions made	<u>(309)</u>
Increase in net OPEB obligation	38,550
Net OPEB obligation – July 1, 2011	<u>85,639</u>
Net OPEB obligation – June 30, 2012	<u><u>\$ 124,189</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB costs contributed to the plan, and the net OPEB obligation are summarized as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$31,800	10.06%	\$28,600
June 30, 2010	\$33,000	16.97%	\$56,000
June 30, 2011	\$39,388	24.76%	\$85,639
June 30, 2012	\$38,859	0.80%	\$124,189

Funded Status and Funding Progress – As of July 1, 2010, the most recent actuarial valuation date, the actuarial accrued liability was \$320,328, with no actuarial assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$320,328. The covered payroll (annual payroll of active employees covered by the plan) was \$12,019,979 and the ratio of the UAAL to covered payroll was 2.7%.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to the Financial Statements, will present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

As of the July 1, 2010 actuarial valuation, projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment return and a projected annual health care cost trend rate of 5.0%. The projected dental claim costs were assumed to be equal to the premiums.

Mortality rates are from the RP2000 Mortality Tables, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the Scale T-6 of the Actuary's Pension Handbook.

Projected claims costs of the healthcare plan are approximately \$7,701 for retirees. The salary increase rate was assumed to be 3.0% per year. The UAAL is being amortized as a level percentage of pay on an open basis over a period of 30 years.

NOTE 15 - TERMINATION BENEFITS

The City offered a voluntary early retirement program for employees during fiscal years 2010 and 2011, with retirement dates extending through fiscal year 2014. Future offerings of the program are being evaluated on an annual basis. Eligible employees must have been at least age fifty-five and vested in IPERS or MFPRSI.

Early retirement benefits equal an amount equal to 70% of the employee's base salary at the time of retirement into a Vantage Care (ICMA-RC) Retirement Health Savings (RHS) Plan. In addition, the eligible employee may contribute on

the date of retirement the value of any unused earned paid time off that would normally be paid at retirement and/or separation from service.

Early retirement benefits paid during the fiscal year ended June 30, 2012 totaled \$64,327.

NOTE 16 – LANDFILL CLOSURE AND POSTCLOSURE CARE

During fiscal year 2006, the United States Environmental Protection Agency (EPA) initiated legal action against the City, Deere & Company and the U.S. Army Corps for the costs involved in the performance of a removal action at Operable Unit 1, Landfill and Lagoon Complex of the Des Moines Ex Ordnance Site located in Ankeny, Polk County, Iowa.

During fiscal year 2011, actions were completed to remediate and cap the abandoned landfill and lagoon complex with 75 percent of the costs being paid by Deere & Company and 25 percent by the City.

State and federal regulations require that certain maintenance and monitoring functions be performed at the site for thirty years after closure. By agreement, the City is responsible for maintenance and monitoring, of which Deere & Company agreed to pay the future value of their proportionate share of costs upfront. Subsequently, the landfill postclosure fund was created to record Deere & Company's payment. The City's long-term maintenance and monitoring costs will be an expense of the Solid Waste Fund.

At June 30, 2012, the ending fund balance of the landfill postclosure fund was \$184,207.

NOTE 17 - NEW PRONOUNCEMENTS

The City has implemented the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, issued January 2010, will be effective for the City beginning with its year ending June 30, 2012. This Statement addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans. GASB 57 amends GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions Plans*, and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement had no effect on the City's financial statements.

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* (an amendment of GASB Statement No. 53),

issued July 2011, will be effective for the City beginning with its year ending June 30, 2012. This Statement clarifies that when certain conditions are met, the use of hedge accounting should not be terminated. Those conditions are: (a) the collectability of swap payments is considered to be probable, (b) the replacement of the counterparty or credit support provider meets the criteria of an assignment or in-substance assignment as described in the Statement, and (c) the counterparty or counterparty credit support provider (and not the government) has committed the act of default or termination event. When all of these conditions exist, the GASB believes that the hedging relationship continues and hedge accounting should continue to be applied. This Statement had no effect on the City's financial statements.

As of June 30, 2012, the GASB has issued the following statements not yet implemented by the City. The Statements, which might impact the City as are follows:

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, issued November 2010, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. Specifically, this Statement improves financial reporting by establishing recognition, measurement, and disclosure requirements SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. This Statement also improves the decision usefulness of financial reporting by requiring that specific relevant disclosures be made by transferors and governmental operators about SCAs.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus--an amendment of GASB Statements No. 14 and No. 34*, issued November 2010, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending also improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, issued January 2011, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued July 2011, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued April 2012, will be effective for the City beginning with its year ending June 30, 2014. This Statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definition of CON 4. Based on those definitions, this Statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, the

Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources.

GASB Statement No. 66, *Technical Corrections - 2012*, issued April 2012, will be effective for the City beginning with its year ending June 30, 2014. This Statement enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This Statement amends GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state or local government's risk financing activities to the general fund and the internal service fund types. As a result, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement also amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for: (a) operating lease payments that vary from a straight-line basis; (b) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans; and (c) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases* and result in guidance that is consistent with the requirements in GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entry Transfers of Assets and Future Revenues*, respectively.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the City beginning with its year ending June 30, 2015. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. This Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

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

NOTE 18 – CHANGE IN REPORTING ENTITY

The beginning net assets of the Ankeny Arts Council, a discretely presented component unit, have been restated to reflect a change in reporting entity as the organization no longer qualifies as a component unit.

	Ankeny Arts Council
Beginning net assets, as previously reported	\$ 120,536
Change in reporting entity	(120,536)
Beginning net assets, as restated	<u>\$ -</u>

Required Supplementary Information

City of Ankeny, Iowa

Required Supplementary Information
 Budgetary Comparison Schedule (Cash Basis) - All Governmental and Proprietary Funds
 For the Year Ended June 30, 2012

	Governmental Fund Types Actual	Proprietary Fund Types Actual	Total All Budgeted Funds Actual	Budgeted Amounts		Variance with Final Budget Positive (Negative)
				Original	Final	
Revenues:						
Property taxes	\$ 22,951,178	\$ -	\$ 22,951,178	\$ 22,942,366	\$ 22,942,367	\$ 8,811
Tax increment financing	5,686,484	-	5,686,484	5,817,948	5,817,948	(131,464)
Other city taxes	2,468,892	-	2,468,892	2,275,598	2,394,899	73,993
Licenses and permits	1,161,183	12,922	1,174,105	859,100	946,100	228,005
Use of money and property	422,209	120,809	543,018	641,400	511,045	31,973
Intergovernmental revenue	6,010,942	-	6,010,942	7,425,937	5,342,728	668,214
Charges for services	2,369,941	19,398,616	21,768,557	20,140,639	20,893,542	875,015
Special assessments	315,188	-	315,188	1,000	245,400	69,788
Miscellaneous	2,533,349	1,421,014	3,954,363	4,547,261	3,790,042	164,321
Total revenues	43,919,366	20,953,361	64,872,727	64,651,249	62,884,071	1,988,656
Expenditures/Expenses:						
Public safety	11,224,577	-	11,224,577	11,753,234	11,534,023	309,446
Public works	4,003,089	-	4,003,089	4,165,022	4,294,160	291,071
Health and social services	308,557	-	308,557	342,941	351,854	43,297
Culture and recreation	5,134,575	-	5,134,575	5,071,016	5,372,501	237,926
Community and economic development	2,876,059	-	2,876,059	3,022,175	3,137,098	261,039
General government	2,881,808	-	2,881,808	3,060,487	2,973,752	91,944
Debt service	14,033,405	-	14,033,405	13,972,310	14,034,705	1,300
Capital projects	38,353,643	-	38,353,643	40,947,459	43,914,664	5,561,021
Business-type	-	16,662,251	16,662,251	17,059,548	17,355,117	692,866
Total expenditures/expenses	78,815,713	16,662,251	95,477,964	99,394,192	102,967,874	7,489,910
Excess (deficiency) of revenues over (under) expenditures/expenses	(34,896,347)	4,291,110	(30,605,237)	(34,742,943)	(40,083,803)	9,478,566
Other financing sources (uses), net	35,370,636	(1,875,635)	33,495,001	33,780,000	33,820,000	(324,999)
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing sources (uses)	474,289	2,415,475	2,889,764	(962,943)	(6,263,803)	9,153,567
Beginning fund balance, July 1	40,638,825	9,694,007	50,332,832	50,947,097	50,332,832	-
Ending fund balance, June 30	\$ 41,113,114	\$ 12,109,482	\$ 53,222,596	\$ 49,984,154	\$ 44,069,029	\$ 9,153,567

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

City of Ankeny, Iowa

**Explanation of Differences Between Budgetary
Basis and GAAP Basis Revenues and Expenditures
for the Governmental Funds
For the Year Ended June 30, 2012**

Revenues and other financing sources:

Actual amount of "total revenues and other financing sources" on a budgetary basis from the budgetary comparison schedule - program budget	\$ 84,927,008
On a budgetary basis, the City does not record revenues until the cash has been received. This differs from GAAP, which records revenues as they are earned and available.	(1,315,842)
On a budgetary basis, separate funds may be created for management purposes, but on a GAAP basis these funds are combined into the general fund.	(19,050)
On a budgetary basis, the City does not record proceeds of an advanced refunding.	7,247,664
On a budgetary basis, capital projects for water, sewer, and storm water construction are recorded in the capital projects fund. On a GAAP basis, this activity is recorded in the related enterprise fund as assets. Related bond proceeds are recorded as enterprise fund debt and an interfund liability. Fund transfers between the capital projects fund and the enterprise funds are eliminated.	(7,789,708)
Transfers from enterprise funds to the debt service fund for bond principal and interest payments are reported as transfers on a budgetary basis. These transfers are eliminated and the debt payments are recorded directly in the enterprise fund on a GAAP basis.	<u>(1,463,436)</u>
Total GAAP basis revenues and other financing sources for the governmental funds	<u><u>\$ 81,586,636</u></u>

Expenditures and other financing uses:

Actual amount of "expenditures and other financing uses" on a budgetary basis from the budgetary comparison schedule - program budget	\$ 84,452,719
On a budgetary basis, the City does not record expenditures until the cash has been paid. This differs from GAAP, which records expenditures as the liability is incurred.	1,286,039
Purchases related to loans from the equipment reserve and sustainability revolving loan funds are reported in those funds on a budgetary basis. On a GAAP basis, the borrowing funds record a liability and corresponding expenditure for the equipment purchase.	788,312
On a budgetary basis, the City does not record retired debt paid from an advanced refunding.	6,666,147
On a budgetary basis, capital projects for water, sewer, and storm water construction are recorded in the capital projects fund. On a GAAP basis, this activity is recorded in the related enterprise fund as assets. Related bond proceeds are recorded as enterprise fund debt and an interfund liability. Fund transfers between the capital projects fund and the enterprise funds are eliminated.	(7,426,154)
The Arts Council is included as a governmental fund on a budget basis but is reported as an agency fund on a GAAP basis.	(91,867)
On a budget basis, separate funds may be created for management purposes, but on a GAAP basis these funds are combined into the general fund.	(19,050)
Transfers from enterprise funds to the debt service fund for bond principal and interest payments are reported as transfers in on a budgetary basis. These transfers are eliminated and the debt payments are recorded directly in the enterprise fund on a GAAP basis.	(1,463,436)
Repayments of loans to the equipment reserve and sustainability revolving loan funds are recorded as an expenditure on a budget basis. No expenditure is recorded for loan repayments on a GAAP basis.	<u>(604,503)</u>
Total GAAP basis expenditures and other financing uses for the governmental funds	<u><u>\$ 83,588,207</u></u>

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

City of Ankeny, Iowa

**Explanation of Differences Between Budgetary
Basis and GAAP Basis Revenues and Expenses
for the Proprietary Funds
For the Year Ended June 30, 2012**

Revenues and other financing sources:

Actual amount of "total revenues and other financing sources" on a budgetary basis from the budgetary comparison schedule - program budget	\$ 21,532,919
On a budgetary basis, the City does not record revenues until the cash has been received. This differs from GAAP, which records revenues as they are earned and available.	596,612
Investments are not reported at market value on a budgetary basis. The change in market value is recorded on a GAAP basis.	12,574
Customer deposits and unearned revenue are recorded as revenue on a budgetary basis. On a GAAP basis, these deposits are reported as a liability.	<u>(6,310)</u>
Total GAAP basis revenues, nonoperating revenues, and transfers in	<u><u>\$ 22,135,795</u></u>

Expenses and other financing uses:

Actual amount of "expenditures and other financing uses" on a budgetary basis from the budgetary comparison schedule - program budget	\$ 19,117,444
On a budgetary basis, the City does not record expenditures until the cash has been paid. This differs from GAAP, which records expenses as the liability is incurred.	297,753
Principal payments on indebtedness are recorded as an expenditure on a budgetary basis, but are not expensed on a GAAP basis.	(1,434,000)
Bond issuance costs are expensed and bond discounts are not recorded on a budgetary basis. These costs and discounts are recorded and amortized under GAAP.	(37,610)
Depreciation and losses on fixed assets are reported on a GAAP basis but are not recorded on a budgetary basis	2,786,006
Purchases of capital assets is reported as an expense on a budget basis but is capitalized and depreciated on a GAAP basis	(370,881)
Transfers from enterprise funds to the debt service fund for bond principal and interest payments are reported as transfers in on a budgetary basis. These transfers are eliminated and the debt payments are recorded directly in the enterprise fund on a GAAP basis.	(1,076,260)
Repayments of loans to the Equipment Reserve fund are recorded as an expenditure on a budget basis. No expenditure is recorded for loan repayments on a GAAP basis.	<u>(63,637)</u>
Total GAAP basis expenses, nonoperating expenses, and transfers out	<u><u>\$ 19,218,815</u></u>

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

CITY OF ANKENY, IOWA
Notes to the Required Supplementary Information
June 30, 2012

I. BUDGETARY INFORMATION

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

After the initial budget is adopted, the budget may be amended for specific purposes. Budget amendments are required for budget transfers between funds as well as between programs. Management is not authorized to amend the budget without the approval of City Council. The City filed two budget amendments for the fiscal year ended June 30, 2012. The amendments decreased estimated revenues by \$1,767,178 and increased expenditures by \$3,573,682. The City's budget amendments were essentially a complete re-estimate of the original budget. The amendments accounted for many changes in estimates and did not represent just a few specific activities or outlays; however, the decrease in revenues and increase in expenditures are primarily related to the timing of grants and construction of capital improvement projects.

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

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

The legal level of control (the level at which expenditures may not legally exceed appropriations) is the program level for all funds combined rather than at the individual fund level. The nine programs mandated by the State are: (1) public safety, (2) public works, (3) health and social services, (4) culture and recreation, (5) community and economic development, (6) general government, (7) debt service, (8) capital projects and (9) business type/enterprise. Since the City maintains its budgets at the individual fund level, it is necessary to aggregate the expenditures of the budgeted activities within the individual funds on a program basis and to compare such program totals with the program budgeted totals in order to demonstrate legal compliance with the budget. During the year ended June 30, 2012, expenditures did not exceed budgeted amounts in any of the nine programs. Budgetary compliance is demonstrated in the required supplementary information.

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

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

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

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

City of Ankeny, Iowa

**Required Supplementary Information
Schedule of Funding Progress
For the Year Ended June 30, 2012**

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2009	7/1/2007	\$ -	\$ 203,600	\$ 203,600	0.00%	\$ 10,673,526	1.9%
6/30/2010	7/1/2007	\$ -	\$ 203,600	\$ 203,600	0.00%	\$ 11,554,485	1.8%
6/30/2011	7/1/2010	\$ -	\$ 320,328	\$ 320,328	0.00%	\$ 11,309,005	2.8%
6/30/2012	7/1/2010	\$ -	\$ 320,328	\$ 320,328	0.00%	\$ 12,019,979	2.7%

See Note 14 in the accompanying Notes to the Financial Statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress.

Nonmajor Governmental Funds

Fire Gift Fund - Accounts for donations to be used specifically for the fire department.

Hawkeye Park Fund - Accounts for revenues from players fees at the Hawkeye Park Sports Complex to be used for park improvements.

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

Road Use Tax Fund – Accounts for state revenues allocated to the City for maintenance and improvement of City streets.

Police Seizure Fund - Accounts for monies obtained through property seizures and forfeitures to be used specifically for the police department.

Economic Development Fund – Accounts for activities of the City's economic development department.

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

Landfill Postclosure – Accounts for maintenance activities undertaken at the remediated landfill to maintain the integrity of containment features and to monitor compliance with applicable performance standards.

Library Foundation Fund – A blended component unit, which accounts for activities of the Kirkendall Public Library Foundation.

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

Sports Complex Foundation Fund – A blended component unit, which accounts for activities of the Ankeny Sports Complex Foundation.

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

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

Dog Park – Accounts for donations to be used for the construction of a dog park.

Keep Ankeny Beautiful Fund – A blended component unit, which accounts for activities of Keep Ankeny Beautiful.

Civic Fund – Accounts for contributions made by the master developer of Prairie Trail to be used for civic improvements.

Special Assessments Fund - Accounts for collection of assessments levied against affected properties to pay for improvements.

City of Ankeny, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue							
	Fire Gift	Hawkeye Park	Police Gift	Road Use Tax	Police Seizure	Economic Development	Police/Fire Pension	Landfill Postclosure
Assets								
Cash and cash equivalents	\$33,805	\$ 12,251	\$ 2,253	\$ 2,074,084	\$ 79,142	\$ -	\$ 877,195	\$ 184,207
Receivables:								
Interest	-	-	-	-	-	-	10	-
Taxes	-	-	-	-	-	-	1,021,993	-
Accounts	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	318,887	-	-	46	-
Due from other funds	-	-	-	-	-	-	-	-
Total assets	\$ 33,805	\$ 12,251	\$ 2,253	\$ 2,392,971	\$ 79,142	\$ -	\$ 1,899,244	\$ 184,207
Liabilities and fund balances								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ 67,434	\$ -	\$ -	\$ -	\$ -
Accrued wages	-	-	-	45,638	-	-	-	-
Due to other funds	-	-	-	288,786	-	-	-	-
Advances from other funds	-	-	-	628,456	-	-	-	-
Deferred revenue	-	-	-	-	-	-	1,018,643	-
Total liabilities	-	-	-	1,030,314	-	-	1,018,643	-
Fund balances:								
Restricted	33,805	12,251	2,253	1,362,657	79,142	-	880,601	184,207
Total fund balances	33,805	12,251	2,253	1,362,657	79,142	-	880,601	184,207
Total liabilities and fund balances	\$ 33,805	\$ 12,251	\$ 2,253	\$ 2,392,971	\$ 79,142	\$ -	\$ 1,899,244	\$ 184,207

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

Library Foundation	Park Dedication	Sports Complex Foundation	Ankeny Garden Club	Recreation Events	Dog Park	Keep Ankeny Beautiful	Civic	Capital Project Special Assessments	Total Nonmajor Governmental Funds
\$ 24,565	\$ 349,616	\$ 21,649	\$ 5,732	\$ 21,154	\$ 12,470	\$ 570	\$ 250,107	\$ 1,425,181	\$ 5,373,981
-	-	-	-	-	-	-	-	-	10
-	-	-	-	-	-	-	-	-	1,021,993
-	-	-	-	7,500	370	-	71,488	-	79,358
-	-	-	-	-	-	-	-	525,679	525,679
-	-	-	-	-	-	-	-	-	318,933
-	-	-	-	-	-	-	-	-	-
<u>\$ 24,565</u>	<u>\$ 349,616</u>	<u>\$ 21,649</u>	<u>\$ 5,732</u>	<u>\$ 28,654</u>	<u>\$ 12,840</u>	<u>\$ 570</u>	<u>\$ 321,595</u>	<u>\$ 1,950,860</u>	<u>\$ 7,319,954</u>
\$ 1,483	\$ -	\$ -	\$ 61	\$ -	\$ 444	\$ -	\$ -	\$ -	\$ 69,422
-	-	-	-	-	-	-	-	-	45,638
-	-	-	-	-	-	-	-	-	288,786
-	-	-	-	-	-	-	-	-	628,456
-	-	-	-	-	-	-	-	525,679	1,544,322
<u>1,483</u>	<u>-</u>	<u>-</u>	<u>61</u>	<u>-</u>	<u>444</u>	<u>-</u>	<u>-</u>	<u>525,679</u>	<u>2,576,624</u>
<u>23,082</u>	<u>349,616</u>	<u>21,649</u>	<u>5,671</u>	<u>28,654</u>	<u>12,396</u>	<u>570</u>	<u>321,595</u>	<u>1,425,181</u>	<u>4,743,330</u>
<u>23,082</u>	<u>349,616</u>	<u>21,649</u>	<u>5,671</u>	<u>28,654</u>	<u>12,396</u>	<u>570</u>	<u>321,595</u>	<u>1,425,181</u>	<u>4,743,330</u>
<u>\$ 24,565</u>	<u>\$ 349,616</u>	<u>\$ 21,649</u>	<u>\$ 5,732</u>	<u>\$ 28,654</u>	<u>\$ 12,840</u>	<u>\$ 570</u>	<u>\$ 321,595</u>	<u>\$ 1,950,860</u>	<u>\$ 7,319,954</u>

City of Ankeny, Iowa

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

Special Revenue

	Fire Gift	Hawkeye Park	Police Gift	Road Use Tax	Police Seizure	Economic Development	Police/Fire Pension	Landfill Postclosure
Revenues:								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 890,593	\$ -
Other taxes and assessments	-	-	-	-	-	-	13,754	-
Intergovernmental	-	-	-	4,288,176	3,796	-	-	-
Charges for services	-	7,940	-	-	-	-	-	-
Use of money and property	136	35	10	-	380	-	4,123	-
Miscellaneous	3,533	-	100	-	3,405	-	-	-
Total revenues	3,669	7,975	110	4,288,176	7,581	-	908,470	-
Expenditures:								
Current operating:								
Public safety	-	-	-	-	46,186	-	918,582	-
Culture and recreation	-	1,144	-	-	-	-	-	-
Public works	-	-	-	3,134,376	-	-	-	-
Community and economic development	-	-	-	-	-	(49)	-	-
Total expenditures	-	1,144	-	3,134,376	46,186	(49)	918,582	-
Excess (deficiency) of revenues over (under) expenditures	3,669	6,831	110	1,153,800	(38,605)	49	(10,112)	0
Other financing (uses):								
Transfers out	-	-	-	-	-	-	-	(21,301)
Total other financing sources	-	-	-	-	-	-	-	(21,301)
Net change in fund balances	3,669	6,831	110	1,153,800	(38,605)	49	(10,112)	(21,301)
Fund balances (deficits), beginning	30,136	5,420	2,143	208,857	117,747	(49)	890,713	205,508
Fund balances, ending	\$ 33,805	\$ 12,251	\$ 2,253	\$ 1,362,657	\$ 79,142	\$ -	\$ 880,601	\$ 184,207

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

								Capital Project	
Library Foundation	Park Dedication	Sports Complex Foundation	Ankeny Garden Club	Recreation Events	Dog Park	Keep Ankeny Beautiful	Civic	Special Assessments	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 890,593
-	-	-	-	-	-	-	-	197,791	211,545
-	-	5,670	-	-	-	-	-	-	4,297,642
-	-	4,510	-	-	-	-	-	-	12,450
124	1,508	82	16	-	45	2	796	-	7,257
10,107	22,897	5,705	5,732	24,000	7,368	-	71,489	-	154,336
10,231	24,405	15,967	5,748	24,000	7,413	2	72,285	197,791	5,573,823
-	-	-	-	-	-	-	-	-	964,768
7,838	-	3,782	2,132	17,912	1,125	-	-	-	33,933
-	-	-	-	-	-	-	-	117,657	3,252,033
-	-	-	-	-	-	-	250,015	-	249,966
7,838	-	3,782	2,132	17,912	1,125	-	250,015	117,657	4,500,700
2,393	24,405	12,185	3,616	6,088	6,288	2	(177,730)	80,134	1,073,123
-	-	(5,000)	-	-	-	-	(784,414)	-	(810,715)
-	-	(5,000)	-	-	-	-	(784,414)	-	(810,715)
2,393	24,405	7,185	3,616	6,088	6,288	2	(962,144)	80,134	262,408
20,689	325,211	14,464	2,055	22,566	6,108	568	1,283,739	1,345,047	4,480,922
\$ 23,082	\$ 349,616	\$ 21,649	\$ 5,671	\$ 28,654	\$ 12,396	\$ 570	\$ 321,595	\$ 1,425,181	\$ 4,743,330

Nonmajor Enterprise Funds

Solid Waste Fund - Accounts for the City's activities to provide recycling services.

Storm Water Fund – Accounts for the City's storm water utility including activities related to public education, street cleaning, drainage improvements, and regulatory compliance.

Otter Creek Golf Course Fund - Accounts for the operation and improvement of the municipally owned golf course.

City of Ankeny, Iowa

Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2012

	Enterprise Funds			Totals
	Solid Waste	Storm Water	Otter Creek Golf Course	
Assets				
Current assets:				
Cash and cash equivalents	\$ 96,978	\$ 781,704	\$ 56,928.00	\$ 935,610
Receivables:				
Accounts	62,007	126,362	41,832	230,201
Special Assessment	418	522	-	940
Intergovernmental	-	-	309	309
Inventory	-	-	90,503	90,503
Due from other funds	-	1,960,005	-	1,960,005
Unamortized bond issuance costs	-	14,921	-	14,921
Total current assets	159,403	2,883,514	189,572	3,232,489
Noncurrent assets:				
Capital assets:				
Land	-	-	985,942	985,942
Construction-in-progress	-	2,281,361	3,681,978	5,963,339
Depreciable assets, net of accumulated depreciation	-	63,753	445,202	508,955
Total capital assets	-	2,345,114	5,113,122	7,458,236
Total noncurrent assets	-	2,345,114	5,113,122	7,458,236
Total assets	\$ 159,403	\$ 5,228,628	\$ 5,302,694	\$ 10,690,725
Liabilities and Net Assets				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 46,635	\$ 100,783	\$ 82,509	\$ 229,927
Accrued wages	3,053	6,514	42,604	52,171
Due to other funds	-	135,253	40,956	176,209
Bond and capital loan note interest payable	-	7,775	-	7,775
Bonds and capital loan notes payable, net of unamortized premium	-	91	-	91
Compensated absences payable	-	4,235	28,758	32,993
Total current liabilities	49,688	254,651	194,827	499,166
Noncurrent liabilities:				
Bonds and capital loan notes payable, net of unamortized premium	-	4,241,275	-	4,241,275
Other postemployment benefits	-	1,494	3,587	5,081
Compensated absences payable	-	10,449	10,998	21,447
Advances from other funds	-	-	64,736	64,736
Total noncurrent liabilities	-	4,253,218	79,321	4,332,539
Total liabilities	49,688	4,507,869	274,148	4,831,705
Net Assets:				
Investment in capital assets, net of related debt	-	65,119	5,113,122	5,178,241
Unrestricted	109,715	655,640	(84,576)	680,779
Total net assets	109,715	720,759	5,028,546	5,859,020
Total liabilities and net assets	\$ 159,403	\$ 5,228,628	\$ 5,302,694	\$ 10,690,725

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

City of Ankeny, Iowa

**Combining Statement of Revenues, Expenses, and Changes in Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2012**

	Enterprise Funds			Totals
	Solid Waste	Storm Water	Otter Creek Golf Course	
Operating revenues:				
Charges for services	\$ 547,865	\$ 1,153,650	\$ 1,021,488	\$ 2,723,003
Other	-	-	708,404	708,404
Total operating revenues	547,865	1,153,650	1,729,892	3,431,407
Operating expenses:				
Personal services	28,422	188,119	908,721	1,125,262
Contractual services	525,409	234,703	319,742	1,079,854
Operating supplies	-	31,902	411,868	443,770
Depreciation	-	24,261	73,040	97,301
Total operating expenses	553,831	478,985	1,713,371	2,746,187
Operating income (loss)	(5,966)	674,665	16,521	685,220
Nonoperating (expenses):				
Interest expense	-	6,202	(2,782)	3,420
Total nonoperating (expenses)	-	6,202	(2,782)	3,420
Net income (loss) before contributions and transfers	(5,966)	680,867	13,739	688,640
Capital contributions	-	-	164,403	164,403
Transfers in	21,301	-	500,000	521,301
Transfers out	-	(250,000)	-	(250,000)
Change in net assets	15,335	430,867	678,142	1,124,344
Total net assets, beginning	94,380	289,892	4,350,404	4,734,676
Total net assets, ending	\$ 109,715	\$ 720,759	\$ 5,028,546	\$ 5,859,020

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

City of Ankeny, Iowa

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2012**

	Enterprise Funds			Totals
	Solid Waste	Storm Water	Otter Creek Golf Course	
Cash flows from operating activities:				
Receipts from customers	\$ 546,644	\$ 1,150,743	\$ 1,720,347	\$ 3,417,734
Payments to suppliers	(515,260)	(173,140)	(740,467)	(1,428,867)
Payments to employees	(25,369)	(180,678)	(880,377)	(1,086,424)
Net cash provided by operating activities	<u>6,015</u>	<u>796,925</u>	<u>99,503</u>	<u>902,443</u>
Cash flows from noncapital financing activities:				
Payments received on interfund accounts	-	2,281,361	-	2,281,361
Payments made on interfund accounts	-	(90,887)	(542,575)	(633,462)
Loans received from other funds	-	(4,225,079)	40,125	(4,184,954)
Transfers from other funds	21,301	-	500,000	521,301
Transfers to other funds	-	(250,000)	-	(250,000)
Net cash provided (used) by noncapital financing activities	<u>21,301</u>	<u>(2,284,605)</u>	<u>(2,450)</u>	<u>(2,265,754)</u>
Cash flows from capital and related financing activities:				
Proceeds from long-term debt, net of bond issue costs	-	4,225,079	-	4,225,079
Purchase of capital assets	-	(2,288,802)	(40,125)	(2,328,927)
Net cash (used) by capital and related financing activities	<u>-</u>	<u>1,936,277</u>	<u>(40,125)</u>	<u>1,896,152</u>
Net increase in cash and cash equivalents	27,316	448,597	56,928	532,841
Balances, beginning of year	<u>69,662</u>	<u>333,107</u>	<u>-</u>	<u>402,769</u>
Balances, end of year	<u>\$ 96,978</u>	<u>\$ 781,704</u>	<u>\$ 56,928</u>	<u>\$ 935,610</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (5,966)	\$ 674,665	\$ 16,521	\$ 685,220
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	-	24,261	73,040	97,301
Changes in assets and liabilities:				
Receivables, net	(1,221)	(2,906)	(9,546)	(13,673)
Inventory	-	-	(32,814)	(32,814)
Accounts and other payables	13,202	100,905	52,302	166,409
Net cash provided by operating activities	<u>\$ 6,015</u>	<u>\$ 796,925</u>	<u>\$ 99,503</u>	<u>\$ 902,443</u>
Noncash capital and related financing activities:				
Contribution of capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,403</u>	<u>\$ 164,403</u>

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

Internal Service Funds

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

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

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

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

Sustainability Revolving Loan Fund – Provides loans to other funds for energy efficiency projects. Loans made under this revolving loan fund will be no-interest loans to departments.

Economic Development Revolving Fund - Accounts for the internal financing activities for economic development incentives to other City funds.

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

City of Ankeny, Iowa
Combining Statement of Net Assets
Internal Service Funds
June 30, 2012

	<u>Central Garage</u>	<u>Risk Management</u>	<u>Equipment Reserve</u>	<u>Sustainability Revolving Loan</u>	<u>Economic Development Revolving</u>	<u>Health Insurance</u>	<u>Total</u>
Assets							
Current assets:							
Cash and cash equivalents	\$ 183,359	\$ 477,755	\$ 570,674	\$ 28,894	\$ 1,021,186	\$ 2,420,308	\$ 4,702,176
Receivables:							
Interest	-	-	6	-	-	-	6
Intergovernmental	6,916	1,075	-	-	-	-	7,991
Prepaid expenses	-	73,472	-	-	-	-	73,472
Inventory	218,631	-	-	-	-	-	218,631
Due from other funds	-	-	605,110	2,863	-	-	607,973
Total current assets	<u>408,906</u>	<u>552,302</u>	<u>1,175,790</u>	<u>31,757</u>	<u>1,021,186</u>	<u>2,420,308</u>	<u>5,610,249</u>
Noncurrent assets:							
Advances to other funds	-	-	1,146,004	13,522	-	-	1,159,526
Capital Asset							
Depreciable assets, net of accumulated depreciation	<u>54,261</u>	<u>33,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,397</u>
Total capital assets	<u>54,261</u>	<u>33,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,397</u>
Total noncurrent assets	<u>54,261</u>	<u>33,136</u>	<u>1,146,004</u>	<u>13,522</u>	<u>-</u>	<u>-</u>	<u>1,246,923</u>
Total assets	<u>\$ 463,167</u>	<u>\$ 585,438</u>	<u>\$ 2,321,794</u>	<u>\$ 45,279</u>	<u>\$ 1,021,186</u>	<u>\$ 2,420,308</u>	<u>\$ 6,857,172</u>
Liabilities and Net Assets							
Liabilities:							
Current liabilities:							
Accounts payable	\$ 28,201	\$ 35,491	\$ -	\$ -	\$ -	\$ 780	\$ 64,472
Accrued wages	7,963	-	-	-	-	-	7,963
Claims payable	-	-	-	-	-	275,214	275,214
Due to other funds	-	-	4,000	-	-	-	4,000
Compensated absences payable	<u>4,537</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,537</u>
Total current liabilities	<u>40,701</u>	<u>35,491</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>275,994</u>	<u>356,186</u>
Noncurrent liabilities:							
Early retirement benefit payable	-	-	-	-	-	213,121	213,121
Other post employment benefits	2,391	-	-	-	-	-	2,391
Compensated absences payable	<u>6,478</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,478</u>
Total noncurrent liabilities	<u>8,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,121</u>	<u>221,990</u>
Total liabilities	<u>49,570</u>	<u>35,491</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>489,115</u>	<u>578,176</u>
Net Assets:							
Investment in capital assets, net of related debt	54,261	33,136	-	-	-	-	87,397
Unrestricted	<u>359,336</u>	<u>516,811</u>	<u>2,317,794</u>	<u>45,279</u>	<u>1,021,186</u>	<u>1,931,193</u>	<u>6,191,599</u>
Total net assets	<u>413,597</u>	<u>549,947</u>	<u>2,317,794</u>	<u>45,279</u>	<u>1,021,186</u>	<u>1,931,193</u>	<u>6,278,996</u>
Total liabilities and net assets	<u>\$ 463,167</u>	<u>\$ 585,438</u>	<u>\$ 2,321,794</u>	<u>\$ 45,279</u>	<u>\$ 1,021,186</u>	<u>\$ 2,420,308</u>	<u>\$ 6,857,172</u>

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

City of Ankeny, Iowa

Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2012

	Central Garage	Risk Management	Equipment Reserve	Sustainability Revolving Loan	Economic Development Revolving	Health Insurance	Total
Operating revenues:							
Charges for services	\$ 1,071,801	\$ 820,000	\$ -	\$ -	\$ -	\$ 2,763,637	\$ 4,655,438
Other	11,767	195,987	-	25,279	-	71,011	304,044
Total operating revenues	1,083,568	1,015,987	-	25,279	-	2,834,648	4,959,482
Operating expenses:							
Personal services	267,318	287,198	-	-	-	285,609	840,125
Contractual services	19,155	611,921	-	-	-	2,444,406	3,075,482
Operating supplies	756,013	-	-	-	-	3,061	759,074
Depreciation	13,467	6,694	-	-	-	-	20,161
Total operating expenses	1,055,953	905,813	-	-	-	2,733,076	4,694,842
Operating income	27,615	110,174	-	25,279	-	101,572	264,640
Nonoperating revenues:							
Interest earnings	-	-	47,759	-	4,136	10,703	62,598
Total nonoperating revenues	-	-	47,759	-	4,136	10,703	62,598
Change in net assets	27,615	110,174	47,759	25,279	4,136	112,275	327,238
Total net assets, beginning	385,982	439,773	2,270,035	20,000	1,017,050	1,818,918	5,951,758
Total net assets, ending	\$ 413,597	\$ 549,947	\$ 2,317,794	\$ 45,279	\$ 1,021,186	\$ 1,931,193	\$ 6,278,996

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

City of Ankeny, Iowa

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2012

	Central Garage	Risk Management	Equipment Reserve	Sustainability Revolving Loan	Economic Development Revolving	Health Insurance	Total
Cash flows from operating activities:							
Cash received from customers	\$ 1,084,708	\$ 1,014,912	\$ -	\$ 25,279	\$ 500,000.00	\$ 2,834,648	\$ 5,459,547
Payments to suppliers	(721,227)	(888,334)	-	-	-	(2,421,737)	(4,031,298)
Payments to employees	(263,955)	-	-	-	-	(189,955)	(453,910)
Net cash provided provided by operating activities	99,526	126,578	-	25,279	500,000	222,956	974,339
Cash flows from noncapital financing activities:							
Payments received on interfund accounts	-	-	665,278	2,862	-	-	668,140
Loans issued to other funds	-	-	(882,808)	(15,823)	-	-	(898,631)
Net cash provided by noncapital financing activities	-	-	(217,530)	(12,961.00)	-	-	(230,491)
Cash flows from capital and related financing activities:							
Purchase of capital assets	(37,630)	(21,871)	-	-	-	-	(59,501)
Cash flows from investing activities:							
Interest received	-	-	47,794	-	4,136	10,703	62,633
Net cash provided by investing activities	-	-	47,794	-	4,136	10,703	62,633
Net increase (decrease) in cash and cash equivalents	61,896	104,707	(169,736)	12,318	504,136	233,659	746,980
Cash and cash equivalents, beginning	121,463	373,048	740,410	16,576	517,050	2,186,649	3,955,196
Cash and cash equivalents, ending	\$ 183,359	\$ 477,755	\$ 570,674	\$ 28,894	\$ 1,021,186	\$ 2,420,308	\$ 4,702,176
Reconciliation of operating income to net cash provided by operating activities							
Operating income	\$ 27,615	\$ 110,174	\$ -	\$ 25,279	\$ -	\$ 101,572	\$ 264,640
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation expense	13,467	6,694	-	-	-	-	20,161
Changes in assets and liabilities:							
Receivables, net	1,141	(1,075)	-	-	500,000	-	500,066
Prepaid expenses	-	(946)	-	-	-	-	(946)
Inventory	56,932	-	-	-	-	-	56,932
Accounts and other payables	(537)	11,731	-	-	-	95,654	106,848
Claims payable	908	-	-	-	-	25,730	26,638
Net cash provided by operating activities	\$ 99,526	\$ 126,578	\$ -	\$ 25,279	\$ 500,000	\$ 222,956	\$ 974,339

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



**Capital Assets Used in the Operation of
Governmental Funds**

City of Ankeny, Iowa

**Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules By Source
June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Governmental funds capital assets:		
Land	\$ 7,329,256	\$ 7,328,206
Other improvements	30,807,900	28,536,919
Infrastructure	130,971,396	114,213,367
Buildings	25,166,629	25,166,629
Machinery and equipment	14,855,212	14,349,871
Furniture and fixtures	1,459,706	1,459,706
Construction in progress	<u>39,840,924</u>	<u>35,399,531</u>
 Total governmental funds capital assets	 <u>\$ 250,431,023</u>	 <u>\$ 226,454,229</u>
 Investment in governmental funds capital assets by source:		
General fund	\$ 20,697,686	\$ 20,508,995
Special revenue funds	6,351,450	6,034,799
Capital project funds	141,182,095	126,325,787
Local, state, and federal grants and donations	<u>82,199,792</u>	<u>73,584,649</u>
 Total investment in governmental funds capital assets by source	 <u>\$ 250,431,023</u>	 <u>\$ 226,454,229</u>

City of Ankeny, Iowa

**Comparative Schedule By Function and Activity
June 30, 2012**

	<u>Land</u>	<u>Other Improvements</u>	<u>Infrastructure</u>
Public safety:			
Police	\$ 29,212	\$ -	\$ -
Fire and ambulance	669,620	-	-
Code enforcement	-	-	-
Total public safety	<u>698,832</u>	<u>-</u>	<u>-</u>
Health and social services:			
Mosquito control	-	-	-
Public relations	-	-	-
Total health and social services	<u>-</u>	<u>-</u>	<u>-</u>
Culture and recreation:			
Library	14,361	94,657	-
Parks and recreation	4,009,704	28,736,003	122,023
Total culture and recreation	<u>4,024,065</u>	<u>28,830,660</u>	<u>122,023</u>
Public works:			
Public works	<u>2,506,829</u>	<u>1,923,999</u>	<u>130,849,374</u>
Community and economic development:			
Planning and zoning	-	-	-
General government:			
Council and management	<u>99,531</u>	<u>53,241</u>	<u>-</u>
Total general fixed assets	<u>\$ 7,329,256</u>	<u>\$ 30,807,900</u>	<u>\$ 130,971,396</u>

<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Furniture and Fixtures</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 38,795	\$ 2,185,329	\$ 239,757	\$ 17,448,649	\$ 19,941,743
9,950,397	4,795,179	48,316	-	15,463,512
-	117,450	-	-	117,450
<u>9,989,192</u>	<u>7,097,958</u>	<u>288,073</u>	<u>17,448,649</u>	<u>35,522,705</u>
-	34,130	-	-	34,130
-	18,802	-	-	18,802
-	52,932	-	-	52,932
3,149,085	544,435	619,879	910,673	5,333,090
5,032,888	1,224,545	45,220	5,034,195	44,204,577
<u>8,181,973</u>	<u>1,768,980</u>	<u>665,099</u>	<u>5,944,867</u>	<u>49,537,666</u>
<u>3,551,665</u>	<u>4,797,398</u>	<u>-</u>	<u>16,273,790</u>	<u>159,903,054</u>
-	25,126	-	-	25,126
<u>3,443,799</u>	<u>1,112,818</u>	<u>506,534</u>	<u>173,619</u>	<u>5,389,542</u>
<u>\$ 25,166,629</u>	<u>\$ 14,855,212</u>	<u>\$ 1,459,706</u>	<u>\$ 39,840,924</u>	<u>\$ 250,431,023</u>

City of Ankeny, Iowa

**Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
Year Ended June 30, 2012**

	Governmental Funds Capital Assets June 30, 2011	Additions	Deductions	Governmental Funds Capital Assets June 30, 2012
Public safety:				
Police	\$ 19,548,262	\$ 660,470	\$ 266,989	\$ 19,941,743
Fire and ambulance	15,394,874	68,638	-	15,463,512
Code enforcement	117,450	-	-	117,450
Total public safety	35,060,586	729,108	266,989	35,522,705
Health & social services:				
Mosquito control	34,130	-	-	34,130
Public relations	18,802	-	-	18,802
Total health & social services	52,932	-	-	52,932
Culture and recreation:				
Library	5,151,965	181,125	-	5,333,090
Parks and recreation	42,090,421	4,109,540	1,995,384	44,204,577
Total culture and recreation	47,242,386	4,290,665	1,995,384	49,537,667
Public works:				
Public works	138,743,091	28,728,707	7,568,744	159,903,054
Community & economic development:				
Planning & zoning	25,126	-	-	25,126
General government:				
Council and management	5,330,110	59,432	-	5,389,542
Total general fixed assets	\$ 226,454,229	\$ 33,807,912	\$ 9,831,117	\$ 250,431,023

Statistical Section

City of Ankeny, Iowa

Statistical Section Contents

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

Contents	Page
Financial Trends These schedules contain information to help the reader understand how the City's financial performance and well being have changed over time.	101
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	109
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	115
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment with which the City's financial activities take place.	122
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	125

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

City of Ankeny, Iowa

**Net Assets by Component
Last Ten Fiscal Years ⁽²⁾
(accrual basis of accounting)**

	Fiscal Year				
	2012	2011	2010	2009	2008
Governmental activities:					
Invested in capital assets, net of related debt	\$ 61,719,171	\$ 60,286,690	\$ 59,847,130	\$ 51,005,350	\$ 59,457,512
Restricted:					
Debt service	2,214,278	2,551,310	2,896,848	2,009,317	3,033,897
Enabling legislation	764,803	574,140	494,812	416,696	417,300
Restricted by other governments	718,745	524,789	663,182	354,817	201,617
Donor restrictions	433,272	1,365,322	644,531	1,317,881	5,438,401
Unrestricted	21,946,490	9,390,782	3,429,607	17,019,598	8,171,093
Total governmental activities net assets	<u>87,796,759</u>	<u>74,693,032</u>	<u>67,976,110</u>	<u>72,123,659</u>	<u>76,719,820</u>
Business-type activities:					
Invested in capital assets, net of related debt	89,543,803	85,278,077	83,083,098	82,762,686	77,349,435
Restricted:					
Debt service	2,953,164	2,967,095	3,017,297	2,614,509	1,553,787
Unrestricted	11,971,124	7,878,667	7,794,808	9,440,764	9,501,662
Total business-type activities net assets	<u>104,468,091</u>	<u>96,123,839</u>	<u>93,895,203</u>	<u>94,817,959</u>	<u>88,404,884</u>
Primary government:					
Invested in capital assets, net of related debt	151,262,974	145,564,767	142,930,228	133,768,036	136,806,947
Restricted: ⁽¹⁾					
Debt service	5,167,442	5,518,405	5,914,145	4,623,826	4,587,684
Enabling legislation	764,803	574,140	494,812	416,696	417,300
Restricted by other governments	718,745	524,789	663,182	354,817	201,617
Donor restrictions	433,272	1,365,322	644,531	1,317,881	5,438,401
Unrestricted	33,917,614	17,269,448	11,224,415	26,460,362	17,672,755
Total primary government net assets	<u>\$ 192,264,850</u>	<u>\$ 170,816,871</u>	<u>\$ 161,871,313</u>	<u>\$ 166,941,619</u>	<u>\$ 165,124,704</u>

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

⁽²⁾ GASB Statement No. 34 implemented in fiscal year 2003.

2007	2006	2005	2004	2003
\$ 65,059,807	\$ 60,796,555	\$ 30,124,884	\$ 20,560,194	\$ 13,670,814
953,844	277,845	76,043	101,900	228,683
475,654	443,893	344,685	238,968	209,000
550,532	973,642	1,387,052	3,239,386	2,129,080
176,481	659,074	111,512	54,897	157,366
6,884,490	7,446,042	4,851,785	387,745	432,989
<u>74,100,808</u>	<u>70,597,051</u>	<u>36,895,961</u>	<u>24,583,090</u>	<u>16,827,932</u>
71,526,488	69,831,317	57,574,412	53,976,846	48,088,234
1,579,500	1,256,848	950,134	1,419,884	1,250,378
10,007,638	10,393,160	9,134,709	6,580,474	8,901,177
<u>83,113,626</u>	<u>81,481,325</u>	<u>67,659,255</u>	<u>61,977,204</u>	<u>58,239,789</u>
136,586,295	130,627,872	87,699,296	74,537,040	61,759,048
2,533,344	1,534,693	1,026,177	1,521,784	1,479,061
475,654	443,893	344,685	238,968	209,000
550,532	973,642	1,387,052	3,239,386	2,129,080
176,481	659,074	111,512	54,897	157,366
16,892,128	17,839,202	13,986,494	6,968,219	9,334,166
<u>\$ 157,214,434</u>	<u>\$ 152,078,376</u>	<u>\$ 104,555,216</u>	<u>\$ 86,560,294</u>	<u>\$ 75,067,721</u>

City of Ankeny, Iowa

**Changes in Net Assets
Last Ten Fiscal Years ⁽¹⁾
(accrual basis of accounting)**

	Fiscal Year				
	2012	2011	2010	2009	2008
Expenses					
Governmental activities:					
Public safety	\$ 12,020,771	\$ 9,421,395	\$ 10,444,061	\$ 8,709,303	\$ 8,765,732
Health and social services	318,200	299,558	274,970	277,745	236,134
Culture and recreation	6,268,871	6,584,196	5,733,048	5,402,688	5,144,408
Public works	13,151,367	10,933,113	18,930,726	17,964,501	14,066,397
Community and economic development	3,191,753	2,530,503	2,843,641	2,340,606	2,152,310
General government	3,133,067	2,615,502	2,709,554	5,794,576	2,530,968
Capital projects	-	-	-	-	-
Interest on long-term debt	3,966,374	4,089,033	4,309,579	4,549,323	3,633,724
Total governmental activities expenses	<u>42,050,403</u>	<u>36,473,300</u>	<u>45,245,579</u>	<u>45,038,742</u>	<u>36,529,673</u>
Business-type activities:					
Solid waste	553,677	534,144	432,925	572,728	479,368
Water	6,896,336	6,426,365	6,736,767	5,889,478	5,728,375
Sewer	8,559,386	6,921,235	7,703,774	6,001,810	5,321,560
Storm water	470,710	274,327	245,041	245,983	100,140
Otter Creek golf course	1,708,377	1,672,404	1,685,539	845,236	845,387
Total business-type activities expenses	<u>18,188,486</u>	<u>15,828,475</u>	<u>16,835,046</u>	<u>13,555,235</u>	<u>12,474,830</u>
Total primary government expenses	<u>60,238,889</u>	<u>52,301,775</u>	<u>62,080,625</u>	<u>58,593,978</u>	<u>49,004,503</u>
Program revenues					
Governmental activities:					
Charges for services:					
Public safety	2,066,539	1,766,256	1,702,101	887,876	2,006,097
Culture and recreation	2,007,595	1,880,188	1,171,357	1,073,883	897,808
Other activities	794,333	660,970	613,791	384,441	369,195
Operating grants and contributions	4,902,587	4,474,097	6,297,936	8,700,935	3,844,341
Capital grants and contributions	12,568,192	3,615,374	3,328,808	4,525,314	5,865,048
Total governmental activities program revenues	<u>22,339,246</u>	<u>12,396,885</u>	<u>13,113,993</u>	<u>15,572,449</u>	<u>12,982,489</u>
Business-type activities:					
Charges for services:					
Water	8,281,518	6,301,828	5,611,334	5,411,574	5,494,332
Sewer	9,750,899	8,525,607	7,197,284	6,986,331	5,926,481
Other activities	2,723,003	2,595,534	2,595,623	806,458	920,086
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	5,388,700	1,156,857	267,803	6,226,553	7,257,728
Total business-type activities program revenues	<u>26,144,120</u>	<u>18,579,826</u>	<u>15,672,044</u>	<u>19,430,916</u>	<u>19,598,627</u>
Total primary government program revenues	<u>48,483,366</u>	<u>30,976,711</u>	<u>28,786,037</u>	<u>35,003,365</u>	<u>32,581,116</u>
Net (expense) revenue					
Governmental activities	(19,711,157)	(24,076,415)	(32,131,586)	(29,466,292)	(23,547,184)
Business-type activities	7,955,634	2,751,351	(1,163,001)	5,875,681	7,123,797
Total primary government net (expense) revenue	<u>(11,755,523)</u>	<u>(21,325,064)</u>	<u>(33,294,588)</u>	<u>(23,590,611)</u>	<u>(16,423,387)</u>
General revenues and other changes in net assets					
Governmental activities:					
Taxes:					
Property taxes	29,205,370	27,367,573	25,799,170	22,608,951	20,434,441
Other taxes	2,815,350	1,660,528	1,178,864	1,371,558	1,244,208
Grants and contributions not restricted to specific programs	-	-	-	-	-
Interest	279,326	387,829	465,691	1,115,169	2,225,590
Other	102,639	93,680	90,312	57,794	187,500
Transfers	412,199	1,283,727	450,000	(283,341)	2,074,457
Total governmental activities	<u>32,814,884</u>	<u>30,793,337</u>	<u>27,984,037</u>	<u>24,870,131</u>	<u>26,166,196</u>
Business-type activities:					
Interest	31,933	34,270	54,878	72,825	189,703
Other	768,884	726,742	635,366	181,230	52,215
Transfers	(412,199)	(1,283,727)	(450,000)	283,341	(2,074,457)
Total business-type activities	<u>388,618</u>	<u>(522,715)</u>	<u>240,244</u>	<u>537,395</u>	<u>(1,832,539)</u>
Total primary government	<u>33,203,502</u>	<u>30,270,622</u>	<u>28,224,281</u>	<u>25,407,526</u>	<u>24,333,657</u>
Changes in net assets					
Governmental activities	13,103,727	6,716,922	(4,147,549)	(4,596,161)	2,619,012
Business-type activities	8,344,252	2,228,636	(922,757)	6,413,076	5,291,258
Total primary government changes in net assets	<u>\$ 21,447,979</u>	<u>\$ 8,945,558</u>	<u>\$ (5,070,306)</u>	<u>\$ 1,816,915</u>	<u>\$ 7,910,270</u>

⁽¹⁾ GASB Statement No. 34 implemented in fiscal year 2003.

	2007	2006	2005	2004	2003
\$	7,740,691	\$ 7,119,401	\$ 6,563,401	\$ 5,953,448	\$ 5,624,663
	115,375	59,113	95,944	212,221	103,307
	4,760,072	4,569,428	4,039,270	3,614,161	2,784,367
	11,685,977	5,383,612	4,065,180	4,462,967	2,625,544
	2,739,944	2,312,740	1,513,129	1,153,503	1,391,893
	2,356,261	2,159,580	2,008,601	1,934,620	1,725,874
	-	-	-	-	2,015,710
	2,652,376	2,208,212	1,762,124	1,624,607	1,670,819
	32,050,696	23,812,086	20,047,649	18,955,527	17,942,177
	446,051	387,949	277,336	244,886	221,296
	5,857,555	4,259,984	3,992,676	4,011,420	3,219,883
	5,000,540	4,701,184	3,999,585	3,333,904	2,651,113
	72,075	19,425	3,500	-	-
	1,061,638	1,082,932	1,108,882	1,138,654	1,099,752
	12,437,859	10,451,474	9,381,979	8,728,864	7,192,044
	44,488,555	34,263,560	29,429,628	27,684,391	25,134,221
	1,768,328	2,233,436	1,771,657	1,526,943	1,603,092
	834,055	805,189	650,012	512,236	460,069
	2,130,411	605,952	1,228,247	1,169,245	418,686
	4,154,440	4,331,282	2,898,819	2,761,838	2,965,910
	4,071,240	11,943,414	8,417,503	5,306,596	5,522,979
	12,958,474	19,919,273	14,966,238	11,276,858	10,970,736
	5,433,073	5,654,906	4,382,184	3,972,892	3,351,534
	5,641,090	4,795,246	4,221,821	3,490,284	3,211,933
	1,319,077	1,355,074	1,233,294	1,202,659	969,258
	27,930	-	-	-	-
	1,577,633	12,453,517	5,155,227	4,016,586	2,961,507
	13,998,803	24,258,743	14,992,526	12,682,421	10,494,232
	26,957,277	44,178,016	29,958,764	23,959,279	21,464,968
	(19,092,222)	(3,892,813)	(5,081,411)	(7,678,669)	(6,971,441)
	1,560,944	13,807,269	5,610,547	3,953,557	3,302,188
	(17,531,278)	9,914,456	529,136	(3,725,112)	(3,669,253)
	18,753,563	16,493,129	15,240,675	13,189,116	12,598,029
	1,232,323	1,144,786	1,082,129	1,019,780	744,109
	-	-	-	34,664	292,357
	2,216,659	1,514,889	778,632	555,465	619,500
	183,348	83,898	227,433	368,050	69,157
	210,086	224,000	65,413	266,752	824,000
	22,595,979	19,460,702	17,394,282	15,433,827	15,147,152
	196,466	184,429	83,974	50,610	87,240
	84,977	54,372	52,943	-	361,073
	(210,086)	(224,000)	(65,413)	(266,752)	(824,000)
	71,357	14,801	71,504	(216,142)	(375,687)
	22,667,336	19,475,503	17,465,786	15,217,685	14,771,465
	3,503,757	15,567,889	12,312,871	7,755,158	8,175,711
	1,632,301	13,822,070	5,682,051	3,737,415	2,926,501
\$	5,136,058	\$ 29,389,959	\$ 17,994,922	\$ 11,492,573	\$ 11,102,212

City of Ankeny, Iowa

**Fund Balances of Governmental Funds
Last Ten Fiscal Years ⁽¹⁾
(modified accrual basis of accounting)**

	Fiscal Year				
	2012	2011	2010	2009	2008
General fund:					
Unreserved	N/A	N/A	\$ 5,255,100	\$ 4,993,929	\$ 4,715,926
Nonspendable	1,127	-	-	-	-
Assigned	-	139,671	N/A	N/A	N/A
Unassigned	8,192,665	7,064,005	N/A	N/A	N/A
Total general fund	<u>\$ 8,193,792</u>	<u>\$ 7,203,676</u>	<u>\$ 5,255,100</u>	<u>\$ 4,993,929</u>	<u>\$ 4,715,926</u>
All other governmental funds:					
Reserved	N/A	N/A	\$ 2,896,848	\$ 2,009,317	\$ 3,033,897
Unreserved, reported in:					
Debt service funds	N/A	N/A	-	-	-
Special revenue funds	N/A	N/A	1,955,382	1,970,149	6,032,229
Capital project funds	N/A	N/A	2,838,206	14,519,678	31,263,350
Restricted	13,207,898	16,201,069	N/A	N/A	N/A
Unassigned	-	(49)	N/A	N/A	N/A
Total all other governmental funds	<u>\$ 13,207,898</u>	<u>\$ 16,201,020</u>	<u>\$ 7,690,436</u>	<u>\$ 18,499,144</u>	<u>\$ 40,329,476</u>

⁽¹⁾ GASB Statement No. 54 implemented in fiscal year 2011.

N/A - Information not available

2007	2006	2005	2004	2003
\$ 4,596,769	\$ 3,760,757	\$ 2,953,483	\$ 2,356,907	\$ 2,416,299
-	-	-	-	-
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
<u>\$ 4,596,769</u>	<u>\$ 3,760,757</u>	<u>\$ 2,953,483</u>	<u>\$ 2,356,907</u>	<u>\$ 2,416,299</u>
\$ 953,844	\$ 277,845	\$ 76,043	\$ 101,900	\$ 1,318,683
-	-	-	-	-
1,607,459	2,659,219	2,520,269	4,269,476	3,498,560
38,064,035	24,464,550	30,077,141	27,144,527	15,596,747
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
<u>\$ 40,625,338</u>	<u>\$ 27,401,614</u>	<u>\$ 32,673,453</u>	<u>\$ 31,515,903</u>	<u>\$ 20,413,990</u>

City of Ankeny, Iowa

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

	Fiscal Year				
	2012	2011	2010	2009	2008
Revenues:					
Property taxes	\$ 29,073,634	\$ 27,322,318	\$ 25,818,107	\$ 22,690,861	\$ 20,114,119
Other taxes and assessments	3,023,406	1,810,304	1,483,931	1,349,516	1,620,228
Licenses and permits	1,153,239	971,042	887,353	783,144	873,022
Intergovernmental	8,881,901	6,007,077	6,214,220	6,988,555	4,132,078
Charges for services	2,167,888	2,361,050	1,626,908	1,456,300	1,684,319
Use of money and property	425,785	503,883	576,364	1,213,802	2,402,016
Miscellaneous	1,161,456	2,438,614	3,302,244	4,805,303	6,264,216
Total revenues	<u>45,887,309</u>	<u>41,414,288</u>	<u>39,909,127</u>	<u>39,287,483</u>	<u>37,089,998</u>
Expenditures:					
Current operating:					
Public safety	11,234,795	9,877,600	9,626,447	9,024,964	8,762,449
Health and social services	310,995	287,278	264,653	272,534	241,908
Culture and recreation	4,657,997	4,866,728	4,700,831	4,563,000	4,680,218
Public works	4,478,092	4,194,438	3,843,624	3,534,165	4,469,736
Community and economic development	3,212,794	2,490,001	2,619,002	2,351,754	2,179,236
General government	3,015,084	2,440,504	2,488,046	5,594,008	2,357,372
Debt service:					
Principal	8,470,740	8,286,449	5,798,945	40,505,421	17,340,988
Interest and other charges	4,199,996	4,234,484	4,457,119	4,495,158	4,224,025
Capital projects	20,832,387	14,959,038	27,175,373	35,808,040	34,159,265
Total expenditures	<u>60,412,880</u>	<u>51,636,520</u>	<u>60,974,040</u>	<u>106,149,045</u>	<u>78,415,197</u>
(Deficiency) of revenues (under) expenditures	<u>(14,525,571)</u>	<u>(10,222,232)</u>	<u>(21,064,913)</u>	<u>(66,861,562)</u>	<u>(41,325,199)</u>
Other financing sources (uses):					
Issuance of long-term debt	15,945,000	19,920,000	11,055,000	44,647,082	40,072,037
Issuance of refunding bonds	13,036,254	15,088,178	6,825,640	-	-
Premium (discount) on long-term debt	667,432	453,278	111,736	1,095,239	-
Payment of refunded bonds	(17,538,321)	(16,063,791)	(7,925,000)	-	-
Sale of capital assets	-	-	-	-	-
Transfers in	6,049,205	6,042,039	8,391,781	10,427,812	8,218,219
Transfers out	(5,637,006)	(4,758,312)	(7,941,781)	(10,711,153)	(7,143,762)
Total other financing sources (uses)	<u>12,522,564</u>	<u>20,681,392</u>	<u>10,517,376</u>	<u>45,458,980</u>	<u>41,146,494</u>
Net change in fund balances	<u>\$ (2,003,007)</u>	<u>\$ 10,459,160</u>	<u>\$ (10,547,537)</u>	<u>\$ (21,402,582)</u>	<u>\$ (178,705)</u>
Debt service as a percentage of noncapital expenditures	<u>28.42%</u>	<u>32.29%</u>	<u>22.45%</u>	<u>54.97%</u>	<u>43.30%</u>

	2007	2006	2005	2004	2003
\$	18,794,111	\$ 16,514,753	\$ 15,165,093	\$ 13,269,314	\$ 12,531,302
	1,531,956	1,443,778	1,769,012	1,140,340	983,094
	1,101,473	1,494,933	1,157,466	878,768	640,065
	7,808,298	4,723,686	5,224,090	2,828,942	4,192,528
	1,378,617	1,125,569	982,051	1,371,140	743,296
	2,299,353	1,593,597	884,232	539,640	661,942
	730,474	1,945,994	618,522	562,229	854,883
	<u>33,644,282</u>	<u>28,842,310</u>	<u>25,800,466</u>	<u>20,590,373</u>	<u>20,607,110</u>
	8,017,872	7,245,549	6,601,587	5,729,060	5,541,328
	106,535	66,687	88,979	103,791	102,907
	4,430,748	3,535,146	3,121,200	2,978,587	2,584,357
	3,770,657	3,354,035	3,170,707	2,976,702	2,689,826
	2,767,813	2,323,059	1,522,821	1,144,920	1,385,355
	2,273,884	2,153,257	1,779,191	1,567,450	1,484,543
	5,580,852	4,977,420	4,772,488	4,482,064	6,249,082
	1,624,323	1,586,200	1,237,928	1,425,510	1,421,237
	<u>32,331,256</u>	<u>25,211,102</u>	<u>28,328,883</u>	<u>8,843,011</u>	<u>13,001,264</u>
	<u>60,903,940</u>	<u>50,452,455</u>	<u>50,623,784</u>	<u>29,251,095</u>	<u>34,459,899</u>
	<u>(27,259,658)</u>	<u>(21,610,145)</u>	<u>(24,823,318)</u>	<u>(8,660,722)</u>	<u>(13,852,789)</u>
	41,291,341	16,890,189	26,452,303	23,292,618	11,196,310
	-	-	-	-	-
	17,967	31,391	59,728	22,991	(23,544)
	-	-	-	(3,747,618)	-
	-	-	-	28,500	-
	5,467,030	5,741,353	5,232,637	3,203,149	3,116,873
	<u>(5,456,944)</u>	<u>(5,517,353)</u>	<u>(5,167,224)</u>	<u>(3,096,397)</u>	<u>(2,528,873)</u>
	<u>41,319,394</u>	<u>17,145,580</u>	<u>26,577,444</u>	<u>19,703,243</u>	<u>11,760,766</u>
\$	<u>14,059,736</u>	<u>\$ (4,464,565)</u>	<u>\$ 1,754,126</u>	<u>\$ 11,042,521</u>	<u>\$ (2,092,023)</u>
	<u>15.26%</u>	<u>20.31%</u>	<u>16.20%</u>	<u>27.61%</u>	<u>24.49%</u>

City of Ankeny, Iowa

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

Actual Valuation

	As of January 1:				
	2010	2009	2008	2007	2006
Residential	\$ 2,769,055,320	\$ 2,673,211,940	\$ 2,596,530,510	\$ 2,454,017,210	\$ 2,190,161,260
Agricultural	6,092,180	6,339,650	3,732,830	3,710,470	2,582,650
Commercial	607,693,640	600,996,510	571,523,700	532,071,600	472,035,700
Industrial	62,080,920	61,474,170	60,403,000	59,473,590	60,236,410
Personal/Real estate	-	-	-	-	-
Utilities	48,318,830	46,596,775	45,083,718	40,123,838	41,807,652
Gross valuation	3,493,240,890	3,388,619,045	3,277,273,758	3,089,396,708	2,766,823,672
Less: Military exemption	3,477,414	3,434,778	3,368,056	3,260,660	3,153,956
Net valuation	3,489,763,476	3,385,184,267	3,273,905,702	3,086,136,048	2,763,669,716
Incremental value	166,005,600	171,913,600	156,056,000	156,191,910	139,675,000
Actual valuation	<u>\$ 3,655,769,076</u>	<u>\$ 3,557,097,867</u>	<u>\$ 3,429,961,702</u>	<u>\$ 3,242,327,958</u>	<u>\$ 2,903,344,716</u>
Percent change	2.774%	3.707%	5.787%	11.676%	12.194%

Taxable Valuation

	As of January 1:				
	2010	2009	2008	2007	2006
Residential	\$ 1,325,849,350	\$ 1,236,013,400	\$ 1,167,749,680	\$ 1,066,470,820	\$ 985,221,470
Agricultural	4,204,540	4,201,450	3,503,500	3,343,130	2,582,650
Commercial	607,693,640	600,996,510	571,523,700	530,311,700	472,035,700
Industrial	62,080,920	61,474,170	60,403,000	59,473,590	60,236,410
Personal/Real estate	-	-	-	-	-
Utilities	36,097,110	33,857,524	34,751,309	34,238,011	33,262,313
Gross valuation	2,035,925,560	1,936,543,054	1,837,931,189	1,693,837,251	1,553,338,543
Less: Military exemption	3,477,414	3,434,778	3,368,056	3,260,660	3,153,956
Net valuation	2,032,448,146	1,933,108,276	1,834,563,133	1,690,576,591	1,550,184,587
Incremental value	166,005,600	171,913,600	156,056,000	156,191,910	139,675,000
Taxable valuation	<u>\$ 2,198,453,746</u>	<u>\$ 2,105,021,876</u>	<u>\$ 1,990,619,133</u>	<u>\$ 1,846,768,501</u>	<u>\$ 1,689,859,587</u>
Percent change	4.439%	5.747%	7.789%	9.285%	10.337%

Total Direct Tax Rate

City of Ankeny	<u>\$ 11.17646</u>	<u>\$ 11.17646</u>	<u>\$ 11.17646</u>	<u>\$ 10.52956</u>	<u>\$ 10.28956</u>
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⁽¹⁾ Polk County Auditor

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

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

<u>\$ 10.33956</u>	<u>\$ 10.38956</u>	<u>\$ 10.38956</u>	<u>\$ 9.90126</u>	<u>\$ 9.90126</u>
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City of Ankeny, Iowa

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

Fiscal Year	City Direct Rates					Total Direct
	General Fund	Aviation Authority	Debt Service	Police & Fire Retirement		
Ankeny Community School District:						
2003	6.57834	0.14765	3.02000	0.15527		9.90126
2004	6.67834	0.14765	2.92000	0.15527		9.90126
2005	7.05501	0.14821	2.93010	0.25624		10.38956
2006	7.05501	0.14821	2.93010	0.25624		10.38956
2007	6.85501	0.14821	2.93010	0.40624		10.33956
2008	6.80501	0.14821	2.93010	0.40624		10.28956
2009	7.19501	0.14821	2.78010	0.40624		10.52956
2010	7.13301	0.14821	3.49900	0.39624		11.17646
2011	7.13301	0.14821	3.49900	0.39624		11.17646
2012	7.08301	0.14821	3.49900	0.44624		11.17646
Saydel Community School District ⁽²⁾ :						
2003	6.57834	0.14765	3.02000	0.15527		9.90126
2004	6.67834	0.14765	2.92000	0.15527		9.90126
2005	7.05501	0.14821	2.93010	0.25624		10.38956
2006	7.05501	0.14821	2.93010	0.25624		10.38956
2007	6.85501	0.14821	2.93010	0.40624		10.33956
2008	6.80501	0.14821	2.93010	0.40624		10.28956
2009	7.19501	0.14821	2.78010	0.40624		10.52956
2010	7.13301	0.14821	3.49900	0.39624		11.17646
2011	7.13301	0.14821	3.49900	0.39624		11.17646
2012	7.08301	0.14821	3.49900	0.44624		11.17646
North Polk Community School District ⁽³⁾ :						
2003	6.57834	0.14765	3.02000	0.15527		9.90126
2004	6.67834	0.14765	2.92000	0.15527		9.90126
2005	7.05501	0.14821	2.93010	0.25624		10.38956
2006	7.05501	0.14821	2.93010	0.25624		10.38956
2007	6.85501	0.14821	2.93010	0.40624		10.33956
2008	6.80501	0.14821	2.93010	0.40624		10.28956
2009	7.19501	0.14821	2.78010	0.40624		10.52956
2010	7.13301	0.14821	3.49900	0.39624		11.17646
2011	7.13301	0.14821	3.49900	0.39624		11.17646
2012	7.08301	0.14821	3.49900	0.44624		11.17646

⁽¹⁾ Polk County Auditor

⁽²⁾ As of fiscal year 2005, the City's taxing jurisdiction also overlaps the Saydel Community School District.

⁽³⁾ As of fiscal year 2008, the City's taxing jurisdiction also overlaps the North Polk Community School District.

N/A - Not applicable.

School District	County and Assessor	Overlapping Rates			Total Direct and Overlapping Rates
		Regional Transit	Community College	State	
17.24845	9.72217	N/A	0.54584	0.00400	37.42172
17.10241	9.76226	N/A	0.58184	0.00400	37.35177
16.90251	9.96460	N/A	0.59856	0.00400	37.85923
16.70201	9.94318	N/A	0.68408	0.00400	37.72283
16.70575	10.17511	0.08789	0.68688	0.00400	37.99919
17.90637	10.16218	0.10939	0.60276	0.00350	39.07376
19.58053	10.12532	0.12117	0.56386	0.00350	40.92394
19.84290	9.97134	0.22946	0.56778	0.00300	41.79094
22.34576	10.05423	0.24290	0.56008	0.00340	44.38283
21.07036	10.01509	0.25900	0.59018	0.00320	43.11429
N/A	9.72217	N/A	0.54584	0.00400	N/A
N/A	9.76226	N/A	0.58184	0.00400	N/A
14.67175	9.96460	N/A	0.59856	0.00400	35.62847
13.12949	9.94318	N/A	0.68408	0.00400	34.15031
13.38621	10.17511	0.08789	0.68688	0.00400	34.67965
13.62992	10.16218	0.10939	0.60276	0.00350	34.79731
13.67722	10.12532	0.12117	0.56386	0.00350	35.02063
13.98315	9.97134	0.22946	0.56778	0.00300	35.93119
13.97723	10.05423	0.24290	0.56008	0.00340	36.01430
13.97969	10.01509	0.25900	0.59018	0.00320	36.02362
N/A	9.72217	N/A	0.54584	0.00400	N/A
N/A	9.76226	N/A	0.58184	0.00400	N/A
N/A	9.96460	N/A	0.59856	0.00400	N/A
N/A	9.94318	N/A	0.68408	0.00400	N/A
N/A	10.17511	0.08789	0.68688	0.00400	N/A
17.46387	10.16218	0.10939	0.60276	0.00350	38.63126
17.77387	10.12532	0.12117	0.56386	0.00350	39.11728
17.39071	9.97134	0.22946	0.56778	0.00300	39.33875
18.26638	10.05423	0.24290	0.56008	0.00340	40.30345
19.85396	10.01509	0.25900	0.59018	0.00320	41.89789

City of Ankeny, Iowa

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

Taxpayer	Type of Business	Fiscal Year 2012			Fiscal Year 2003		
		January 1, 2010 Taxable Valuation	Rank	Percent of Total Taxable Value	January 1, 2001 Taxable Valuation	Rank	Percent of Total Taxable Value
MidAmerican Energy	Utility	\$ 28,603,928	1	1.30%			
Denny Elwell Family, LC	Real estate development	28,067,980	2	1.28%	10,980,200	6	1.05%
Casey's General Stores	Corporate headquarters/distribution	25,248,380	3	1.15%	14,939,520	4	1.43%
Deere & Company	Farm implements	23,428,000	4	1.07%	28,366,170	2	2.71%
ACH Food Companies, Inc. ⁽³⁾	Spice manufacturing/distribution	19,500,000	5	0.89%	29,661,000	1	2.83%
Perishable Distributors of Iowa	Wholesale meat/bakery distributor	17,507,250	6	0.80%	15,815,650	3	1.51%
Ankeny North MOB, LLC ⁽²⁾	Commercial	16,344,000	7	0.74%			
Wal-Mart	Retail merchandise/grocery	15,608,000	8	0.71%	12,393,340	5	1.18%
Karl Chevrolet	Automobile sales	15,370,000	9	0.70%			
Menards, Inc.	Retail home improvement store	12,434,000	10	0.57%	8,392,680	8	0.80%
Target	Retail merchandise/grocery				10,418,380	7	0.99%
Sun Communities	Manufactured housing community				8,035,560	9	0.77%
Home Depot	Retail home improvement store				7,127,450	10	0.68%
		<u>\$ 202,111,538</u>		<u>9.19%</u>	<u>\$ 146,129,950</u>		<u>13.94%</u>

⁽¹⁾ Polk County Assessor

⁽²⁾ Formerly Signature Properties, LLC

⁽³⁾ Formerly Tone Brothers, Inc.

City of Ankeny, Iowa

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Total Property Tax Levy	Current Property Tax Collections	Percent of Property Taxes Collected	Delinquent Property Tax Collections	Total Property Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2003	12,619,154	12,528,042	99.28%	142	12,528,184	99.28%
2004	13,554,417	13,540,966	99.90%	2,680	13,543,646	99.92%
2005	15,248,211	15,163,074	99.44%	2,019	15,165,093	99.45%
2006	16,529,809	16,512,978	99.90%	5	16,512,983	99.90%
2007	18,815,615	18,791,243	99.87%	100	18,791,343	99.87%
2008	20,427,095	20,303,603	99.40%	634	20,304,237	99.40%
2009	22,717,538	22,823,558	100.47% ⁽¹⁾	17	22,823,576	100.47% ⁽²⁾
2010	25,664,841	25,675,450	100.04% ⁽¹⁾	372	25,675,822	100.04% ⁽²⁾
2011	27,355,294	27,799,160	101.62% ⁽¹⁾	136	27,799,295	101.62% ⁽²⁾
2012	28,760,314	28,465,728	98.98%	1,482	28,467,210	98.98%

⁽¹⁾ Collected amount includes TIF receipts, which results in over 100% collection of levied tax.

⁽²⁾ Collected amount includes delinquencies from prior years, which results in over 100% collection of levied tax.

City of Ankeny, Iowa

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income ⁽¹⁾	Debt Per Capita ⁽¹⁾
	General Obligation Bonds	Bond Anticipation Notes	Tax Increment Revenue Notes	Capital Loan Notes	General Obligation Bonds	Capital Loan Notes	Revenue Bonds			
2003	35,966,918	-	990,000	-	1,878,082	6,848,000	1,245,000	46,928,000	N/A	1,731
2004	40,509,472	11,125,000	675,000	-	1,730,528	6,632,000	615,000	61,287,000	354.20%	2,260
2005	41,219,289	18,230,000	345,000	-	2,710,711	6,411,000	-	68,916,000	366.11%	2,541
2006	41,852,058	24,505,000	-	-	2,892,942	5,533,000	3,890,000	78,673,000	398.34%	2,176
2007	46,062,547	43,125,000	-	-	5,822,453	4,747,000	7,640,000	107,397,000	507.93%	2,970
2008	74,437,094	37,200,000	-	-	5,777,906	3,954,000	7,360,000	128,729,000	573.22%	3,560
2009	96,993,520	18,900,000	-	-	10,801,480	3,252,000	17,600,000	147,547,000	636.50%	4,080
2010	95,931,129	24,255,000	-	-	11,074,871	2,541,000	23,425,000	157,227,000	668.37%	4,348
2011	99,874,069	30,975,000	-	-	11,033,931	1,821,000	24,700,000	168,404,000	694.39%	3,695
2012	98,051,262	35,370,000	-	400,000	14,164,738	1,249,000	26,803,000	176,038,000	674.71%	3,862

⁽¹⁾ See the Schedule of Historical Economic Data for personal income and population data.

N/A - Information not available

City of Ankeny, Iowa

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

Fiscal Year	Actual Property Valuation ⁽¹⁾	General Obligation Bonded Debt ⁽²⁾	Less Debt Service Fund	Net	Percentage of Actual Property Valuation	Per Capita ⁽³⁾
2003	1,593,335,556	38,835,000	228,683	38,606,317	2.42%	1,424
2004	1,709,686,954	54,040,000	101,900	53,938,100	3.15%	1,989
2005	1,990,718,250	62,505,000	76,043	62,428,957	3.14%	2,302
2006	2,192,509,177	69,250,000	277,845	68,972,155	3.15%	1,907
2007	2,587,793,872	95,010,000	953,844	94,056,156	3.63%	2,601
2008	2,903,344,716	117,415,000	3,033,897	114,381,103	3.94%	3,163
2009	3,242,327,958	126,695,000	2,009,317	124,685,683	3.85%	3,448
2010	3,429,961,702	131,261,000	2,896,848	128,364,152	3.74%	3,550
2011	3,557,097,867	141,883,000	2,551,310	139,331,691	3.92%	3,057
2012	3,655,769,076	147,986,000	2,214,278	145,771,722	3.99%	3,198

⁽¹⁾ Polk County Auditor

⁽²⁾ Includes General Obligation Bond Anticipation Notes and General Obligation Capital Loan Notes.

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

City of Ankeny, Iowa

**Computation of Direct and Overlapping Bonded Debt
General Obligation Bonded Debt
June 30, 2012**

	General Obligation Debt June 30, 2012	Percent Applicable to City	Direct and Overlapping General Obligation Debt	Underlying General Obligation Debt
Polk County	\$ 267,890,000	10.81%	\$ 28,958,909	\$ 238,931,091
Des Moines Area Community College	85,745,000	6.03%	5,170,424	80,574,577
North Polk Community School District	11,440,000	0.07%	8,008	11,431,992
Saydel Community School District	1,855,000	2.34%	43,407	1,811,593
Ankeny Community School District	<u>75,745,000</u>	90.65%	<u>68,662,843</u>	<u>7,082,158</u>
Subtotal overlapping debt	\$ 442,675,000		\$ 102,843,590	\$ 339,831,410
City of Ankeny	<u>133,421,262</u>	100.00%	<u>133,421,262</u>	<u>-</u>
Total direct and overlapping debt	<u><u>576,096,262</u></u>		<u><u>236,264,852</u></u>	<u><u>339,831,410</u></u>

Source: Bond Official Statement May 2012

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Ankeny. This process recognizes that, when considering the government's ability to issue and repay long-term debt the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.



City of Ankeny, Iowa

**Computation of Legal Debt Margin
Last Ten Fiscal Years**

	2012	2011	2010	2009	2008
Actual property valuation ⁽¹⁾	\$ 3,655,769,076	\$ 3,557,097,867	\$ 3,429,961,702	\$ 3,242,327,958	\$ 2,903,344,716
Debt limit - 5% of assessed valuation	182,788,454	177,854,893	171,498,085	162,116,398	145,167,236
Amount of debt applicable to limit:					
General obligation bonds	112,216,000	110,908,000	107,006,000	107,795,000	80,215,000
Bond anticipation notes	35,370,000	30,975,000	24,255,000	18,900,000	37,200,000
Capital loan notes	400,000	-	-	-	-
Total debt applicable to limit	147,986,000	141,883,000	131,261,000	126,695,000	117,415,000
Legal debt margin	<u>\$ 34,802,454</u>	<u>\$ 35,971,893</u>	<u>\$ 40,237,085</u>	<u>\$ 35,421,398</u>	<u>\$ 27,752,236</u>
Percent of debt limit	19.04%	20.23%	23.46%	21.85%	19.12%

⁽¹⁾ Polk County Auditor

2007	2006	2005	2004	2003
\$ 2,587,793,872	\$ 2,192,509,177	\$ 1,990,718,250	\$ 1,709,686,954	\$ 1,593,325,276
129,389,694	109,625,459	99,535,913	85,484,348	79,666,264
51,885,000	44,745,000	43,930,000	42,240,000	37,845,000
43,125,000	24,505,000	18,230,000	11,125,000	-
-	-	-	-	-
95,010,000	69,250,000	62,160,000	53,365,000	37,845,000
<u>\$ 34,379,694</u>	<u>\$ 40,375,459</u>	<u>\$ 37,375,913</u>	<u>\$ 32,119,348</u>	<u>\$ 41,821,264</u>
26.57%	36.83%	37.55%	37.57%	52.50%

City of Ankeny, Iowa

**Revenue Bond Coverage
Last Ten Fiscal Years**

Fiscal Year	Sewer Fund				Coverage
	Gross Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available For Debt Service	Maximum Debt Service Requirements ⁽²⁾	
2003	3,105,152	1,273,837	1,831,315	1,100,379	1.6643
2004	3,311,739	1,864,093	1,447,646	1,069,094	1.3541
2005	N/A	N/A	N/A	N/A	N/A
2006	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A
2009	7,013,732	4,113,010	2,900,722	878,924	3.3003
2010	7,223,096	5,392,605	1,830,491	1,354,951	1.3510
2011	8,544,496	5,448,198	3,096,298	1,298,460	2.3846
2012	9,770,350	5,992,735	3,777,615	1,544,066	2.4465

⁽¹⁾ Total operating expenses exclusive of depreciation.

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

Water Fund issued revenue bonds with coverage requirements in fiscal years 2006, 2007 and 2009.

Sewer Fund issued revenue bonds with coverage requirements in fiscal year 2009, 2010, 2011 and 2012.

N/A - Not applicable.

Water Fund				
Gross Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available For Debt Service	Annual Debt Service Requirements ⁽²⁾	Coverage
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
5,771,431	3,470,469	2,300,962	285,843	8.0497
5,587,391	4,839,031	748,360	436,744	1.7135
5,662,041	4,581,601	1,080,440	653,994	1.6521
5,508,623	4,591,946	916,677	759,451	1.2070
5,693,969	5,173,705	520,264	1,026,250	0.5070
6,372,678	4,882,507	1,490,171	1,023,595	1.4558
8,354,480	5,404,880	2,949,600	1,030,325	2.8628

City of Ankeny, Iowa

**Historical Economic Data
Last Ten Years**

Employment				Personal Income ⁽³⁾			Retail Sale	
Calendar Year	Population ⁽¹⁾	Labor Force ⁽²⁾	Unemployment Rate ⁽²⁾	Calendar Year	Personal Income (000's)	Per Capita	Fiscal Year	Number of Businesses
2002	27,117	289,400	4.0%	2002	17,050,000	34,307	2002	2,789
2003	27,117	289,600	4.0%	2003	17,303,000	34,326	2003	2,840
2004	27,117	294,500	4.4%	2004	18,824,000	36,724	2004	2,909
2005	36,161	301,300	4.2%	2005	19,750,000	37,737	2005	3,070
2006	36,161	307,500	3.3%	2006	21,144,000	39,579	2006	3,179
2007	36,161	376,000	3.7%	2007	22,457,000	41,085	2007	3,591
2008	36,161	313,600	3.9%	2008	23,181,000	41,676	2008	3,844
2009	36,161	316,400	5.6%	2009	23,524,000	41,790	2009	4,203
2010	45,582	315,900	6.0%	2010	24,252,000	42,234	2010	4,287
2011	45,582	313,200	5.9%	2011	26,091,000	44,966	2011	4,215

⁽¹⁾ U.S. Census Bureau

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

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

⁽⁴⁾ Iowa Department of Revenue, fiscal year ending March 31

⁽⁵⁾ City of Ankeny Planning and Building Department

s ⁽⁴⁾	Building Permits ⁽⁵⁾					
	Taxable Sales	Calendar Year	Commercial Permits Issued	Dollar Value of Permits Issued	Residential Permits Issued	Dollar Value of Permits Issued
	336,282,498	2002	42	16,353,324	738	74,449,704
	371,959,626	2003	30	14,829,798	1,042	119,766,928
	415,484,756	2004	27	24,623,712	1,085	130,039,464
	466,908,168	2005	30	21,570,268	1,311	203,434,307
	514,316,083	2006	30	29,709,708	845	136,156,818
	538,000,263	2007	26	38,933,191	581	107,924,995
	562,967,614	2008	21	42,473,891	372	68,646,221
	601,447,180	2009	11	12,251,100	422	82,430,948
	622,122,041	2010	17	10,060,900	523	106,078,166
	658,098,454	2011	15	19,062,235	580	107,047,822

City of Ankeny, Iowa

**Principal Employers ⁽¹⁾
Current Year and Nine Years Ago**

Employer ⁽²⁾	Type of Business	Fiscal Year 2012			Fiscal Year 2003		
		Approximate Number of Employees	Rank	Percent of Total City Employment	Approximate Number of Employees	Rank	Percent of Total City Employment
John Deere Des Moines Works	Farm implements	2,116	1	8.27%	1,200	1	7.10%
Ankeny Community Schools	Education	1,654	2	6.46%	645	2	3.82%
Des Moines Area Community College	Education	1,603	3	6.26%	625	4	3.70%
Casey's General Stores	Corporate headquarters/distribution	585	4	2.29%	350	6	2.07%
Perishable Distributors of Iowa	Wholesale meat/bakery distributor	533	5	2.08%	470	5	2.78%
City of Ankeny	Government	497	6	1.94%	200	7	1.18%
ACH Food Companies, Inc. ⁽³⁾	Spice manufacturing/distribution	475	7	1.86%	640	3	3.79%
SYSCO Food Services of Iowa	Wholesale distribution	251	8	0.98%			
Praxair	Industrial gases/welding equipment	157	9	0.61%	130	9	0.77%
Accumold	Plastic micro-molding	150	10	0.59%			
Youngers Distribution	Retail distribution				175	8	1.04%
Techniplas	Custom injection mold plastics				104	10	0.62%
Total		<u>8,021</u>		<u>31.33%</u>	<u>4,539</u>		<u>26.86%</u>

⁽¹⁾ City of Ankeny Economic Development Department

⁽²⁾ Does not include retail employers

⁽³⁾ Formerly Tone Brothers, Inc.

City of Ankeny, Iowa

Number of Permanent City Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Public Safety:										
Police:										
Police Administration	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.80
Operations	44.00	44.00	45.00	42.00	39.00	36.00	31.00	29.00	28.00	27.00
Special Services	-	-	-	-	-	-	9.00	8.00	8.00	10.00
Support Services	15.50	15.50	14.50	14.50	14.00	14.00	6.50	8.50	8.30	7.50
Fire:										
Fire Support	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.75
Fire Suppression	1.00	1.00	1.00	1.00	2.00	2.00	2.00	1.00	1.00	1.00
Ambulance & Rescue	23.00	14.00	14.00	8.00	7.50	7.00	3.00	3.00	3.00	3.00
Code Enforcement	8.00	8.00	8.00	8.00	9.00	10.00	9.00	8.00	6.00	6.50
Total Public Safety	96.50	88.50	88.50	79.50	77.50	75.00	65.50	62.50	59.30	60.55
Health and social services:										
Public Relations	3.00	3.00	3.00	3.00	3.00	1.00	0.00	0.00	0.00	0.00
Culture and Recreation:										
Library	6.00	6.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Parks and Recreation:										
Park Administration	2.00	2.00	2.00	2.00	2.00	1.75	2.75	2.00	2.00	2.00
Park Maintenance	7.00	7.00	6.00	7.00	7.00	6.00	5.00	4.00	4.00	4.00
Recreation Programs	3.00	3.00	4.00	4.00	4.00	4.00	3.00	2.00	2.00	2.00
Prairie Ridge Sports Complex	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Total Culture and Recreation	20.00	20.00	21.00	22.00	22.00	20.75	19.75	17.00	17.00	17.00
Public Works:										
Engineering	-	-	-	-	3.00	3.00	2.00	2.00	2.00	2.00
Street Cleaning	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Traffic Safety	3.00	3.00	3.00	3.00	3.00	0.00	0.00	0.00	0.00	0.00
Roadway Administration	6.25	6.25	6.25	6.25	6.25	5.25	5.25	4.50	3.70	3.70
Roadway Maintenance	11.00	11.00	11.00	11.00	12.00	14.00	14.00	13.00	12.00	12.00
Central Garage	4.00	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00
Total Public Works	25.25	25.25	25.25	25.25	29.25	26.25	25.25	23.50	21.70	21.70
Community and Economic Development:										
Development and Promotion	-	-	-	-	-	-	-	1.00	1.00	1.00
Development Engineering	3.00	3.00	3.00	3.00	-	-	-	-	-	-
Planning & Zoning	4.00	4.00	4.50	5.50	5.50	5.50	4.50	4.50	4.50	4.50
Community Development	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.80	2.80	2.00
Economic Development	2.00	3.00	3.00	3.00	3.00	3.00	2.80	0.00	0.00	0.00
Total Community and Economic Development:	11.00	12.00	12.50	13.50	10.50	10.50	9.30	8.30	8.30	7.50
General Government:										
Human Resources	2.00	2.00	2.00	2.00	1.75	1.75	1.75	1.75	1.75	1.75
Policy & Administration	3.00	4.00	4.00	4.00	4.00	5.00	4.00	4.00	4.00	4.00
City Clerk	4.50	4.50	4.50	4.50	4.50	4.00	4.00	3.50	3.00	3.00
Finance	4.00	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00
Information Systems	4.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00
Total General Government	17.50	18.50	18.50	18.50	18.25	17.75	15.75	15.25	14.75	14.75
Water										
Water Administration	3.50	3.50	7.50	7.50	7.50	3.50	3.50	3.50	2.50	2.50
Water Maintenance	7.00	7.00	8.00	8.00	8.00	8.00	7.00	7.00	7.00	6.00
Total Water	10.50	10.50	15.50	15.50	15.50	11.50	10.50	10.50	9.50	8.50
Sewer:										
Wastewater Administration	6.50	6.50	3.50	3.50	3.50	3.50	3.50	3.00	2.50	2.50
Wastewater Operations	10.00	10.00	10.00	11.00	11.00	11.00	10.00	10.00	10.00	8.00
Total Sewer	16.50	16.50	13.50	14.50	14.50	14.50	13.50	13.00	12.50	10.50
Storm water:										
Stormwater Administration	1.50	1.50	1.50	1.00	1.00	1.00	1.00	0.00	0.00	0.00
Otter Creek Golf Course:										
Golf Course Maintenance	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Golf Course Club House	2.00	2.00	1.00	1.00	1.00	1.50	1.50	1.50	1.50	0.50
Golf Course Banquet Services	1.00	1.00	1.00	1.00	-	-	-	-	-	-
Total Otter Creek Golf Course	6.00	6.00	5.00	5.00	4.00	4.50	4.50	4.50	4.50	3.50
Total	207.75	201.75	204.25	197.75	195.50	182.75	165.05	154.55	147.55	144.00

Source: City Records

City of Ankeny, Iowa

Operating Indicators by Function
Last Ten Years

Function	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Public safety:										
Police:										
Calls for service ⁽²⁾	36,265	39,385	37,573	35,668	34,127	30,130	31,756	35,219	28,715	21,621
Yearly miles logged by patrol ⁽²⁾	358,316	351,843	371,026	332,686	319,438	288,976	310,234	345,187	319,918	284,923
Fire:										
Fire calls ⁽²⁾	667	702	636	678	709	743	773	724	600	490
Ambulance calls ⁽²⁾	2,355	2,209	2,123	2,092	1,964	1,875	1,640	1,676	1,498	1,387
Code Enforcement:										
Residential permits issued ⁽²⁾	580	523	422	372	581	845	1,311	1,085	1,042	738
Commercial permits issued ⁽²⁾	15	17	11	21	26	30	30	27	30	42
Culture and recreation:										
Library:										
Circulation ⁽¹⁾	562,556	550,541	501,223	498,583	447,912	367,723	350,213	320,910	316,217	308,081
Program attendance ⁽¹⁾	37,129	38,351	33,831	32,630	26,615	21,825	21,840	19,109	11,647	10,742
Parks and Recreation:										
Aquatic center attendance ⁽²⁾	153,000	122,059	70,703	72,500	77,238	73,555	85,776	55,421	66,756	78,504
Public works:										
Street Cleaning:										
Tons of debris cleared ⁽¹⁾	292	374	457	657	443	227	391	649	670	N/A
Community and economic development:										
Planning and Building:										
Number of plats recorded ⁽²⁾	18	12	13	19	29	31	35	44	42	29
Acres final platted ⁽²⁾	290	153	167	639	464	719	555	823	582	299
General government:										
Human resources:										
Number of applications managed ⁽²⁾	1,350	844	892	2,084	1,353	1,547	1,308	940	964	1,078
Water:										
Avg daily water consumption-gallons ⁽¹⁾	3,938,331	3,479,154	3,945,293	3,900,000	3,793,000	3,879,000	4,227,000	3,693,000	4,170,000	3,383,000
Avg number of meters ⁽¹⁾	16,898	16,175	15,673	15,641	15,255	14,311	14,140	12,259	11,160	10,241
Sewer:										
Avg daily sewer treatment-gallons ⁽¹⁾	4,207,083	6,387,000	6,381,500	6,080,000	5,863,000	5,192,000	3,652,000	4,008,000	3,784,000	3,278,000
Otter Creek golf course:										
Number of rounds played ⁽²⁾⁽³⁾	29,104	28,817	22,252	-	29,636	33,591	36,123	38,695	38,081	35,467

⁽¹⁾ Fiscal Year

⁽²⁾ Calendar Year

⁽³⁾ Otter Creek Golf Course was closed during calendar year 2008 for reconstruction. The golf course reopened on June 1, 2009.

Source: City Records

City of Ankeny, Iowa

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Public safety:										
Police:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Number of fire stations	2	2	2	1	1	1	1	1	1	1
Health and social services:										
Mosquito control:										
Mosquito sprayers	4	4	4	3	3	3	2	1	1	1
Culture and recreation:										
Library:										
Number of branches	1	1	1	1	1	1	1	1	1	1
Titles	70,889	66,994	64,311	75,457	89,506	86,273	82,955	78,697	75,411	74,779
Parks and Recreation:										
Community centers	3	2	2	2	2	2	2	2	2	1
Sports complexes	2	2	2	2	2	2	2	2	2	2
Park acres developed	755	671	629	503	467	425	415	403	400	N/A
Public works:										
Miles of streets	216	214	211	211	197	182	175	163	148	136
General government:										
Data Processing										
Number of personal computers	328	335	322	325	319	312	225	190	170	150
Water:										
Above ground storage-gallons	8,000,000	8,000,000	8,000,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000
Miles of water main	330	299	258	252	241	230	196	163	160	158
Sewer:										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of lift stations	3	3	4	5	5	5	5	5	5	5
Miles of sanitary sewer	243	222	219	230	211	201	200	186	170	139
Otter Creek golf course:										
Number of municipal golf courses	1	1	1	1	1	1	1	1	1	1

Source: City Records

City of Ankeny, Iowa

**Insurance Schedule ⁽¹⁾
June 30, 2012**

Insurance Company	Policy Number	Type of Coverage
Iowa Communities Assurance Pool	408	Liability: Legal Liability/3rd Party Automotive Liability Wrongful Acts Law Enforcement Liability Appeal, Bail, Property Release Bonds Claim and Defense Expenses Covered Pollution Cost or Expense for Automobiles Employee Benefit Employee Expense Good Samaritan Injunctive Relief Medical Malpractice Member Expenses Post-judgement/Pre-judgment Interest Stop Gap Underinsured/Uninsured Motorist Broad Legal Defense Fund Moral Obligation to Pay Pollution Liability: Chlorine, Pesticides, Anti-Skid Materials Fire Department and Fire Department Training Sewer Back-up Wastewater Treatment Plant-3rd Party Liability Wastewater Treatment Plant-Clean Up Expense Liquor Liability Property: Buildings Personal Property Newly Acquired/Newly Constructed Buildings Book Collection Vehicles Miscellaneous Property EDP Hardware/Software Boiler Earthquake
Old Republic Surety Company	RCB537396	Employee dishonesty
Iowa Municipal Workers Compensation Association	0643	Worker's compensation
Wellmark BCBS of Iowa	038	Employee health insurance (per member) Minimum Aggregate Deductible

⁽¹⁾ City of Ankeny City Clerk's Office and Human Resources Office

Liability Limits	Deductible	Policy Expiration
		7/15/2012
\$10,000,000	\$0	
\$10,000,000	\$0	
\$10,000,000	\$2,500	
\$10,000,000	\$5,000	
Unlimited	\$0	
Unlimited	\$0	
\$10,000,000	\$0	
\$1,000,000	\$1,000	
\$10,000,000	\$0	
\$10,000,000 each	\$0	
\$25,000	15%	
\$10,000,000	\$0	
10,000	\$0	
Unlimited	\$0	
\$10,000,000	\$0	
\$500,000	\$0	
\$5,000 each, \$5,000 Aggregate	25%	
\$2,500 Aggregate	25%	
\$10,000,000	\$0	
\$500,000	\$0	
\$250,000 each, \$250,000 aggregate	\$0	
\$50,000 each, \$50,000 aggregate	\$0	
\$50,000 each, \$50,000 aggregate	\$0	
\$1,000,000	\$0	
\$84,352,366	\$25,000 per occurrence	
\$7,858,659	\$25,000 per occurrence	
\$2,000,000	\$25,000 per occurrence	
\$1,000,000	\$25,000 per occurrence	
\$8,153,131	\$1,000 per occurrence	
\$4,763,799	\$25,000 per occurrence	
\$1,123,317	\$25,000 per occurrence	
\$1,000,000	\$25,000 per occurrence	
\$20,000,000	10% of loss	
\$100,000/\$500,000	\$0	
Statutory	N/A	6/30/2012
Unlimited	\$55,000 \$2,003,612	6/30/2012



Single Audit Section

City of Ankeny, Iowa

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012**

Grantor/Program	CFDA Number	Other Identification Number	Program Expenditures
Direct:			
U.S. Department of Justice, Bulletproof Vest Partnership Program 2011	16.607		\$ 3,798
Total Direct			<u>3,798</u>
Indirect:			
U.S. Department of Justice Office of Community Oriented Policing Services	16.710	09 HotSpots Interdiction	3,076
U.S. Department of Transportation Federal Highway Administration Highway Construction Planning and Recovery	20.205	10-STPE-135	175,000
U.S. Department of Transportation Federal Highway Administration Highway Construction Planning and Recovery	20.205	STP-A-0187(627)--8V-77	421,940
U.S. Department of Transportation National Highway Traffic Safety Administration Alcohol Impaired Driving Countermeasures Incentive	20.601	PAP 11-410, Task 02	5,002
U.S. Department of Transportation National Highway Traffic Safety Administration Alcohol Impaired Driving Countermeasures Incentive	20.601	PAP 12-410, Task 03	23,579
Environmental Protection Agency Department of Water Capitalization Grants for Clean Water State Revolving Funds	66.458		3,133,822
U.S. Department of Energy Energy Efficiency and Conservation Block Grant Program	81.128	EE002411	31,225
Total Indirect			<u>3,793,644</u>
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 3,797,442</u>

See accompanying independent auditor's report.

City of Ankeny, Iowa

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011**

Note 1. Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of the City of Ankeny and is presented on the accrual basis of accounting. The information in the 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 the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

City of Ankeny, Iowa
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2012

Summary

Status

Financial Statement Findings

None

Statutory Reporting Findings

11-IV-F	<i>Condition:</i> The City did not publish disbursements approved by the Council as required by Chapter 372.13(6) of the Code of Iowa.	Corrected
11-IV-K	<i>Condition:</i> The City did not publish Notice of Public Hearing for Public Improvement Projects as required by Chapters 26.12 and 362.3 of the Code of Iowa.	Corrected

**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**

Honorable Mayor and
Members of the City Council
Ankeny, 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 Ankeny, Iowa (the City) as of and for the year ended June 30, 2012, which collectively comprise the City of Ankeny, Iowa's basic financial statements and have issued our report thereon dated December 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City of Ankeny, Iowa, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions 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's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Ankeny and other parties to whom the City of Ankeny 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.

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
December 20, 2012

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and
Members of the City Council
Ankeny, Iowa

Compliance

We have audited the City of Ankeny's (the City) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the summary of the independent auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Ankeny complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the City 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 the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
December 20, 2012

**City of Ankeny, Iowa
SCHEDULE OF FINDINGS
Year ended June 30, 2012**

Part I. Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal controls over major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to major programs.
- (f) The audit did not disclose audit findings that are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - *CFDA Number 66.458 - Capitalization Grants for Clean Water State Revolving Funds
 - *CFDA Number 20.205 - Highway Construction Planning and Recovery
- (h) The dollar threshold used to distinguish between type A and B programs was \$300,000.
- (i) The City of Ankeny did not qualify as a low-risk auditee.

**Part II—Findings Relating to the Financial Statements Reported in
Accordance with *Government Auditing Standards***

Instances of Non-compliance
No matters were noted.

Internal Control Deficiencies
No material weaknesses in internal control over financial reporting were noted.

Part III—Findings and Questioned Costs for Federal Awards

Instances of Non-compliance
No matters were noted.

Internal Control Deficiencies
No material weaknesses in internal control over the major programs were noted.

**City of Ankeny, Iowa
SCHEDULE OF FINDINGS
Year ended June 30, 2012**

Part IV—Findings Related to Required Statutory Reporting

12-IV-A CERTIFIED BUDGET

City disbursements during the year ended June 30, 2012 did not exceed the amount budgeted in any functional area.

12-IV-B QUESTIONABLE EXPENDITURES

No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.

12-IV-C TRAVEL EXPENSE

No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

12-IV-D BUSINESS TRANSACTIONS

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

12-IV-E 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 ensure that coverage is adequate for current operations.

12-IV-F COUNCIL MINUTES

We noted no transactions requiring Council approval which had not been approved in the Council minutes.

12-IV-G DEPOSITS AND INVESTMENTS

No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.

12-IV-H WATER AND SEWER REVENUE BONDS/NOTES

No instances of noncompliance with their revenue note provisions were noted.

