

CITY OF ANAMOSA, IOWA

**INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

JUNE 30, 2015

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Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dale Barnes	Mayor	January 2016
Richard Stivers	Council Member	January 2016
Cody Shaffer	Council Member	January 2016
Bill Feldmann	Council Member	January 2018
Chuck Smith	Council Member	January 2018
Mike Dearborn	Council Member	January 2016
William Brady Reynolds	Council Member	January 2018
Alan Johnson	City Administrator	Indefinite
Tammy Coons	City Clerk	Indefinite
Penny Lode	Deputy City Clerk	Indefinite
Adrian Knuth	City Attorney	Indefinite

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Anamosa, Iowa as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Anamosa, Iowa, as of June 30, 2015, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of a Matter

As disclosed in Note 4 to the financial statements, the City of Anamosa, Iowa, adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Anamosa, Iowa's basic financial statements. The supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic 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 basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Anamosa, Iowa's financial statements for the nine years ended June 30, 2014, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. Those audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Anamosa, Iowa's basic financial statements as a whole. The supplementary information included in Schedule 4 for the nine years ending June 30, 2014 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements for those nine years ending June 30, 2014. Such information has been subjected to the auditing procedures applied in the audit of the basic

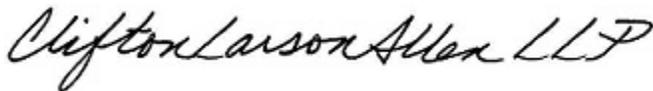
Honorable Mayor and Members of the City Council
City of Anamosa

financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the nine years ending June 30, 2014 presented in Schedule 4 is fairly stated, in all material respects, in relation to the basic financial statements from which they have been derived.

The other information, which consists of Management's Discussion and Analysis, the budgetary comparison information, the Schedule of the City's Proportionate Share of the Net Pension Liability, and the Schedule of City Contributions, as listed in the table of contents, has 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2016, on our consideration of the City of Anamosa, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result 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* in considering City of Anamosa, Iowa's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Cedar Rapids, Iowa
January 8, 2016

CITY OF ANAMOSA

**CITY OF ANAMOSA, IOWA
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2015**

The City of Anamosa, Iowa, provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- Receipts and other financing sources of the City's governmental activities decreased 10.1%, or approximately \$671,000, from fiscal year 2014 to fiscal year 2015. Intergovernmental increased approximately \$89,000 and bond proceeds decreased approximately \$897,000.
- Disbursements of the City's governmental activities decreased 10.42%, or approximately \$526,000, in fiscal year 2015 from fiscal year 2014. Debt service and capital projects disbursements decreased approximately \$34,000 and \$712,000, respectively.
- The City's total cash basis net position increased 11.2%, or approximately \$953,000, from June 30, 2014 to June 30, 2015. Of this amount, the assets of the governmental activities increased approximately \$350,000 and the assets of the business type activities increased approximately \$603,000.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness.

**CITY OF ANAMOSA, IOWA
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2015**

BASIS OF ACCOUNTING

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

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities:

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

Fund Financial Statements

The City has two kinds of funds:

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

The required financial statement for governmental funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

**CITY OF ANAMOSA, IOWA
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Fund Financial Statements (Continued)

- Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains three Enterprise Funds to provide separate information for the water, sewer, and consumer deposits funds.

The required financial statements for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities as of June 30, 2015 is \$3,777,319 increasing slightly from a year ago. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

**CITY OF ANAMOSA, IOWA
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Changes in Cash Basis Net Position of Governmental Activities

	<u>Year Ended 6/30/2015</u>	<u>Year Ended 6/30/2014</u>
Receipts:		
Property Tax	\$ 1,657,935	\$ 1,682,126
Tax Increment Financing Collections	389,230	388,890
Other City Tax	758,719	690,933
Licenses and Permits	8,427	9,895
Use of Money and Property	30,569	15,864
Intergovernmental	910,655	821,455
Charges for Services	391,787	417,423
Special Assessments	18,288	14,560
Miscellaneous	116,209	73,329
Total Receipts	<u>4,281,819</u>	<u>4,114,475</u>
Disbursements:		
Public Safety	1,137,913	918,592
Public Works	809,212	802,874
Culture and Recreation	745,751	743,149
Community and Economic Development	73,473	76,838
General Government	452,474	457,783
Debt Service	768,772	802,508
Capital Projects	533,824	1,245,750
Total Disbursements	<u>4,521,419</u>	<u>5,047,494</u>
Excess of Disbursements over Receipts	<u>(239,600)</u>	<u>(933,019)</u>
Other Financing Sources (Uses):		
Bond Proceeds	458,404	1,355,739
Bond Premiums	-	-
Sale of Capital Assets	17,619	55,526
Transfers in	1,219,527	1,200,908
Transfers out	<u>(1,105,483)</u>	<u>(1,200,908)</u>
Net Other Financing Sources	<u>590,067</u>	<u>1,411,265</u>
Net Change in Cash Basis Net Position	350,467	478,246
Cash Basis Net Position - Beginning	<u>3,426,852</u>	<u>2,948,606</u>
Cash Basis Net Position - End	<u>\$ 3,777,319</u>	<u>\$ 3,426,852</u>

The City's total receipts and other financing sources for governmental activities were \$5,977,369, which included sale of capital assets.

The City decreased property tax rates for 2015 by \$.998 per thousand of taxable valuation, from \$16.678 to \$15.680 per thousand of taxable valuation.

**CITY OF ANAMOSA, IOWA
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Changes in Cash Basis Net Position of Governmental Activities (Continued)

The cost of all governmental activities this year was just over \$4.52 million compared to approximately \$5 million last year. However, as shown in the Statement of Activities and Net Position, the amount taxpayers ultimately financed for these activities was approximately \$2,806,000. Some of the cost was paid by those directly benefited from the programs (approximately \$400,000) or by other governments and organizations which subsidized certain programs with grants, contributions and restricted interest (approximately \$970,000). Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for service, decreased in fiscal year 2015 from approximately \$1,284,000 to approximately \$1,370,000

Changes in Cash Basis Net Position of Business Type Activities

	Year Ended June 30, 2015	Year Ended June 30, 2014
Program Receipts:		
Charges for Services:		
Water	\$ 712,503	\$ 722,557
Sewer	1,731,798	1,698,733
General Receipts:		
Interest on Investments	21,349	5,850
Miscellaneous	65,426	82,408
Total Receipts	2,531,076	2,509,548
Disbursements:		
Water	699,355	572,777
Sewer	847,726	815,668
Debt Service	267,232	167,386
Total Disbursements	1,814,313	1,555,831
Other Financing Sources (Uses):		
Transfers in	148,304	-
Transfers out	(262,348)	-
Net Other Financing Sources	(114,044)	-
Net Change in Cash Basis Net Position	602,719	953,717
Cash Basis Net Position - Beginning of Year	5,047,333	4,093,616
Cash Basis Net Position - End of Year	\$ 5,650,052	\$ 5,047,333

Total business type activities receipts for the fiscal year were approximately \$2,531,000 compared to approximately \$2,510,000. This increase was due primarily to the increase in sewer receipts. The cash balance increased by \$602,719 from the prior year. Total disbursements for the fiscal year were \$1,814,313, a 16.61% increase.

**CITY OF ANAMOSA, IOWA
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2015**

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Anamosa completed the year, its governmental funds reported a combined fund balance of \$3,777,319, an increase of \$350,467 from the prior year's total of \$3,426,852. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance saw an increase of \$57,190 from the prior year to \$2,117,599. This increase in the General Fund cash balance is due to in taxable valuations and a larger share of payroll for Streets Department paid from Road Use Tax Funds.
- The Special Revenue, Road Use Tax (RUT) cash balance increased by \$116,809 from the prior year to \$574,344. The increase is due to an increase in revenues received from the State of Iowa.
- The Special Revenue, Employee Benefits Fund cash balance increased by \$14,441 as compared to an increase in FY 2014 of \$3,658. This is comparable to the prior year.
- The Debt Service Fund cash balance decreased \$94,128 to \$72,010 during the fiscal year. The decrease was due primarily to decreases in property tax revenues.
- The Capital Project, Water Projects Fund cash balance increased by \$104,581 from the prior year to \$(111,491). The increase is due to proceeds being received from the sale of Water Revenue notes.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Water Fund cash balance increased by \$81,196 to \$1,138,873 compared to a prior year cash balance increase of \$202,010. The comparatively smaller increase in the Water Fund this year as compared to last year is primarily due to continuing to keep expenditures down compared to revenues as a whole, but the personnel expenses increased and the first principal payment on the Water SRF Loan was paid.
- The Enterprise, Sewer Fund cash balance increased by \$661,094 to \$4,336,638, as compared to a prior year cash balance increase of \$748,697. The increase in the Sewer Fund is primarily due to continuing to keep expenditures down compared to revenues.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget once. The amendment was approved on May 26, 2015 and resulted in an increase in intergovernmental funds due to the receipt of federal FEMA funds, STEP Grant, Fire Department Grant and increase in use of money and property is primarily due to the sale of city property. The increase in miscellaneous revenues is due to the receipt of insurance reimbursement for eligible storm damage. The increase in other financing sources was due to the interfund transfer from Wastewater to project fund close it out and the interfund transfer from Consumer Deposit to Water Fund to correct posting/processing error.

The increase in budgeted disbursements occurred in public safety due to the unexpected storm damage expenditures in 2014. The increase in culture and recreation was due to the improvements made at the Anamosa Aqua Court and the Lawrence Community Center and also the repair of storm damage in the parks area. The transfers out increased correspondingly to the other finance sources on the revenue side to cover the interfund transfers out.

**CITY OF ANAMOSA, IOWA
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2015**

DEBT ADMINISTRATION

At June 30, 2015, the City had approximately \$5,967,000 of bonds and other long-term debt outstanding, compared to \$6,380,000 last year, as shown below.

Outstanding Debt at Year-End

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
General Obligation Bonds and Notes	\$ 2,900,000	\$ 3,585,000
Sewer Revenue Note	1,335,762	1,438,762
Water Revenue Note	<u>1,731,143</u>	<u>1,355,739</u>
Total	<u>\$ 5,966,905</u>	<u>\$ 6,379,501</u>

Debt increased as a result of issuing a new revenue note during the year.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding debt of \$5,996,905 is significantly below its constitutional debt limit of approximately \$10.1 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Anamosa's elected and appointed officials and citizens considered many factors when setting the fiscal year 2015 budget, tax rates, and fees that will be charged for various City activities. Unemployment in Jones County 4.1% in April 2015. This compares with the State's unemployment rate of 3.8% in April 2015 and the national rate of 5.4% in April 2015.

The housing market remained primarily the same in Anamosa in fiscal year 2015. During fiscal year 2015, five single family homes were built along with one four-plex and one duplex.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

**CITY OF ANAMOSA
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION
YEAR ENDED JUNE 30, 2015**

EXHIBIT A

	Disbursements	Program Receipts		Net (Disbursements) Receipts and Changes in Cash Basis Net Position			
		Charges for Services	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
FUNCTIONS/PROGRAMS:							
Governmental Activities:							
Public Safety	\$ 1,137,913	\$ 72,736	\$ 7,904	\$ 100,002	\$ (957,271)	\$ -	\$ (957,271)
Public Works	809,212	175,675	-	575,335	(58,202)	-	(58,202)
Culture and Recreation	745,751	139,981	57,198	-	(548,572)	-	(548,572)
Community and Economic Development	73,473	3,395	-	-	(70,078)	-	(70,078)
General Government	452,474	8,427	31,333	-	(412,714)	-	(412,714)
Debt Service	768,772	-	-	18,288	(750,484)	-	(750,484)
Capital Projects	533,824	-	-	180,000	(353,824)	-	(353,824)
Total Governmental Activities	<u>4,521,419</u>	<u>400,214</u>	<u>96,435</u>	<u>873,625</u>	<u>(3,151,145)</u>	<u>-</u>	<u>(3,151,145)</u>
Business Type Activities:							
Water	814,624	712,503	-	4,700	-	(97,421)	(97,421)
Sewer	999,689	1,731,798	-	-	-	732,109	732,109
Total Business Type Activities	<u>1,814,313</u>	<u>2,444,301</u>	<u>-</u>	<u>4,700</u>	<u>-</u>	<u>634,688</u>	<u>634,688</u>
Total	<u>6,335,732</u>	<u>2,844,515</u>	<u>96,435</u>	<u>878,325</u>	<u>(3,151,145)</u>	<u>634,688</u>	<u>(2,516,457)</u>
GENERAL RECEIPTS AND TRANSFERS:							
Property Taxes Levied for:							
General Purposes					942,762	-	942,762
Employee Benefits					477,332	-	477,332
Debt Service					237,841	-	237,841
Tax Increment Financing					389,230	-	389,230
Other City Tax					332,327	-	332,327
Local Option Sales Tax					426,392	-	426,392
Unrestricted Interest on Investments					8,698	21,349	30,047
Miscellaneous					96,963	60,726	157,689
Long-Term Debt Issued					458,404	-	458,404
Transfers					114,044	(114,044)	-
Sale of Capital Assets					17,619	-	17,619
Total General Receipts and Transfers					<u>3,501,612</u>	<u>(31,969)</u>	<u>3,469,643</u>

CITY OF ANAMOSA
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION (CONTINUED)
YEAR ENDED JUNE 30, 2015

EXHIBIT A

	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Cash Basis Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>
CHANGE IN CASH BASIS NET POSITION						
Cash Basis Net Position - Beginning of Year				\$ 350,467	\$ 602,719	\$ 953,186
Cash Basis Net Position - End of Year				<u>3,426,852</u>	<u>5,047,333</u>	<u>8,474,185</u>
				<u>3,777,319</u>	<u>5,650,052</u>	<u>9,427,371</u>
CASH BASIS NET POSITION:						
Restricted:						
Nonexpendable:						
Cemetery Perpetual Care				98,928	-	98,928
Expendable:						
Urban Renewal Purposes				153,383	-	153,383
Debt Service				422,224	326,399	748,623
Streets				574,344	-	574,344
Other Purposes				515,959	174,541	690,500
Unrestricted				<u>2,012,481</u>	<u>5,149,112</u>	<u>7,161,593</u>
Total Cash Basis Net Position				<u>\$ 3,777,319</u>	<u>\$ 5,650,052</u>	<u>\$ 9,427,371</u>

CITY OF ANAMOSA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

EXHIBIT B

	<u>Special Revenue</u>			<u>Capital Projects</u>		Nonmajor Governmental Funds	Totals
	General	Employee Benefits	Road Use Tax	Debt Service	Water Projects		
RECEIPTS:							
Property Tax	\$ 942,762	\$ 477,332	\$ -	\$ 237,841	\$ -	\$ -	\$ 1,657,935
Tax Increment Financing Collections	-	-	-	-	-	389,230	389,230
Other City Tax	313,776	11,381	-	7,170	-	426,392	758,719
Licenses and Permits	8,427	-	-	-	-	-	8,427
Use of Money and Property	27,987	304	-	595	-	1,683	30,569
Intergovernmental	155,320	-	575,335	-	180,000	-	910,655
Charges for Services	391,787	-	-	-	-	-	391,787
Special Assessments	-	-	-	-	-	18,288	18,288
Miscellaneous	111,530	-	-	-	-	4,679	116,209
Total Receipts	<u>1,951,589</u>	<u>489,017</u>	<u>575,335</u>	<u>245,606</u>	<u>180,000</u>	<u>840,272</u>	<u>4,281,819</u>
DISBURSEMENTS:							
Current:							
Public Safety	1,088,723	-	-	-	-	49,190	1,137,913
Public Works	326,395	-	193,700	-	-	289,117	809,212
Culture and Recreation	732,381	-	-	-	-	13,370	745,751
Community and Economic Development	-	-	-	-	-	73,473	73,473
General Government	434,343	-	-	-	-	18,131	452,474
Debt Service	-	-	-	768,772	-	-	768,772
Capital Projects	-	-	-	-	533,823	1	533,824
Total Disbursements	<u>2,581,842</u>	<u>-</u>	<u>193,700</u>	<u>768,772</u>	<u>533,823</u>	<u>443,282</u>	<u>4,521,419</u>
Excess (Deficiency) of Receipts over Disbursements	<u>(630,253)</u>	<u>489,017</u>	<u>381,635</u>	<u>(523,166)</u>	<u>(353,823)</u>	<u>396,990</u>	<u>(239,600)</u>
OTHER FINANCING SOURCES (USES):							
Sale of Capital Assets	17,619	-	-	-	-	-	17,619
Long-Term Debt Issued	-	-	-	-	458,404	-	458,404
Transfers in	669,824	-	-	429,038	-	120,665	1,219,527
Transfers out	-	(474,576)	(264,826)	-	-	(366,081)	(1,105,483)
Net Other Financing Sources (Uses)	<u>687,443</u>	<u>(474,576)</u>	<u>(264,826)</u>	<u>429,038</u>	<u>458,404</u>	<u>(245,416)</u>	<u>590,067</u>

CITY OF ANAMOSA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH BALANCES – GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2015

EXHIBIT B

	<u>Special Revenue</u>				<u>Capital Projects</u>	Nonmajor Governmental Funds	Totals
	General	Employee Benefits	Road Use Tax	Debt Service	Water Projects		
NET CHANGE IN CASH BALANCES	\$ 57,190	\$ 14,441	\$ 116,809	\$ (94,128)	\$ 104,581	\$ 151,574	\$ 350,467
Cash Balances - Beginning of Year	<u>2,060,409</u>	<u>79,658</u>	<u>457,535</u>	<u>166,138</u>	<u>(216,072)</u>	<u>879,184</u>	<u>3,426,852</u>
Cash Balances - End of Year	<u>\$ 2,117,599</u>	<u>\$ 94,099</u>	<u>\$ 574,344</u>	<u>\$ 72,010</u>	<u>\$ (111,491)</u>	<u>\$ 1,030,758</u>	<u>\$ 3,777,319</u>
CASH BASIS FUND BALANCES:							
Non-Expendable - Cemetery Perpetual Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,928	\$ 98,928
Restricted for:							
Urban Renewal Purposes	-	-	-	-	-	153,383	153,383
Debt Service	-	-	-	72,010	-	350,214	422,224
Streets	-	-	574,344	-	-	-	574,344
Other Purposes	-	94,099	-	-	-	421,860	515,959
Assigned for:							
Tree Planting	-	-	-	-	-	6,640	6,640
Unassigned	<u>2,117,599</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(111,491)</u>	<u>(267)</u>	<u>2,005,841</u>
Total Cash Basis Fund Balances	<u>\$ 2,117,599</u>	<u>\$ 94,099</u>	<u>\$ 574,344</u>	<u>\$ 72,010</u>	<u>\$ (111,491)</u>	<u>\$ 1,030,758</u>	<u>\$ 3,777,319</u>

CITY OF ANAMOSA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH BALANCES – PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

EXHIBIT C

	Enterprise			Total
	Water	Sewer	Non-major Consumer Deposits	
OPERATING RECEIPTS:				
Use of Money and Property	\$ 3,846	\$ 13,263	\$ 4,240	\$ 21,349
Charges for Services	712,503	1,731,798	-	2,444,301
Miscellaneous	30,960	29,766	4,700	65,426
Total Operating Receipts	<u>747,309</u>	<u>1,774,827</u>	<u>8,940</u>	<u>2,531,076</u>
OPERATING DISBURSEMENTS:				
Business Type Activities:				
Water	699,148	-	207	699,355
Sewer	-	847,726	-	847,726
Total Operating Disbursements	<u>699,148</u>	<u>847,726</u>	<u>207</u>	<u>1,547,081</u>
Excess of Operating Receipts over Operating Disbursements	<u>48,161</u>	<u>927,101</u>	<u>8,733</u>	<u>983,995</u>
NONOPERATING RECEIPTS (DISBURSEMENTS):				
Debt Service	<u>(115,269)</u>	<u>(151,963)</u>	<u>-</u>	<u>(267,232)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	148,304	-	-	148,304
Transfers out	-	(114,044)	(148,304)	(262,348)
Net Other Financing Sources (Uses)	<u>148,304</u>	<u>(114,044)</u>	<u>(148,304)</u>	<u>(114,044)</u>
NET CHANGE IN CASH BALANCES	81,196	661,094	(139,571)	602,719
Cash Balances - Beginning of Year	<u>1,057,677</u>	<u>3,675,544</u>	<u>314,112</u>	<u>5,047,333</u>
Cash Balances - End of Year	<u>\$ 1,138,873</u>	<u>\$ 4,336,638</u>	<u>\$ 174,541</u>	<u>\$ 5,650,052</u>
CASH BASIS FUND BALANCES:				
Restricted:				
Debt Service	\$ -	\$ 326,399	\$ -	\$ 326,399
Other Purposes	-	-	174,541	174,541
Unrestricted	<u>1,138,873</u>	<u>4,010,239</u>	<u>-</u>	<u>5,149,112</u>
Total Cash Basis Fund Balances	<u>\$ 1,138,873</u>	<u>\$ 4,336,638</u>	<u>\$ 174,541</u>	<u>\$ 5,650,052</u>

**CITY OF ANAMOSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Jointly Governed Organizations

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

Basis of Presentation

Government-wide Financial Statement – The Cash Basis Statement of Activities and Net Position (previously referred to as net assets) reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Nonexpendable restricted net position is subject to externally imposed stipulations which require them to be maintained permanently by the City, including the City's permanent fund.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

**CITY OF ANAMOSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Government-wide Financial Statement (continued)

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

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

The City reports the following major governmental funds:

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

Special Revenue:

The Employee Benefits Fund is used to account for the collection and disbursement of amounts levied for employee benefits.

Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

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

The Capital Projects, Water Projects Fund, is used to account for capital projects for water.

**CITY OF ANAMOSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

The City reports the following major proprietary funds:

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

The Enterprise, Sewer Fund, accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

Measurement Focus and Basis of Accounting

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

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

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

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

Governmental Cash Basis Fund Balances

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

Nonspendable are amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted amounts are 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.

**CITY OF ANAMOSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Cash Basis Fund Balances (Continued)

Assigned are amounts the City Council intends to use for specific purposes.

Unassigned are all amounts not included in the preceding classifications.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2015, disbursements did not exceed the amounts budgeted prior to the budget being amended.

Property Tax Calendar

The City's property tax rates were extended against the assessed valuation of the City as of January 1, 2013, to compute the amounts which became liens on property on July 1, 2014. These taxes were due and payable in two installments on September 30, 2014 and March 31, 2015, at the Jones County Treasurer's Office. These taxes are recognized as income to the City when they are received from the County.

NOTE 2 CASH

The City's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

At June 30, 2015, the City's deposits consisted of cash and certificates of deposit as follows:

	Bank Value	Carrying Value
Checking Account	\$ 8,820,719	\$ 8,790,298
Payroll Account	27,896	27,896
Certificates of Deposit	609,177	609,177
Total	<u>\$ 9,457,792</u>	<u>\$ 9,427,371</u>

**CITY OF ANAMOSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 CASH (CONTINUED)

Interest rate risk – The City’s investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

NOTE 3 BONDS AND NOTES PAYABLE

Annual debt service requirements to maturity of general obligation bonds and notes, special revenue bonds and notes and revenue notes are as follows for the year ended June 30, 2015:

	General Obligation Bonds and Notes		Revenue Bonds and Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 1,060,000	\$ 63,203	\$ 194,000	\$ 78,970	\$ 1,254,000	\$ 142,173
2017	345,000	37,293	200,000	74,177	545,000	111,470
2018	225,000	32,443	204,000	69,247	429,000	101,690
2019	265,000	26,583	209,000	64,192	474,000	90,775
2020	325,000	19,313	215,000	59,013	540,000	78,326
2021-2025	680,000	20,216	1,161,000	212,103	1,841,000	232,319
2026-2030	-	-	619,762	73,828	619,762	73,828
2031-2033	-	-	264,143	12,548	264,143	12,548
Total	<u>\$ 2,900,000</u>	<u>\$ 199,051</u>	<u>\$ 3,066,905</u>	<u>\$ 644,078</u>	<u>\$ 5,966,905</u>	<u>\$ 843,129</u>

Changes during the fiscal year and current maturities are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Governmental Activities					
General Obligation Bonds	<u>\$ 3,585,000</u>	<u>\$ -</u>	<u>\$ 685,000</u>	<u>\$ 2,900,000</u>	<u>\$ 1,060,000</u>
Business-Type Activities					
Revenue Bonds	<u>\$ 2,794,501</u>	<u>\$ 458,404</u>	<u>\$ 186,000</u>	<u>\$ 3,066,905</u>	<u>\$ 194,000</u>

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$2,320,000 of sewer revenue notes issued in February 2008. Proceeds from the notes provided financing for the construction of improvements to the sewer treatment plant. The notes are payable solely from sewer customer net receipts and are payable through 2026. Net receipts are expected to be at least 110% of the principal and interest due on all bonds that are due in that fiscal year. The total principal and interest remaining to be paid on the notes is \$1,654,812. For the current year, principal and interest paid and total customer net receipts were \$151,963 and \$861,332, respectively.

**CITY OF ANAMOSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 BONDS AND NOTES PAYABLE (CONTINUED)

The resolutions providing for the issuance of the revenue notes include the following provisions:

- (a) The City shall generate net receipts from sewer operations of at least 110% of the average annual principal and interest payments.
- (b) An amount equal to 1/12 of the next principal payment due and 1/6 of the next interest payment due shall be set aside in a sewer sinking fund.
- (c) A reserve fund is to be established with a required balance of \$16,843.
- (d) An improvement and extension fund is to be established with a required fund balance of \$50,000.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$2,020,000 of water revenue notes issued in September 2013. Proceeds from the notes provided financing for the construction of improvements and extensions to the Utility. The notes are payable solely from water customer net receipts and are payable through 2033. Net receipts are expected to be at least 110% of the principal and interest due on all bonds that are due in that fiscal year. The total principal and interest remaining to be paid on the notes is \$2,056,171. For the current year, principal and interest paid and total customer net receipts were \$115,269 and \$(6,117), respectively.

The resolutions providing for the issuance of the revenue notes include the following provisions:

- (a) The City shall generate net receipts from sewer operations of at least 110% of the average annual principal and interest payments.
- (b) An amount equal to 1/12 of the next principal payment due and 1/6 of the next interest payment due shall be set aside in a sewer sinking fund.
- (c) A reserve fund is to be established with a required balance of \$7,083.
- (d) An improvement and extension fund is to be established with a required fund balance of \$50,000.

The City is in compliance with the sewer provisions, but not the water provisions as there were more expenses during the year than receipts.

Pursuant to the Code of Iowa, the City's general obligation debt is limited to 5% of assessed value as follows:

Assessed Value	<u>\$ 206,700,544</u>
Debt Limit - 5% of Assessed Value	<u>\$ 10,335,027</u>
Debt Outstanding	<u>2,900,000</u>
Debt Margin	<u>\$ 7,435,027</u>

**CITY OF ANAMOSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 CONDUIT DEBT

The City has issued gross revenue bonds for the purpose of providing capital financing to a private enterprise. Even though the debt bears the City's name, the City is not responsible for the payment of the original debt. The debt is secured by the payments agreed to be paid by the private enterprise under the terms of the agreement between the City and the enterprise. The general description of the transaction and the outstanding balance at June 30, 2015 is as follows:

<u>Enterprise</u>	<u>Purpose</u>	<u>Balance at June 30, 2015</u>
Jones County Hospital	Construction of Facility	\$ 5,197,386

NOTE 5 PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, IA 60306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service)
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year salary.)

**CITY OF ANAMOSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5 PENSION PLAN (CONTINUED)

Pension Benefits (Continued)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following an annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and the methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95% of pay and the City contributed 8.93% for a total rate of 14.88%. Protection occupation members contributed 6.76% of pay and the City contributed 10.14% for a total rate of 16.9%.

The City's contributions to IPERS for the year ended June 30, 2015 were \$114,416.

**CITY OF ANAMOSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5 PENSION PLAN (CONTINUED)

Collective Net Pension Liabilities, Collective Pension Expense, and Collective Deferred Outflows of Resources and Collective Deferred Inflows of Resources Related to Pensions -

At June 30, 2015, the City's liability for its proportionate share of the collective net pension liability totaled \$423,003. The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the collective net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City's proportion was .012551% for Regular employees and .108852% for Protection Occupation employees, which was an increase of .000303% for Regular employees and .003067% for Protection Occupation employees from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City collective pension expense, collective deferred outflows, and collective deferred inflows totaled \$45,800, \$27,939, and \$285,071, respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum
Rates of salary increases (effective June 30, 2010)	4.00 to 17.00%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50%, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**CITY OF ANAMOSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5 PENSION PLAN (CONTINUED)

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15%	6.76
Private Equity	13%	11.34
Real Estate	8%	3.52
Core Plus Fixed Income	28%	2.06
Credit Opportunities	5%	3.67
TIPS	5%	1.92
Other Real Assets	2%	6.27
Cash	1%	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate.

	1% Decrease <u>6.5%</u>	Discount Rate <u>7.5%</u>	1% Increase <u>8.5%</u>
City's proportionate share of the net pension liability	\$ 1,049,363	\$ 423,003	\$ (105,453)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website www.ipers.org.

**CITY OF ANAMOSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

		Amount
Transfer in:	Transfer out:	
General	Road Use Tax	\$ 178,196
	Employee Benefits	474,576
	Local Option Sales Tax	17,052
		669,824
Debt Service	Road Use Tax	80,009
	TIF	316,029
	Special Assessment	33,000
		429,038
Water	Customer Deposits	148,304
Street Projects	Road Use Tax	6,621
Sewer Project	Wastewater	114,044
Total		\$ 1,367,831

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

There were also \$558,580 of transfers within the same funds to different departments.

NOTE 7 COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation, sick leave, and compensated time based on the length of employment for subsequent use or for payment upon termination, retirement, or death. Sick leave is payable when used and may be accumulated to a maximum of 1,440 hours. Vacation is payable when used and is cumulative to a maximum of 240 hours. These accumulations are not recognized as disbursements by the City until used or paid. Vacation and compensation time is a fully vested benefit. Sick leave is a partially vested benefit only after employment exceeds 15 years, in which they receive one-eighth of the accumulated hours, or 25 years, in which they receive one-fourth of the accumulated hours, up to 180 total hours. The City's approximate liability for total compensated absences payable to employees at June 30, 2015, primarily relating to the General Fund, is \$111,175. This liability has been computed based on pay rates in effect at June 30, 2015.

**CITY OF ANAMOSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8 RELATED-PARTY TRANSACTIONS

The City had business transactions between the City and a business owned by a Council member's family totaling \$33,341 during the year ended.

The City had business transactions between the City and a business owned by a Council member totaling \$320 during the year ended June 30, 2015.

The City had business transactions between the City and a business owned by a City employee totaling \$452 during the year ended June 30, 2015.

NOTE 9 RISK MANAGEMENT AND CONTINGENCIES

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

NOTE 10 COMMITMENTS

As of June 30, 2015, the City has various outstanding construction contracts totaling \$115,677. The City plans to finance the costs through State Revolving Fund loans.

Amounts received or receivable from Federal and State agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the City expects such amount, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 11 DEFICIT BALANCES

The Capital Projects, Water Projects Fund had a deficit balance of \$(111,491) at June 30, 2015. The deficit balance was a result of project costs incurred prior to availability of funds. The deficit's elimination is anticipated by management through receipt of State Revolving Fund loan proceeds.

The Police Canine Fund had a deficit balance of \$(267) at June 30, 2015. The deficit balance was a result of having normal expenses occur prior to the fundraiser in July 2015. During the fundraiser they raised \$1,948 to cover the deficit and future costs.

**CITY OF ANAMOSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 12 SUBSEQUENT EVENTS

Management evaluated subsequent events through January 8, 2016, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2015, but prior to January 8, 2016, that provided additional evidence about conditions that existed at June 30, 2015, have been recognized in the financial statements for the year ended June 30, 2015. Events or transactions that provided evidence about conditions that did not exist at June 30, 2015, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2015.

The City entered into a lease for a Street Sweeper for a total cost of \$91,982 over two years.

William Brady Reynolds, Council Member, passed away in July 2015. Council appointed Dick Dearborn as his replacement until elections were held in November 2015.

OTHER INFORMATION

CITY OF ANAMOSA
BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN BALANCES – BUDGET AND ACTUAL (CASH BASIS) – ALL
GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Total Variance
	Funds Actual	Funds Actual		Original	Final	
RECEIPTS:						
Property Tax	\$ 1,657,935	\$ -	\$ 1,657,935	\$ 1,806,077	\$ 1,806,077	\$ (148,142)
Tax Increment Financing Collections	389,230	-	389,230	391,865	391,865	(2,635)
Other City Tax	758,719	-	758,719	530,426	530,426	228,293
Licenses and Permits	8,427	-	8,427	5,693	5,693	2,734
Use of Money and Property	30,569	21,349	51,918	34,650	46,650	5,268
Intergovernmental	910,655	-	910,655	645,198	934,553	(23,898)
Charges for Services	391,787	2,444,301	2,836,088	2,905,855	2,905,855	(69,767)
Special Assessments	18,288	-	18,288	-	-	18,288
Miscellaneous	116,209	65,426	181,635	206,802	242,802	(61,167)
Total Receipts	<u>4,281,819</u>	<u>2,531,076</u>	<u>6,812,895</u>	<u>6,526,566</u>	<u>6,863,921</u>	<u>(51,026)</u>
DISBURSEMENTS:						
Public Safety	1,137,913	-	1,137,913	874,541	1,154,541	16,628
Public Works	809,212	-	809,212	918,096	918,096	108,884
Culture and Recreation	745,751	-	745,751	707,254	766,554	20,803
Community and Economic Development	73,473	-	73,473	73,474	73,474	1
General Government	452,474	-	452,474	498,306	498,306	45,832
Debt Service	768,772	-	768,772	768,773	768,773	1
Capital Projects	533,824	-	533,824	617,000	617,000	83,176
Business Type Activities	-	1,814,313	1,814,313	1,815,062	1,815,062	749
Total Disbursements	<u>4,521,419</u>	<u>1,814,313</u>	<u>6,335,732</u>	<u>6,272,506</u>	<u>6,611,806</u>	<u>276,074</u>
Excess (Deficiency) of Receipts over Disbursements	(239,600)	716,763	477,163	254,060	252,115	225,048
OTHER FINANCING SOURCES, NET:						
Excess (Deficiency) of Receipts and Other Financing Sources over Disbursements and Other Financing Uses	590,067	(114,044)	476,023	617,000	617,000	(140,977)
Balance - Beginning of Year	<u>3,426,852</u>	<u>5,047,333</u>	<u>8,474,185</u>	<u>7,650,803</u>	<u>7,650,803</u>	<u>823,382</u>
BALANCE - END OF YEAR	<u>\$ 3,777,319</u>	<u>\$ 5,650,052</u>	<u>\$ 9,427,371</u>	<u>\$ 8,521,863</u>	<u>\$ 8,519,918</u>	<u>\$ 907,453</u>

CITY OF ANAMOSA
NOTES TO OTHER INFORMATION – BUDGETARY REPORTING
JUNE 30, 2015

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds, the Permanent Fund, and the Enterprise Funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted receipts by \$337,355 and budgeted disbursements by \$339,300. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2015, disbursements for the Community Protection program exceeded the budgeted amounts in the General Fund prior to the amendment in May 2015. Budgeted disbursements at the end of the fiscal year did not exceed budget.

**CITY OF ANAMOSA
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
JUNE 30, 2015**

**Iowa Public Employees' Retirement System
(Dollars In Thousands)**

	2015
City's proportion of the net pension liability:	
Regular	0.01255%
Police	0.10885%
City's total proportionate share of the net pension liability	\$ 423
City's covered-employee payroll	\$ 1,233
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	34.31%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB 68 requires 10 years of information to be presented in this table. However, until a full 10 year trend is compiled, the City will present information for those years for which the information is available

**CITY OF ANAMOSA
SCHEDULE OF CITY CONTRIBUTIONS
JUNE 30, 2015
(DOLLARS IN THOUSANDS)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Statutorily required contribution	\$ 114	\$ 110	\$ 100	\$ 98	\$ 90	\$ 75	\$ 71	\$ 70	\$ 65	\$ 61
Contributions in relation to the statutorially required contribution	<u>(114)</u>	<u>(110)</u>	<u>(100)</u>	<u>(98)</u>	<u>(90)</u>	<u>(75)</u>	<u>(71)</u>	<u>(70)</u>	<u>(65)</u>	<u>(61)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll (regular)	\$ 877	\$ 838	\$ 760	\$ 836	\$ 862	\$ 801	\$ 795	\$ 770	\$ 713	\$ 633
City's covered-employee payroll (police)	\$ 356	\$ 348	\$ 331	\$ 304	\$ 301	\$ 235	\$ 245	\$ 282	\$ 268	\$ 263
Contributions as a percentage of covered-employee payroll (regular)	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%	5.75%	5.75%
Contributions as a percentage of covered-employee payroll (police)	10.14%	10.14%	10.27%	9.97%	9.95%	9.20%	8.45%	8.47%	9.12%	9.23%

**CITY OF ANAMOSA
NOTES TO OTHER INFORMATION – PENSION LIABILITY
JUNE 30, 2015**

Changes in Benefit Terms

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

**CITY OF ANAMOSA
NOTES TO OTHER INFORMATION – PENSION LIABILITY
JUNE 30, 2015**

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions
- Decreased the assumed interest rate credited on employee contributions from 4.25% to 4.00%.
- Lowered the inflation assumption from 3.50% to 3.25%.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

**CITY OF ANAMOSA
SUPPLEMENTARY INFORMATION**

**CITY OF ANAMOSA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

SCHEDULE 1

	Special Revenue						
	Local Option Sales Tax	Police Department Forfeiture	Police Canine	Anamosa/ Monticello Local Access	Wetlands Project	Tax Increment Financing	Special Assessment
	RECEIPTS:						
Tax Increment Financing Collections	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 389,230	\$ -
Other City Tax	426,392	-	-	-	-	-	-
Use of Money and Property	355	-	2	27	-	-	1,299
Special Assessments	-	-	-	-	-	-	18,288
Miscellaneous	-	-	3,704	-	-	-	-
Total Receipts	<u>426,747</u>	<u>-</u>	<u>3,706</u>	<u>27</u>	<u>-</u>	<u>389,230</u>	<u>19,587</u>
DISBURSEMENTS:							
Current:							
Public Safety	40,598	-	8,592	-	-	-	-
Public Works	289,117	-	-	-	-	-	-
Culture and Recreation	13,370	-	-	-	-	-	-
Community and Economic Development	-	-	-	-	-	73,473	-
General Government	18,131	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-
Total Disbursements	<u>361,216</u>	<u>-</u>	<u>8,592</u>	<u>-</u>	<u>-</u>	<u>73,473</u>	<u>-</u>
Excess (Deficiency) of Receipts over Disbursements	<u>65,531</u>	<u>-</u>	<u>(4,886)</u>	<u>27</u>	<u>-</u>	<u>315,757</u>	<u>19,587</u>
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	-	-	-	-
Transfers out	(17,052)	-	-	-	-	(316,029)	(33,000)
Net Other Financing Sources (Uses)	<u>(17,052)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(316,029)</u>	<u>(33,000)</u>
NET CHANGE IN CASH BALANCES	48,479	-	(4,886)	27	-	(272)	(13,413)
Cash Balances - Beginning of Year	364,810	618	4,619	7,125	801	153,655	363,627
CASH BALANCES - END OF YEAR	<u>\$ 413,289</u>	<u>\$ 618</u>	<u>\$ (267)</u>	<u>\$ 7,152</u>	<u>\$ 801</u>	<u>\$ 153,383</u>	<u>\$ 350,214</u>

Capital Projects			Permanent			
Park & Recreation Project	Street Projects	Sewer Projects	Cemetery Operations	Cemetery Perpetual Care	Totals	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 389,230	
-	-	-	-	-	426,392	
-	-	-	-	-	1,683	
-	-	-	-	-	18,288	
-	-	-	-	975	4,679	
-	-	-	-	975	840,272	
-	-	-	-	-	49,190	
-	-	-	-	-	289,117	
-	-	-	-	-	13,370	
-	-	-	-	-	73,473	
-	-	-	-	-	18,131	
-	1	-	-	-	1	
-	1	-	-	-	443,282	
-	(1)	-	-	975	396,990	
-	6,621	114,044	-	-	120,665	
-	-	-	-	-	(366,081)	
-	6,621	114,044	-	-	(245,416)	
-	6,620	114,044	-	975	151,574	
6,640	(6,620)	(114,044)	10,000	87,953	879,184	
\$ 6,640	\$ -	\$ -	\$ 10,000	\$ 88,928	\$ 1,030,758	

**CITY OF ANAMOSA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue						
	Local Option Sales Tax	Police Department Forfeiture	Police Canine	Anamosa/ Monticello Local Access	Wetlands Project	Tax Increment Financing	Special Assessment
CASH BASIS FUND BALANCES							
Nonspendable - Cemetery Perpetual Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:							
Urban Renewal Purposes	-	-	-	-	-	153,383	-
Debt Service	-	-	-	-	-	-	350,214
Other Purposes	413,289	618	-	7,152	801	-	-
Assigned for:							
Tree Planting	-	-	-	-	-	-	-
Unassigned	-	-	(267)	-	-	-	-
Total Cash Basis Bund Balances	\$ 413,289	\$ 618	\$ (267)	\$ 7,152	\$ 801	\$ 153,383	\$ 350,214

Capital Projects			Permanent		
Park & Recreation Project	Street Projects	Sewer Projects	Cemetery Operations	Cemetery Perpetual Care	Totals
\$ -	\$ -	\$ -	10,000	88,928	\$ 98,928
-	-	-	-	-	153,383
-	-	-	-	-	350,214
-	-	-	-	-	421,860
6,640	-	-	-	-	6,640
-	-	-	-	-	(267)
<u>\$ 6,640</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 88,928</u>	<u>\$ 1,030,758</u>

**CITY OF ANAMOSA
SCHEDULE OF INDEBTEDNESS
YEAR ENDED JUNE 30, 2015**

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation Notes:			
Refunding Notes - Series 2010A	April 1, 2010	1.75-2.55%	\$ 1,925,000
Public Works Facility Note	November 23, 2010	2.85%	400,000
Corporate Purpose Note 2011	October 18, 2011	1.40-3.80%	700,000
Refunding Notes- Series 2012A	May 15, 2012	2.25%	<u>2,625,000</u>
Total			<u>5,650,000</u>
Revenue Notes:			
Sewer Revenue Notes	February 12, 2008	3.00%	2,320,000
Water Revenue Notes	September 13, 2013	1.75%	<u>2,020,000</u>
Total			<u>4,340,000</u>
Total Indebtedness			<u><u>\$ 9,990,000</u></u>

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
\$ 960,000	\$ -	\$ 220,000	\$ 740,000	\$ 23,600
80,000	-	80,000	-	2,280
560,000	-	70,000	490,000	16,240
1,985,000	-	315,000	1,670,000	40,653
<u>3,585,000</u>	<u>-</u>	<u>685,000</u>	<u>2,900,000</u>	<u>82,773</u>
1,438,762	-	103,000	1,335,762	48,963
1,355,739	458,404	83,000	1,731,143	32,269
<u>2,794,501</u>	<u>458,404</u>	<u>186,000</u>	<u>3,066,905</u>	<u>81,232</u>
<u>\$ 6,379,501</u>	<u>\$ 458,404</u>	<u>\$ 871,000</u>	<u>\$ 5,966,905</u>	<u>\$ 164,005</u>

**CITY OF ANAMOSA
BOND AND NOTE MATURITIES**

GO Refunding Bonds, Series 2010A Issued April 1, 2010		GO Corporate Purpose Note Issued October 18, 2011		GO Refunding Bonds, Series 2012A Issued May 15, 2012	
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2.55%	\$ 740,000	2.20%	\$ 70,000	2.00%	\$ 250,000
	-	2.50%	70,000	2.00%	275,000
	-	2.80%	70,000	2.00%	155,000
	-	3.10%	70,000	2.00%	195,000
	-	3.40%	70,000	2.00%	255,000
	-	3.60%	70,000	2.10%	265,000
	-	3.80%	70,000	2.25%	275,000
	<u>\$ 740,000</u>		<u>\$ 490,000</u>		<u>\$ 1,670,000</u>

Revenue Debt

Year Ending June 30,	Sewer Revenue		Water Revenue	
	Issued February 12, 2008		Issued September 13, 2013	
	Interest Rates	Amount	Interest Rates	Amount
2016	3.00%	\$ 109,000	1.75%	\$ 85,000
2017	3.00%	113,000	1.75%	87,000
2018	3.00%	116,000	1.75%	88,000
2019	3.00%	119,000	1.75%	90,000
2020	3.00%	123,000	1.75%	92,000
2021	3.00%	127,000	1.75%	94,000
2022	3.00%	131,000	1.75%	96,000
2023	3.00%	134,000	1.75%	97,000
2024	3.00%	139,000	1.75%	99,000
2025	3.00%	143,000	1.75%	101,000
2026	3.00%	81,762	1.75%	103,000
2027		-	1.75%	105,000
2028		-	1.75%	108,000
2029		-	1.75%	110,000
2030		-	1.75%	112,000
2031		-	1.75%	114,000
2032		-	1.75%	116,000
2033		-	1.75%	34,143
		<u>\$ 1,335,762</u>		<u>\$ 1,731,143</u>

CITY OF ANAMOSA
SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION –
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
RECEIPTS:										
Property Tax	\$ 1,657,935	\$ 1,682,126	\$ 1,539,742	\$ 1,481,339	\$ 1,400,549	\$ 1,308,682	\$ 1,266,102	\$ 1,214,874	\$ 973,794	\$ 914,511
Tax Increment Financing										
Collections	389,230	388,890	408,257	489,084	352,582	379,144	348,260	295,829	576,509	565,948
Other City Tax	758,719	690,933	684,667	648,300	663,602	633,658	552,180	551,285	413,792	427,377
Licenses and Permits	8,427	9,895	15,476	17,955	18,964	21,356	19,365	5,115	10,370	7,460
Use of Money and Property	30,569	15,864	22,195	28,639	49,346	53,078	128,162	76,628	80,686	63,342
Intergovernmental	910,655	821,455	2,371,767	5,156,872	1,563,116	2,480,563	2,436,571	738,312	888,072	768,030
Charges for Service	391,787	417,423	262,680	259,461	388,069	137,348	396,397	272,711	117,672	137,328
Special Assessments	18,288	14,560	36,922	26,754	39,568	31,838	34,359	43,721	82,155	82,810
Miscellaneous	116,209	73,329	301,615	288,067	234,884	157,665	197,900	278,930	272,888	325,446
Total	<u>\$ 4,281,819</u>	<u>\$ 4,114,475</u>	<u>\$ 5,643,321</u>	<u>\$ 8,396,471</u>	<u>\$ 4,710,680</u>	<u>\$ 5,203,332</u>	<u>\$ 5,379,296</u>	<u>\$ 3,477,405</u>	<u>\$ 3,415,938</u>	<u>\$ 3,292,252</u>
DISBURSEMENTS:										
Operating:										
Public Safety	\$ 1,137,913	\$ 918,592	\$ 891,994	\$ 681,310	\$ 929,825	\$ 1,281,885	\$ 4,851,603	\$ 827,013	\$ 566,170	\$ 531,939
Public Works	809,212	802,874	788,481	768,386	814,898	828,623	787,526	576,526	456,399	477,866
Culture and Recreation	745,751	743,149	703,839	856,699	697,926	771,788	679,816	709,517	647,769	499,851
Community and Economic										
Development	73,473	76,838	75,730	149,609	19,085	38,207	502,638	352,173	141,556	190,267
General Government	452,474	457,783	542,223	511,355	499,927	510,517	512,847	496,666	355,676	296,893
Debt Service	768,772	802,508	854,216	3,550,461	2,696,820	5,038,860	717,230	630,079	1,046,488	840,653
Capital Projects	533,824	1,245,750	1,997,768	5,165,467	1,341,948	163,245	288,473	2,432,424	1,284,894	1,052,322
Total	<u>\$ 4,521,419</u>	<u>\$ 5,047,494</u>	<u>\$ 5,854,251</u>	<u>\$ 11,683,287</u>	<u>\$ 7,000,429</u>	<u>\$ 8,633,125</u>	<u>\$ 8,340,133</u>	<u>\$ 6,024,398</u>	<u>\$ 4,498,952</u>	<u>\$ 3,889,791</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Anamosa, Iowa as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Anamosa, Iowa's basic financial statements, and have issued our report thereon dated January 8, 2016. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Anamosa, Iowa's internal control over financial reporting to determine the audit procedures are appropriate in the circumstances 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 of Anamosa, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Anamosa, Iowa's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 a 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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Anamosa, Iowa's financial statements are free from 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*. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part III of the accompanying Schedule of Findings and Questioned Costs.

We noted certain other matters that we reported to management of the City in a separate letter dated January 8, 2016.

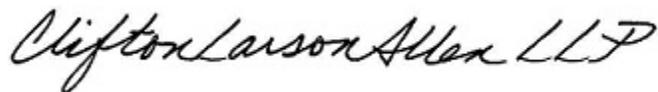
Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Anamosa's Responses to Findings

The City of Anamosa, Iowa's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City of Anamosa, Iowa's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Cedar Rapids, Iowa
January 8, 2016

**CITY OF ANAMOSA, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

Part I – Summary of Auditors’ Results

- (a) Unmodified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II – Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2015-001: Lack of Segregation of Duties

Criteria:

The City should have adequate segregation of duties to provide for the accuracy and reliability of the financial statements.

Condition:

The City does not have complete segregation of duties over all accounting transactions. The City Clerk has the ability to set up vendors, and write and sign checks. Though disbursements are reviewed, there is a lack of controls to ensure that all disbursements are reviewed. There is no review over the processing of pay rates in the payroll system. In addition, there are no controls to ensure that pay rates are not inappropriately modified during the year. Bank reconciliations are not always being reviewed and signed off by the City Administrator. There is also no specific review of each department’s budget to actual results on a monthly basis.

Context:

Internal controls that are in place could be averted, overridden, or not consistently implemented.

Effect:

As a result of this condition, there is a higher risk that errors or irregularities could occur and not be detected within a timely period.

Cause:

The City has a limited number of personnel performing accounting functions.

**CITY OF ANAMOSA, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

Part II – Findings Related to the Financial Statements (Continued):

2015-001: Lack of Segregation of Duties (Continued)

Recommendation:

We recommend that tasks performed by accounting be evaluated so that proper segregation of duties can be established. We suggest that the City Clerk not have the ability to prepare checks while at the same time be able to sign checks. There should be controls implemented to ensure completeness that all checks are being reviewed. Since utility write-offs can be performed by all accounting staff, we suggest that a review of adjustments be performed by someone who does not have access to perform a write-off. In regards to the processing of payroll, we suggest that pay rate changes be independently reviewed after being entered into the system. In addition, we suggest that controls be put into place to ensure that pay rates are not inappropriately modified during the year. Individual pay rate/salary reports should be created and maintained in personnel files for all employees.

Management Response:

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

Conclusion: Response accepted.

2015-002: Preparation of Financial Statements

Criteria:

The City should have controls in place to prevent, or detect and correct, a material misstatement in the annual financial statements including footnote disclosures.

Condition:

The City does not have an internal control policy in place over financial reporting.

Context:

The City has informed us that they will continue to rely upon the audit firm to prepare the financial statements and related footnote disclosures, and will review and approve these prior to the issuance of the annual financial statements.

Effect:

The potential exists that a material misstatement could occur in the financial statements and not be prevented, or detected and corrected, by the City's internal controls.

Cause:

The City has not adopted an internal control policy over the annual financial reporting; however, they have reviewed and approved the annual financial statements as prepared by the audit firm.

**CITY OF ANAMOSA, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

Part II – Findings Related to the Financial Statements (Continued):

2015-002: Preparation of Financial Statements (Continued)

Recommendation: We recommend the City continue to evaluate their internal staff and expertise to determine if an internal control policy over the annual financial reporting is beneficial.

Management Response: The City does not have the resources to employ staff possessing the detailed understanding of applicable accounting principles to the extent required to utilize such a disclosure checklist. As a result, the City of Anamosa, Iowa has relied on the independent auditor to identify disclosures required in the financial statements.

Conclusion: Response accepted.

2015-003: Violation of Debt Covenants

Criteria:

The City should have adequate procedures in place to ensure debt covenants are met.

Condition:

The City did not meet the debt covenant in relation to the water revenue bonds. The covenant states that the City shall generate net revenues from water operations of 110% of the average annual principal and interest payments.

Context:

Debt covenants are put in place by the debt agreements.

Effect:

The City is in violation of the covenant and the creditor could penalize the City.

Cause:

The City did not complete a continuous review of the Water Fund to ensure they were in compliance with the covenants.

Recommendation: We recommend the City complete a regular review over the Water Fund to ensure they have the proper receipts to maintain the necessary net revenue per the covenant.

Management Response: The City will put processes in place to ensure the Water utility receipts are appropriate to maintain the debt covenants.

Conclusion: Response accepted.

Part III – Other Findings Related to Required Statutory Reporting:

III-A-15 Certified Budget – Community Protection within the General Fund exceeded its budget during the year ended June 30, 2015, prior to the budget being amended. It was noted that unexpected storm damage on June 30, 2014 caused the program to go over budget. The budget was amended prior to year end and no budget amounts were exceeded as of June 30, 2015.

**CITY OF ANAMOSA, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

Part III – Other Findings Related to Required Statutory Reporting (Continued):

III-B-15 Questionable Disbursements – We noted no disbursements that fail to meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

III-C-15 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

III-D-15 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Descriptions</u>	<u>Amount</u>
Cody Shaffer, Council member, son of owner of Shaffer Plumbing and Heating	Plumbing, Furnace, & A/C related	\$ 33,341
Bill Feldman, Council member, owner of Feldman’s Yard-n-Garden	Lawn care	\$ 320
Dan Smith, City employee, owner of Smith’s Lawn and Landscaping	Landscaping	\$ 452

The transactions for lawn care with the Council member or the landscaping by the City employee do not appear to represent a conflict of interest since the transactions with Mr. Feldman and Mr. Smith were less than \$1,500 during the fiscal year. The transactions with the Mr. Shaffer for plumbing, furnace, and A/C related work do not appear to represent a conflict of interest since, it was entered in through competitive bidding in accordance with Chapter 362.5(3)(d) of the Code of Iowa.

III-E-15 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

III-F-15 Revenue Notes - As of June 30, 2015, the City was not in compliance with the funding and payment provisions of the water revenue note resolutions. The City did not meet the covenant of having an amount equal to 1/12 of the next principal payment due available in the fund.

III-G-15 Council Minutes - No transactions were found that we believe should have been approved in the council minutes but were not.

III-H-15 Deposits and Investments - No instances of noncompliance were noted with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City’s investment policy.

**CITY OF ANAMOSA, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

Part III – Other Findings Related to Required Statutory Reporting (Continued):

III-I-15 Financial Condition – The Water Projects Fund and Police Canine Fund had deficit balances at June 30, 2015. Water Projects had a deficit of (\$111,491) and Police Canine had a deficit balance of \$(267).

Recommendation: The City should investigate alternatives to eliminate these deficits in order to return these funds to a sound financial position.

Response: The Water Project Fund deficit was due to costs being incurred before grant proceeds were received or costs being in excess of budget. These deficits will be eliminated with the receipt of State Revolving Fund loan proceeds or transfers from another fund.

Conclusion: Response accepted.

III-J-15 Annual Urban Renewal Report – The annual urban renewal report was approved and certified to the Iowa Department of Management on or before December 1.

III-K-15 The Capital Projects, Water Projects Fund had a deficit balance of \$(111,491) at June 30, 2015. The deficit balance was a result of project costs incurred prior to availability of funds. The deficit's elimination is anticipated by management through receipt of State Revolving Fund loan proceeds.

The Police Canine Fund had a deficit balance of \$(267) at June 30, 2015. The deficit balance was a result of having normal expenses occur prior to the fundraiser in July 2015. During the fundraiser they raised \$1,948 to cover the deficit and future costs.