

CITY 2023 Audit Programs

June 30, 2023 or the twelve month period ended _____

TAX INCREMENT FINANCING

PROCEDURE	DONE BY	W/P REF	N/A	REMARKS
<p>Objectives:</p> <p>A. TIF and related transactions are authorized, allowable and accounted for accurately. The annual TIF report has been prepared as required by the requirements of Chapter 384.22 of the Code of Iowa.</p> <p>TIF Obligations (indebtedness) are defined in Chapter 403.19(6)(d) as including, but not limited to, “written agreements whereby the municipality agrees to exempt, rebate, refund or reimburse property taxes, provide a grant for property taxes paid, or make a direct payment of taxes, with moneys in the special fund..., and bonds, notes or other obligations that are secured by or subject to payment from moneys appropriated by the municipality from moneys in the special fund...”</p> <p>Procedures: AUP Steps (10), (11)</p> <p>A. Determine tax increment financing (TIF) collections were properly recorded in a separate Special Revenue Fund (TIF fund) as required by Chapter 403.19 of the Code of Iowa.</p> <p>B. Determine the TIF collections in the TIF fund were disbursed or transferred to pay TIF obligations that qualify for payment (within the urban renewal plan) from TIF collections and such obligations were previously certified to the County Auditor as TIF debt and/or Low-Moderate Income (LMI) housing.</p> <p>Note 1: The payment of attorney fees, legal fees, recording fees, project costs or other costs are never allowable to be paid from TIF funds.</p> <p>Note 2: If the City incurs attorney fees, legal fees, recording fees project costs or other costs within the urban renewal area and in accordance with the urban renewal plan and wish to use TIF funds to cover the costs, the City must:</p> <ol style="list-style-type: none"> 1. Pay the costs out of an allowable fund such as the General Fund. 2. City Council approves an advance from the allowable fund to the TIF Fund. 3. City certifies the advance to the County Auditor. 4. City collects TIF revenue. 5. City repays the advance from the TIF Fund to the allowable fund which paid the costs. 				

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<p>C. Obtain a copy of the Urban Renewal Area TIF Indebtedness/Increment Tax Reconciliation prepared by the County Auditor. If the City has had an annual or a periodic exam in the prior year with no findings related to this step, consider passing on step C procedures.</p> <ol style="list-style-type: none"> 1. Review the Reconciliation to identify and document the City's certified TIF obligations. 2. Scan the Reconciliation for unusual or unallowable obligations (i.e., debt certified more than once, projected costs, etc.). <p>D. Determine the following regarding the Tax Increment Debt Certificate due December 1 of the fiscal year under examination:</p> <ol style="list-style-type: none"> 1. The Certificate was filed by December 1. 2. The amounts certified on Form 1 and Form 1.1, or equivalent documents, were for TIF debt not previously certified. 3. The amounts certified on Form 1 and Form 1.1, or equivalent documents, were supported and represent loans, advances or other qualified indebtedness or bonds which qualify for payment from the TIF revenues of the urban renewal area in which the debt was certified <p>NOTE: For annual appropriated debt, the amount certified should be limited to the amount appropriated to be paid in the next fiscal year.</p> <ol style="list-style-type: none"> 4. The qualified TIF indebtedness is for a program in the urban renewal area, for an activity covered by the allowable list in Chapters 403.6(6) and 403.12(1) of the Code of Iowa, for a project covered by the plan and must further the goals of the plan. 5. Determine that the only the portion of the debt funded by TIF revenues is certified. Any portion of the debt funded by levying debt service dollars should be excluded. 6. The City used Form 2, or an equivalent document, to properly reduce the TIF request if/when the total amount of the legally available TIF increment tax was not wanted. 7. The City certified Form 3, or an equivalent document, to reduce the amount previously certified by December 1 in the year action was taken which resulted in the reduction, as required by Chapter 403.19(6)(b) of the Code of Iowa. 				

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<p>NOTE: Required reductions include payments from sources other than TIF revenue, interest on investments, sale proceeds of TIF property, reduction of required principal and interest payments due to refunding or refinancing of the obligation or for any other reason (i.e., interest earned, or property sales proceeds are required to be credited to the TIF fund).</p> <p>E. Annual Urban Renewal Report</p> <ol style="list-style-type: none"> 1. Obtain the urban renewal report due December 1 of the fiscal year under examination and determine the: <ol style="list-style-type: none"> a. Report was approved by the City Council. b. Report was filed on or before December 1. c. Amounts reported on the Levy Authority Summary agree with City records. d. Determine if TIF collections have ceased for TIF taxing districts that have statutorily ended. 2. Obtain and review the City’s detailed TIF obligations (debt) listings and determine “TIF Debt Outstanding” on the Levy Authority Summary includes the following: <ol style="list-style-type: none"> a. <u>Certified Debt</u> – TIF obligations outstanding, including principal and interest, certified to the County Auditor as of July 1 of the period covered by the urban renewal report and, b. <u>Certifiable Debt</u> – Outstanding TIF obligations incurred during the fiscal year covered by the urban renewal report, including annual appropriation debt not yet certified. 3. Determine rebate agreements, if any, have been properly reported as project(s), including total debt and expense. 4. TIF collections remaining after an urban renewal area is no longer active, if any, were returned to the County Treasurer as required by Chapter 24.21 of the Code of Iowa. <p>F. If the City has paid or transferred funds from low and moderate income (LMI) assistance, determine the funds were spent or transferred for LMI purposes in accordance with Chapter 403.22 of the Code of Iowa.</p>				

