



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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**NEWS RELEASE**

FOR RELEASE March 25, 2009

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the Westory Fire Agency for the year ended June 30, 2008.

The Agency had total receipts of \$109,227 during the year ended June 30, 2008, a 24.8% decrease from 2007. The receipts included township and city contributions of \$105,996 and interest of \$2,956. The decrease in receipts is due primarily to the timing of contribution receipts.

Disbursements for the year totaled \$53,395, a 64.0% decrease from the prior year, and included \$9,845 for equipment and \$14,254 for insurance. The decrease is due primarily to a reduction in fire and rescue equipment purchases.

The report contains a recommendation to the Agency to review operating procedures to segregate duties for the collection of receipts and deposit preparation. The Agency responded favorably to the recommendation.

A copy of the audit report is available for review at the Westory Fire Agency, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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**WESTORY FIRE AGENCY**

**INDEPENDENT AUDITOR'S REPORTS**  
**FINANCIAL STATEMENT AND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**

**JUNE 30, 2008**

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**Westory Fire Agency**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Jerry Deters	Chair	At Large
Bob Finch	Member	Washington Township
Lisa Heddens	Member	Franklin Township
Troy Buchman	Member	City of Gilbert
Chris Albrecht	Member	City of Kelley
Joan Ballard	Secretary/Treasurer	

**Westory Fire Agency**



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Independent Auditor's Report

To the Members of the Westory Fire Agency:

We have audited the accompanying financial statement of the Westory Fire Agency as of and for the year ended June 30, 2008. This financial statement is the responsibility of the Agency's management. Our responsibility is to express an opinion on the financial statement based on our audit.

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

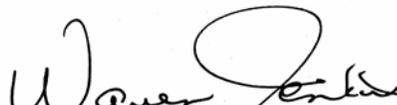
As described in Note 1, this financial statement is prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the Westory Fire Agency as of June 30, 2008, and the changes in its cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated March 2, 2009 on our consideration of the Westory Fire Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 6 through 8 is not a required part of the financial statement, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 2, 2009

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

### **2008 FINANCIAL HIGHLIGHTS**

- The Agency's operating receipts decreased 18.7%, or \$24,458, from fiscal 2007 to fiscal 2008.
- The Agency's operating disbursements increased 5.5%, or \$2,274, from fiscal 2007 to fiscal 2008.
- The Agency's non-operating disbursements decreased 90.8%, or \$97,190, from fiscal 2007 to fiscal 2008.
- The Agency's net assets increased 33.7%, or \$55,832, from June 30, 2007 to June 30, 2008.

### **USING THIS ANNUAL REPORT**

The Agency has elected to present its financial statement on the cash basis of accounting. The cash basis of accounting is a basis of accounting other than U.S. generally accepted accounting principles. Basis of accounting refers to when financial events are recorded, such as the timing for recognizing revenues, expenses and the related assets and liabilities. Under the Agency's cash basis of accounting, revenues and expenses and the related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of the cash basis of accounting, certain assets and their related revenues and liabilities and their related expenses are not recorded in this financial statement. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

The annual report is presented in a format consistent with the presentation of Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Agency's cash basis of accounting.

This discussion and analysis are intended to serve as an introduction to the Westory Fire Agency's financial statement and other information, as follows:

- Management's Discussion and Analysis introduces the financial statement and provides an analytical overview of the Agency's financial activities.
- The Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets presents information on the Agency's operating receipts and disbursements, non-operating receipts and disbursements and whether the Agency's cash basis financial position has improved or deteriorated as a result of the year's activities.
- The Notes to Financial Statement provide additional information essential to a full understanding of the data provided in the financial statement.

## FINANCIAL ANALYSIS OF THE AGENCY

### *Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets*

The purpose of the statement is to present the receipts received by the Agency and the disbursements paid by the Agency, both operating and non-operating. The statement also presents a fiscal snapshot of the Agency's cash balance at year end. Over time, readers of the financial statement are able to determine the Agency's cash basis financial position by analyzing the increase and decrease in cash basis net assets.

Operating receipts are received for services provided by the Westory Fire Agency. The Westory Fire Agency provides fire protection and emergency medical services to the citizens of the member cities of Gilbert and Kelley and the member townships of Franklin and Washington. The Agency also provides services to Colfax Township. Operating disbursements are disbursements paid to operate the Westory Fire Agency. Non-operating receipts are for interest on investments, federal grants and receipts arising from the sale of assets. Non-operating disbursements are for equipment purchased. A summary of cash receipts, disbursements and changes in cash basis net assets for the years ended June 30, 2008 and June 30, 2007 is presented below:

	<u>2008</u>	<u>2007</u>
Operating receipts:		
Township contributions	\$ 84,793	101,281
City contributions	21,203	21,373
Insurance payment for property damage	-	6,871
Miscellaneous	275	1,204
Total operating receipts	<u>106,271</u>	<u>130,729</u>
Operating disbursements:		
Training	1,045	2,512
Maintenance and repair	9,179	6,133
Utilities	8,486	7,209
Insurance	14,254	13,540
Medical	1,429	1,440
Fuel	2,339	2,059
Supplies	2,149	1,557
Professional services	3,316	2,948
Uniforms	-	1,472
Miscellaneous	1,353	2,406
Total operating disbursements	<u>43,550</u>	<u>41,276</u>
Excess of operating receipts over operating disbursements	<u>62,721</u>	<u>89,453</u>
Non-operating receipts (disbursements)		
Interest on investments	2,956	2,825
Federal grants	-	2,270
Sale of assets	-	9,359
Equipment	(9,845)	(107,035)
Total non-operating receipts (disbursements)	<u>(6,889)</u>	<u>(92,581)</u>
Change in cash basis net assets	55,832	(3,128)
Cash basis net assets beginning of year	<u>165,833</u>	<u>168,961</u>
Cash basis net assets end of year	<u>\$ 221,665</u>	<u>165,833</u>

In fiscal 2008, operating receipts decreased \$24,458, or 18.7%, primarily due to the Colfax Township contribution not being received until early fiscal 2009 and no insurance proceeds were received for property damage in fiscal 2008. In fiscal 2008, operating disbursements increased \$2,274 or 5.5%, from fiscal 2007. Non-operating disbursements decreased \$97,190, or 90.8%, due to less equipment being purchased in the current fiscal year. Non-operating receipts decreased \$11,498, or 79.6%, due to less grant activity during the current fiscal year and no sales of assets.

## **DEBT ADMINISTRATION**

At June 30, 2008, the Agency had no long-term debt outstanding.

## **ECONOMIC FACTORS**

The Westory Fire Agency's financial position increased 33.7%, or \$55,832, from fiscal 2007. However, the current condition of the economy in the state continues to be a concern for Agency officials. Some of the realities that may potentially become challenges for the Agency to meet are:

- Facilities require constant maintenance and upkeep and need to be replaced at some point in time.
- Property tax rollback and annexation of land by the City of Ames from Washington and Franklin Townships will decrease the amount of funds available to the Agency.
- New training and safety standards will increase the cost of training for the Agency.
- The Westory Fire Agency has acquired over \$200,000 worth of essential equipment through federal grants over the last few years. In 15 years, this equipment will need to be replaced.

The Agency anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the Agency's ability to react to unknown issues.

## **CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Troy Buchman, Board Chair of Westory Fire Agency, P.O. Box 1, Gilbert, IA 50105.

**Financial Statement**

**Exhibit A**

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## Westory Fire Agency

Statement of Cash Receipts, Disbursements and  
Changes in Cash Basis Net Assets

As of and for the year ended June 30, 2008

Operating receipts:	
Township contributions	\$ 84,793
City contributions	21,203
Miscellaneous	275
Total operating receipts	<u>106,271</u>
Operating disbursements:	
Training	1,045
Maintenance and repair	9,179
Utilities	8,486
Insurance	14,254
Medical	1,429
Fuel	2,339
Supplies	2,149
Professional services	3,316
Miscellaneous	1,353
Total operating disbursements	<u>43,550</u>
Excess of operating receipts over operating disbursements	<u>62,721</u>
Non-operating receipts (disbursements):	
Interest on investments	2,956
Equipment	(9,845)
Total non-operating receipts (disbursements)	<u>(6,889)</u>
Change in cash basis net assets	55,832
Cash basis net assets beginning of year	<u>165,833</u>
Cash basis net assets end of year	<u>\$ 221,665</u>
<b>Cash Basis Net Assets</b>	
Unrestricted	<u>\$ 221,665</u>

See notes to financial statement.

Westory Fire Agency

Notes to Financial Statement

June 30, 2008

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

The Westory Fire Agency was formed in 1972 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Agency is to save life and property from fire and render aid wherever possible in the event of an emergency in the community on behalf of the units of government which are members of the Agency.

The governing body of the Agency is composed of one representative from each of the two member townships, one representative from each of the two member cities and one at large member appointed by the other members. The Agency members are Franklin and Washington Townships of Story County and the Cities of Kelly and Gilbert.

A. Reporting Entity

For financial reporting purposes, the Westory Fire Agency has included all funds, organizations, agencies, boards, commissions and authorities. The Agency 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 Agency are such that exclusion would cause the Agency's financial statement 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 Agency 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 Agency. The Agency has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the Agency are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

Enterprise Funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods on the connection with an Enterprise Fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

C. Basis of Accounting

The Westory Fire Agency maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Agency is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statement does not present the financial position and results of operations of the Agency in accordance with U.S. generally accepted accounting principles.

**(2) Cash and Investments**

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

The Agency 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 Agency; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

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

**(3) Risk Management**

The Westory Fire Agency 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 Agency assumes liability for any deductibles and claims in excess of coverage limitation. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.



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

To the Members of the Westory Fire Agency:

We have audited the accompanying financial statement of the Westory Fire Agency as of and for the year ended June 30, 2008, and have issued our report thereon dated March 2, 2009. Our report expressed an unqualified opinion on the financial statement which was prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Westory Fire Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the Westory Fire Agency's financial statement that is more than inconsequential will not be prevented or detected by the Westory Fire Agency's internal control. We consider the deficiency in internal control described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above and reported as item (A) is a material weakness.

#### Compliance and Other Matters

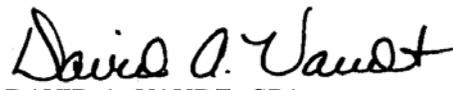
As part of obtaining reasonable assurance about whether the Westory Fire Agency's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and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

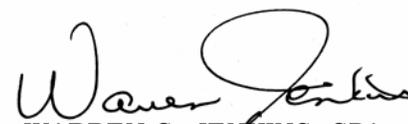
Comments involving statutory and other legal matters about the Agency's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Agency. Since our audit was based on tests and samples, not all 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.

The Westory Fire Agency's written response to the finding identified in our audit is described in the accompanying Schedule of Findings. While we have expressed our conclusion on the Westory Fire Agency's response, we did not audit the Westory Fire Agency's response and, accordingly, we express no opinion on it.

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

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

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 2, 2009

Westory Fire Agency

Schedule of Findings

Year ended June 30, 2008

**Findings Related to the Financial Statement:**

**SIGNIFICANT DEFICIENCY:**

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One person has primary control over the collection of receipts and deposit preparation.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Agency should review its control activities to segregate duties for receipt collection and deposit preparation.

Response – The Westory Board reviews the segregation of duties every year when we receive the audit report. The conclusion is with limited staff it is difficult to have another person handle the checks. At each board meeting the financial records are reviewed and approved. Most of the deposits are done by electronic transfers with maybe four checks being deposited by the secretary/treasurer. We will continue to review our procedures to determine if there is a better way of handling the segregation of duties.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE**

No matters were noted.

**Other Findings Related to Required Statutory Reporting:**

- (1) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (2) Travel Expense – No disbursements of Agency money for travel expenses of spouses of Agency officials or employees were noted.
- (3) Agency Minutes – No transactions were found that we believe should have been approved in the Agency minutes but were not.
- (4) Deposits and Investments – No deposits or investments were found that we believe were not in compliance with the investment policy established by the Agency.

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Westory Fire Agency

Staff

This audit was performed by:

Deborah J. Moser, CPA, Manager  
Tammy A. Hollingsworth, Senior Auditor II

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a prominent initial "A" and a dot above the "i" in "Nielsen".

Andrew E. Nielsen, CPA  
Deputy Auditor of State