

**City of West Burlington**

**Independent Auditor's Report  
Management's Discussion and Analysis  
Financial Statements and Supplementary Information  
Independent Auditor's Report on Internal Control and Compliance  
Schedule of Findings**

**June 30, 2013**

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## City of West Burlington

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Hans Trousil	Mayor	December, 2013
Rod Crowner	Council Member	December, 2015
Therese Lees	Council Member	December, 2015
Richard Raleigh	Council Member	December, 2015
Kara Steward	Council Member	December, 2013
Dan West	Council Member	December, 2013
Dan Gifford	City Administrator	Not Elected
Leslie Sattler	Finance Officer	Not Elected
Kelly Fry	City Clerk	Not Elected



401 South Roosevelt Avenue - Suite 2A, PO Box 547, Burlington, IA 52601 / 319 752 6348 / fax: 319 752 8644 / info@cpaapc.com

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## **Independent Auditor's Report**

Honorable Mayor and  
Members of the City Council  
City of West Burlington, 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 West Burlington, Iowa (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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 presentation 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.

### Auditor's 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 auditor's 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 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 as of June 30, 2013, 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.

## 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's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the eleven years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary 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. 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 taken as a whole.

The other information, Management's Discussion and Analysis and the budgetary comparison information on pages 4 through 10 and 25 through 26 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 November 6, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*CPA Associates PC*

November 6, 2013

## **City of West Burlington Management's Discussion and Analysis**

The City of West Burlington (City) 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, 2013. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2013 FINANCIAL HIGHLIGHTS**

- Receipts of the City's governmental activities increased 7%, or \$345,751, from fiscal 2012 to fiscal 2013. Bond proceeds of \$250,000 were received in fiscal 2013.
- Disbursements of the City's governmental activities decreased 31%, or \$2,474,775, from fiscal 2012 to fiscal 2013. Capital projects decreased \$1,621,394 in fiscal 2012.
- The City's total cash basis net position decreased 3%, or \$62,157, from June 30, 2012 to June 30, 2013.

### **USING THIS ANNUAL REPORT**

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.
- The Government-wide Financial Statements consists of a 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 financial 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 to the City's budget for the year.
- Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness.

## **City of West Burlington Management's Discussion and Analysis**

### **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, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

### **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

#### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net 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 the sanitary sewer system. These activities are financed primarily by user charges.

#### *Fund Financial Statements*

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax, Sales Tax and TIF, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Other Nonmajor Governmental Funds. 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 includes a statement of cash receipts, disbursements and changes in cash balances.

**City of West Burlington  
Management's Discussion and Analysis**

2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains the Enterprise Funds to provide information for water and sewer, considered to be major funds of the City.

The required financial statement for proprietary funds includes a statement of cash receipts, disbursements and changes in cash balances.

Reconciliations between the government-wide financial statement and the fund financial statements follow the fund financial statements.

**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 decreased from a year ago from \$1,769,958 to \$1,466,426. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities	Year Ended June 30,	
	<u>2013</u>	<u>2012</u>
<b>Receipts:</b>		
Program receipts:		
Charges for services	\$ 552,329	\$ 543,242
Operating grants, contributions and restricted interest	446,094	428,121
Capital grants, contributions and restricted interest	65,848	87,417
General receipts:		
Property tax	3,318,932	2,944,582
Local option sales tax	454,916	507,943
Use of money and property	45,382	62,659
Other general receipts	224,278	438,064
Bond proceeds	<u>250,000</u>	<u>-</u>
Total receipts	<u>5,357,779</u>	<u>5,012,028</u>
<b>Disbursements:</b>		
Public safety	1,380,290	1,714,660
Public works	566,216	549,885
Culture and recreation	263,077	291,914
Community and economic development	629,285	731,704
General government	419,724	576,347
Debt service	1,494,700	1,742,163
Capital projects	<u>729,741</u>	<u>2,351,135</u>
Total disbursements	<u>5,483,033</u>	<u>7,957,808</u>
Change in cash basis net position before transfers	(125,254)	(2,945,780)
Transfers net	<u>(178,278)</u>	<u>103,887</u>
Change in cash basis net position	(303,532)	(2,841,893)
Cash basis net position beginning of year	<u>1,769,958</u>	<u>4,611,851</u>
Cash basis net position end of year	<u>\$ 1,466,426</u>	<u>\$ 1,769,958</u>

**City of West Burlington  
Management's Discussion and Analysis**

The City's total receipts for governmental activities increased by 7%, or \$345,751. This was mainly due to bond proceeds of \$250,000 for planning and design of new public works facility in fiscal 2013. The total cost of all programs and services decreased by \$2,474,775 or 31%, with no new programs added this year.

The cost of all governmental activities this year was \$5,483,033 compared to \$7,957,808 last year. However, as shown in the Statement of Activities and Net Position on page 11, the amount taxpayers ultimately financed for these activities was \$4,418,762 because some of the cost was paid by those who directly benefited from the programs by (\$552,329) or by other governments and organizations that subsidized certain programs with grants and contributions by (\$511,942). Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for service, increased in fiscal 2013 from \$1,058,780 to \$1,064,271.

Changes in Cash Basis Net Position of Business Type Activities	Year Ended June 30,	
	<u>2013</u>	<u>2012</u>
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 797,483	\$ 758,083
Sewer	561,792	502,014
General receipts:		
Unrestricted investment earnings	252	320
Miscellaneous receipts	<u>30,955</u>	<u>41,512</u>
Total receipts	<u>1,390,482</u>	<u>1,301,929</u>
Disbursements:		
Water	820,349	781,600
Sewer	<u>507,036</u>	<u>596,542</u>
Total disbursements	<u>1,327,385</u>	<u>1,378,142</u>
Change in cash basis net position before transfer	63,097	(76,213)
Transfers, net	<u>178,278</u>	<u>(103,887)</u>
Change in cash basis net position	241,375	(180,100)
Cash basis net position beginning of year	<u>367,582</u>	<u>547,682</u>
Cash basis net position end of year	<u>\$ 608,957</u>	<u>\$ 367,582</u>

Total business type activities receipts for the fiscal year were \$1,390,482 compared to \$1,301,929 last year. The cash balance increased by \$241,375. Total disbursements for the fiscal year decreased by 4%. Revenues were increased in both water and sewer due to rate increases in fiscal 2013. Sewer expenditures decreased due to equipment purchases and sewer equipment repairs of approximately \$177,000 in fiscal 2012.

**City of West Burlington  
Management's Discussion and Analysis**

**INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City completed the year, its governmental funds reported a combined fund balance of \$1,403,525, a decrease of \$314,702 from last year's total of \$1,718,227. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the cash balance of the General Fund was \$332,580, a decrease of \$455,628 from the prior year. The decrease was due to a budgetary decision to spend down reserves and internal loan borrowing for projects. There were internal loans borrowed and paid back for a net result of reducing the general fund by \$259,635. There was over \$100,000 in a federal grant reimbursement the City had spent which was received in the next fiscal year.
- The Special Revenue, Road Use Tax Fund cash balance increased by \$41,404 to \$93,544 during the fiscal year. Revenues were up \$21,186 over budgeted. This was due to conservative budgeting and population adjustment. The State had projected for Cities to receive \$94 per capita and the City budgeted \$91 per capita. For several years, the State has reimbursed a lower amount than originally projected. Also, there was an adjustment to the City's population count. This resulted in an increase in road use funds. Expenditures were down \$33,150 from the amount budgeted. A seal coating project was done in July 2013, \$15,000 of which was budgeted in fiscal 2013.
- The Special Revenue, Local Option Sales Tax was established in previous years to provide additional general fund revenues to reduce the City's reliance on property tax revenues and provide a reliable funding source for capital projects. This year the City transferred 58% of these Local Option Sales Tax revenues to the General Fund. The City is required to use 25% of the Local Option Sales Tax proceeds for property tax relief to pay off outstanding general obligation debt. The remainder is used to pay for capital projects, equipment, library services ambulance service, and to make airport authority payments.
- The Special Revenue, Tax Increment Financing collections (TIF) increased by \$104,365 to \$370,993 during the fiscal year due to certifying more for collection than the current debt payment due.
- The Capital Projects Fund cash balance decreased by \$78,258 to \$244,815 during the fiscal year. This is due to spending down the proceeds of the 2011 GO bond for street and storm water projects.

**INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The Water Service Fund cash balance increased \$128,107 to \$242,446, due to the repayment of an internal loan of \$143,700.
- The Sewer Service Fund cash balance increased \$76,865 to \$143,356 during the fiscal year. In fiscal 2013, the City initiated a fee of \$1.50 per sewer user to go into a sewer capital project account. The city collected \$30,500 during the year related to this new fee. The decrease is also due to less expenditures than budgeted.

**City of West Burlington  
Management's Discussion and Analysis**

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget. The amendment was approved on May 15, 2013 and resulted in an increase in revenues of \$873,036 and an increase in disbursements of \$1,595,390. Revenue increases included intergovernmental, licenses and permits, charges for services, tax increment financing, and miscellaneous. Expenditure increases included public safety, public works, general government, capital projects, culture and recreation, business type activities, community and economic development, and debt service.

**DEBT ADMINISTRATION**

At June 30, 2013, the City had \$4,322,000 in bonds and other long-term debt, compared to \$5,485,000 last year, as shown below.

Outstanding Debt at Year End	June 30,	
	<u>2013</u>	<u>2012</u>
General obligation bonds	\$ 4,026,000	\$ 5,173,000
Water revenue loan	<u>296,000</u>	<u>312,000</u>
Total	<u>\$ 4,322,000</u>	<u>\$ 5,485,000</u>

The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's general obligation debt of \$4,026,000 and tax increment financing rebate agreements of \$1,064,297 brings the City's combined outstanding GO and TIF debt to \$5,090,297, which is below its constitutional debt limit of approximately \$10.70 million.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials and citizens considered many factors when setting the 2014 fiscal year budget, tax rates, and fees that will be charged for various City activities. Those factors included the economy, employment rates, operating expenses, capital projects, and increases in service and state mandates. Unemployment in the County now stands at 6.4% versus 6.1% a year ago. These indicators were taken into account when adopting the budget for fiscal 2014.

In fiscal 2014, receipts are projected to increase by 50% or approximately \$3,380,500 and disbursements are projected to increase by 45% or approximately \$3,050,000. The increase in revenue and expenditures is due to the construction of a new public works building. The City issued a \$3,750,000 General Obligation Bond in July 2014 to cover this expense. Usage rates were also increased for garbage, recycling, water and sewer.

The City lowered the levy from \$9.80 to \$9.75 per \$1,000 of taxable assessed valuation. The general fund expenditures are projected to exceed revenues by \$347,800, not including internal loan repayments of \$434,400. The City has enough reserves to cover the projected deficit. Water expenditures are projected to exceed revenue by \$13,931, not including an internal loan payment of \$65,400 and a transfer to the water equipment account of \$10,000. Sewer expenditures are projected to exceed revenue by \$700 not including a \$10,000 transfer to sewer capital equipment.

The local option sales tax balance is projected to decrease by \$2,800. Projected TIF debt service revenues are \$2,024,819 with expenditures of \$1,900,382. The road use fund is projected to be spent down by \$38,774.

**City of West Burlington  
Management's Discussion and Analysis**

**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. Questions concerning any of the information provided in this report or request for additional information should be addressed in writing to Dan Gifford, City Administrator, City of West Burlington, 122 Broadway, West Burlington, Iowa 52655.

## **BASIC FINANCIAL STATEMENTS**

**City of West Burlington**  
**Cash Basis Statement of Activities and Net Position**  
**As of and for the Year Ended June 30, 2013**

	Program Receipts				Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Disbursements	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<b>Functions / Programs:</b>							
Governmental activities:							
Public safety	\$ 1,380,290	\$ 157,660	\$ 137,288	\$ -	\$ (1,085,342)	\$ -	\$ (1,085,342)
Public works	566,216	169,913	306,402	-	(89,901)	-	(89,901)
Culture and recreation	263,077	165,178	155	-	(97,744)	-	(97,744)
Community and economic development	629,285	59,578	-	-	(569,707)	-	(569,707)
General government	419,724	-	2,249	65,848	(351,627)	-	(351,627)
Debt service	1,494,700	-	-	-	(1,494,700)	-	(1,494,700)
Capital projects	729,741	-	-	-	(729,741)	-	(729,741)
Total governmental activities	<u>5,483,033</u>	<u>552,329</u>	<u>446,094</u>	<u>65,848</u>	<u>(4,418,762)</u>	<u>-</u>	<u>(4,418,762)</u>
Business type activities:							
Water	820,349	797,483	-	-	-	(22,866)	(22,866)
Sewer	507,036	561,792	-	-	-	54,756	54,756
Total business type activities	<u>1,327,385</u>	<u>1,359,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,890</u>	<u>31,890</u>
Total	<u>\$ 6,810,418</u>	<u>\$ 1,911,604</u>	<u>\$ 446,094</u>	<u>\$ 65,848</u>	<u>(4,418,762)</u>	<u>31,890</u>	<u>(4,386,872)</u>
<b>General Receipts and Transfers:</b>							
Property and other city tax levied for:							
General purposes					1,032,180	-	1,032,180
Tax increment financing					2,286,752	-	2,286,752
Local option sales tax					454,916	-	454,916
Unrestricted interest on investments					45,382	252	45,634
Bond proceeds					250,000	-	250,000
Transfers					(178,278)	178,278	-
Miscellaneous					224,278	30,955	255,233
Total general receipts and transfers					<u>4,115,230</u>	<u>209,485</u>	<u>4,324,715</u>
Change in cash basis net position					(303,532)	241,375	(62,157)
Cash basis net position beginning of year					<u>1,769,958</u>	<u>367,582</u>	<u>2,137,540</u>
Cash basis net position end of year					<u>\$ 1,466,426</u>	<u>\$ 608,957</u>	<u>\$ 2,075,383</u>
<b>Cash Basis Net Position</b>							
Restricted:							
Expendable					\$ 802,800	\$ 216,130	\$ 1,018,930
Unrestricted					<u>663,626</u>	<u>392,827</u>	<u>1,056,453</u>
Total cash basis net position					<u>\$ 1,466,426</u>	<u>\$ 608,957</u>	<u>\$ 2,075,383</u>

See notes to financial statements.

**City of West Burlington**  
**Statement of Cash Receipts, Disbursements and Changes in Cash Balances**  
**Governmental Funds**  
**As of and for the Year Ended June 30, 2013**

	Special Revenue						Other Nonmajor Governmental	Total
	General	Road Use Tax	Sales Tax	TIF	Debt Service	Capital Projects		
<b>Receipts:</b>								
Property tax	\$ 840,662	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 153,494	\$ 994,156
Tax increment financing	-	-	-	2,286,752	-	-	-	2,286,752
Other city tax	4,998	-	454,916	-	-	-	33,026	492,940
Use of money and property	39,951	-	-	5,431	-	-	-	45,382
License and permits	157,926	-	-	-	-	-	-	157,926
Intergovernmental	206,902	306,402	-	-	-	-	-	513,304
Charges for services	237,721	-	-	-	-	-	-	237,721
Miscellaneous	272,124	-	-	6,000	-	3,000	98,475	379,599
<b>Total receipts</b>	<u>1,760,284</u>	<u>306,402</u>	<u>454,916</u>	<u>2,298,183</u>	<u>-</u>	<u>3,000</u>	<u>284,995</u>	<u>5,107,780</u>
<b>Disbursements:</b>								
<b>Operating:</b>								
Public safety	1,379,099	-	17,391	-	-	-	-	1,396,490
Public works	275,116	264,998	22,540	-	-	-	-	562,654
Culture and recreation	234,194	-	-	-	-	-	28,883	263,077
Community and economic development	105,660	-	-	523,625	-	-	-	629,285
General government	316,454	-	-	-	-	7,410	94,393	418,257
Debt service	-	-	-	-	1,494,700	-	-	1,494,700
Capital projects	-	-	864	361,035	-	367,842	-	729,741
<b>Total disbursements</b>	<u>2,310,523</u>	<u>264,998</u>	<u>40,795</u>	<u>884,660</u>	<u>1,494,700</u>	<u>375,252</u>	<u>123,276</u>	<u>5,494,204</u>
Excess (deficiency) of receipts over disbursements	(550,239)	41,404	414,121	1,413,523	(1,494,700)	(372,252)	161,719	(386,424)
<b>Other financing sources (uses):</b>								
Bond proceeds	-	-	-	-	-	250,000	-	250,000
Operating transfers in (out)	94,611	-	(359,313)	(1,309,158)	1,487,982	43,994	(136,394)	(178,278)
Net change in cash balances	(455,628)	41,404	54,808	104,365	(6,718)	(78,258)	25,325	(314,702)
Cash balances beginning of year	788,208	52,140	208,032	266,628	6,718	323,073	73,428	1,718,227
Cash balances end of year	<u>\$ 332,580</u>	<u>\$ 93,544</u>	<u>\$ 262,840</u>	<u>\$ 370,993</u>	<u>\$ -</u>	<u>\$ 244,815</u>	<u>\$ 98,753</u>	<u>\$ 1,403,525</u>
<b>Cash Basis Fund Balances</b>								
Restricted	\$ -	\$ 93,544	\$ 262,840	\$ 370,993	\$ -	\$ -	\$ 19,079	\$ 746,456
Committed	7,410	-	-	-	-	48,934	-	56,344
Assigned	-	-	-	-	-	195,881	79,674	275,555
Unassigned	325,170	-	-	-	-	-	-	325,170
<b>Total cash basis fund balances</b>	<u>\$ 332,580</u>	<u>\$ 93,544</u>	<u>\$ 262,840</u>	<u>\$ 370,993</u>	<u>\$ -</u>	<u>\$ 244,815</u>	<u>\$ 98,753</u>	<u>\$ 1,403,525</u>

See notes to financial statements.

**City of West Burlington**  
**Reconciliation of the Statement of Cash**  
**Receipts, Disbursements and Changes in Cash Balances**  
**to the Cash Basis Statement of Activities and Net Position**  
**Governmental Funds**  
**As of and for the Year Ended June 30, 2013**

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**Total governmental funds cash balances (page 12)** \$ 1,403,525

*Amounts reported for governmental activities in the Cash Basis Statement of Activities and Net Position are different because:*

The Internal Service Fund is used by management to charge the costs of partial self funding of the City's health insurance benefit plan to individual funds. A portion of the cash balance of the Internal Service Fund is included in governmental activities in the Cash Basis Statement of Activities and Net Position.

62,901

**Cash basis net position of governmental activities (page 11)** \$ 1,466,426

**Change in cash balances (page 12)** \$ (314,702)

*Amounts reported for governmental activities in the Cash Basis Statement of Activities and Net Position are different because:*

The Internal Service Fund is used by management to charge the costs of partial self funding of the City's health insurance benefit plan to the individual funds. A portion of the change in the cash balance of the Internal Service Fund is reported with governmental activities in the Cash Basis Statement of Activities and Net Position.

11,170

**Change in cash basis net position of governmental activities (page 11)** \$ (303,532)

See notes to financial statements.

**City of West Burlington**  
**Statement of Cash Receipts, Disbursements and Changes in Cash Balances**  
**Proprietary Funds**  
**As of and for the Year Ended June 30, 2013**

	Enterprise Funds					Total	Internal Service
	Water Service	Water Equipment Reserve	Sewer Service	Sewer Equipment Reserve	Nonmajor Enterprise Fund		Employee Health
<b>Operating Receipts:</b>							
Charges for services	\$ 797,483	\$ -	\$ 561,792	\$ -	\$ -	\$ 1,359,275	\$ 90,000
Total operating receipts	<u>797,483</u>	<u>-</u>	<u>561,792</u>	<u>-</u>	<u>-</u>	<u>1,359,275</u>	<u>90,000</u>
<b>Operating Disbursements:</b>							
Governmental activities:							
Public safety	-	-	-	-	-	-	28,723
Public works	-	-	-	-	-	-	12,264
General government	-	-	-	-	-	-	5,879
Business type activities	<u>785,765</u>	<u>-</u>	<u>500,226</u>	<u>-</u>	<u>4,196</u>	<u>1,290,187</u>	<u>22,804</u>
Total operating disbursements	<u>785,765</u>	<u>-</u>	<u>500,226</u>	<u>-</u>	<u>4,196</u>	<u>1,290,187</u>	<u>69,670</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>11,718</u>	<u>-</u>	<u>61,566</u>	<u>-</u>	<u>(4,196)</u>	<u>69,088</u>	<u>20,330</u>
<b>Non-operating receipts (disbursements):</b>							
Interest on investments	252	-	-	-	-	252	-
Miscellaneous	8,567	-	6,128	-	16,260	30,955	-
Debt service	(26,140)	-	-	-	-	(26,140)	-
Capital projects	<u>-</u>	<u>(7,410)</u>	<u>(5,397)</u>	<u>(7,411)</u>	<u>-</u>	<u>(20,218)</u>	<u>-</u>
Net non-operating receipts (disbursements)	<u>(17,321)</u>	<u>(7,410)</u>	<u>731</u>	<u>(7,411)</u>	<u>16,260</u>	<u>(15,151)</u>	<u>-</u>
Excess of receipts over disbursements	(5,603)	(7,410)	62,297	(7,411)	12,064	53,937	20,330
Transfers in (out)	<u>133,710</u>	<u>20,000</u>	<u>14,568</u>	<u>10,000</u>	<u>-</u>	<u>178,278</u>	<u>-</u>
Change in cash balances	128,107	12,590	76,865	2,589	12,064	232,215	20,330
Cash balances beginning of year	<u>114,339</u>	<u>73,178</u>	<u>66,491</u>	<u>6,667</u>	<u>106,907</u>	<u>367,582</u>	<u>51,731</u>
Cash balances end of year	<u>\$ 242,446</u>	<u>\$ 85,768</u>	<u>\$ 143,356</u>	<u>\$ 9,256</u>	<u>\$ 118,971</u>	<u>\$ 599,797</u>	<u>\$ 72,061</u>
<b>Cash Basis Fund Balances</b>							
Restricted for other purposes	\$ -	\$ 85,768	\$ -	\$ 9,256	\$ 118,971	\$ 213,995	\$ -
Restricted for debt service	2,135	-	-	-	-	2,135	-
Unrestricted	<u>240,311</u>	<u>-</u>	<u>143,356</u>	<u>-</u>	<u>-</u>	<u>383,667</u>	<u>72,061</u>
<b>Total cash basis fund balances</b>	<u>\$ 242,446</u>	<u>\$ 85,768</u>	<u>\$ 143,356</u>	<u>\$ 9,256</u>	<u>\$ 118,971</u>	<u>\$ 599,797</u>	<u>\$ 72,061</u>

See notes to financial statements.

**City of West Burlington**  
**Reconciliation of the Statement of Cash Receipts, Disbursements**  
**and Changes in Cash Balances**  
**to the Cash Basis Statement of Activities and Net Position**  
**Proprietary Funds**  
**As of and for the Year Ended June 30, 2013**

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**Total enterprise funds cash balances (page 14)** \$ 599,797

*Amounts reported for business type activities in the Cash Basis Statement of Activities and Net Position are different because:*

The Internal Service Fund is used by management to charge the costs of partial self funding of the City's health insurance benefit plan to individual funds. A portion of the cash balance of the Internal Service Fund is included in business type activities in the Cash Basis Statement of Activities and Net Position.

9,160

**Cash basis net position of business type activities (page 11)** \$ 608,957

**Change in cash balances (page 14)** \$ 232,215

*Amounts reported for business type activities in the Cash Basis Statement of Activities and Net Position are different because:*

The Internal Service Fund is used by management to charge the costs of partial self funding of the City's health insurance benefit plan to individual funds. A portion of the change in the cash balance of the Internal Service Fund is reported with business type activities in the Cash Basis Statement of Activities and Net Position.

9,160

**Change in cash basis net position of business type activities (page 11)** \$ 241,375

See notes to financial statements.

**City of West Burlington**  
**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies**

The City of West Burlington (City) is a political subdivision of the State of Iowa located in Des Moines County. It was first incorporated in 1884 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, 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 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 (GASB) 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 GASB criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City. City officials are members of the following boards and commissions: Des Moines County Regional Solid Waste Commission and Southeast Iowa Regional Airport Authority Board. See Note 13 for details. Both of these organizations have financial statements available at City Hall.

The City officials are also members of the following: 28E purchasing arrangements, regional planning commission, E911 joint service boards, Southeast Iowa area safety support organizations, ambulance associations, and the drug task force.

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 services. 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:

*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. This category includes the restricted and committed governmental cash basis fund balances.

**City of West Burlington**  
**Notes to Financial Statements**

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

*Unrestricted net position* consists of cash balances not meeting the definition of the preceding category. Unrestricted net position often have constraints on resources imposed by management, which can be removed or modified. This includes assigned and unassigned governmental cash basis fund balances.

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 are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts 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 Road Use Tax Fund is used to account for road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Urban Renewal Tax Increment Fund (TIF) is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

The Local Option Sales Tax Fund is used to account for the revenues from the tax authorized by referendum to be used for capital improvements, equipment and community programs and services.

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

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The City reports the following major proprietary funds:

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

**City of West Burlington**  
**Notes to Financial Statements**

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

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

The Enterprise, Water Equipment Reserve account consists of funds set aside for major equipment purchases for the water department.

The Enterprise, Sewer Equipment Reserve account consists of funds set aside for major equipment purchases for the sewer department.

The City also reports the following additional proprietary fund:

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies on a cost reimbursement basis.

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 is 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:

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

Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action, such as a resolution or ordinance approved by the Council.

**City of West Burlington  
Notes to Financial Statements**

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

Assigned - Amounts the City Council intends to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

**Note 2. Cash and Investments**

The City's deposits in banks at June 30, 2013 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-end 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 GASB No. 40.

**Note 3. Bonds and Notes Payable**

Annual debt service requirements to maturity for general obligation bonds, urban renewal tax increment financing revenue bonds and water revenue note are as follows:

Year Ending June 30.	<u>General Obligation Bonds</u>		<u>Water Revenue Note</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 1,652,000	\$ 82,020	\$ 16,000	\$ 8,880	\$ 1,668,000	\$ 90,900
2015	773,000	56,610	16,000	8,400	789,000	65,010
2016	778,000	40,595	17,000	7,920	795,000	48,515
2017	124,000	24,293	17,000	7,410	141,000	31,703
2018	124,000	20,760	18,000	6,900	142,000	27,660
2019-2023	452,000	49,720	99,000	26,010	551,000	75,730
2024-2028	<u>123,000</u>	<u>11,280</u>	<u>113,000</u>	<u>10,380</u>	<u>236,000</u>	<u>21,660</u>
	<u>\$4,026,000</u>	<u>\$ 285,278</u>	<u>\$ 296,000</u>	<u>\$ 75,900</u>	<u>\$4,322,000</u>	<u>\$ 361,178</u>

The Code of Iowa requires principal and interest on general obligation bonds be paid from the Debt Service Fund.

**City of West Burlington**  
**Notes to Financial Statements**

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

General Obligation Bonds used for Urban Renewal Projects

The City issued a general obligation bond in October 2012 for the purposes of paying costs of undertaking an urban renewal project consisting of constructing a public works facility. The portion of the bond related to the capital project is payable from general property taxes on all taxable property within the City. The City certified this obligation with the county auditor as tax increment financing. The debt is subject to the constitutional debt limitation of the City.

Revenue Notes

The City has pledged future water customer receipts, net of specified operating disbursements, to repay the water revenue bond. The bond was issued August 2008. Proceeds from the notes provided financing for the construction of several water system projects. The note is payable solely from water customer net receipts and is payable through 2028. The total principal and interest remaining to be paid on the notes is \$371,900. For the current year, principal and interest paid and total customer net receipts were \$25,360 and \$11,718, respectively.

The resolutions providing for the issuance of the water revenue bond included the following provisions:

- (a) The bond shall be payable solely from the net revenues of the utility and the sinking fund.
- (b) Monthly transfers must be equal to a sum of one-twelfth of the principal. Water Revenue Bonds maturing on the next maturity date plus one-sixth of the interest coming due on the next interest payment date shall be made to the Water Revenue Bond Sinking Fund for the purpose of making bond interest and principal payments when due.
- (c) Water user charges must be established at a level which produces and maintains net revenues at a level not less than 110% of principal and interest requirements due in the same year.

The City has not maintained water user charges at a level which produces and maintains net revenues at a level not less than 110% of principal and interest requirements due in the same year as required by the water revenue bond resolution.

Development Agreements

The City has entered into an agreement with Shottenkirk Partnership, L.P. (Developer) providing reimbursements from the City to the Developer based upon a 20 year agreement. The Developer has installed streets, sewers, curbing, and other utilities at a cost of \$1.2 million. The City will reimburse the Developer using an assumed amortization of 20 years at a rate of 5.70%. The City's payment will not exceed the increase in property taxes on the valuation of the land. At the end of the 20 year period, the agreement will cease, and the City will not continue payments regardless of any principal due at that time. The City's interest cost for the year ended June 30, 2013 was \$19,031, with \$142,121 applied to the principal.

The City has entered into two other similar agreements with Shottenkirk Partnership, L.P. and Park West Estates, LLC, with a combined cost of approximately \$961,000. The City's interest cost for the year ended June 30, 2013 was \$68,533, with \$60,600 principal applied. The terms for these agreements are 10 years, using interest rate assumptions of 5.70% to 6.75%.

**City of West Burlington**  
**Notes to Financial Statements**

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**Note 4. Pension and Retirement Benefits**

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 5.78% of their annual covered salary and the City is required to contribute 8.67% of covered salary, except for police and fire employees, in which case the percentages are 6.84% and 10.27%, respectively. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$115,785, \$111,795, and \$101,755, respectively, equal to the required contributions for each year.

**Note 5. Other Postemployment Benefits (OPEB)**

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 23 active members and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$654 for single coverage and \$1,263 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2013, the City contributed \$309,397 and plan members eligible for benefits contributed \$21,745 to the plan.

**Note 6. Self-Insured Health Benefits**

The City of West Burlington has agreed to provide certain health benefits to its employees. For employees selecting single coverage, the City pays 100% of the premium for health insurance for all full-time union employees and 93% of the premium for non-union full-time employees. For full-time employees selecting family coverage, the union employees pay 13% of the premium cost and non-union employees pay 7% of the premium cost. The City reimburses employees for their deductible after the employees have reached their out-of-pocket maximum of \$300 per individual and \$600 per family. The total maximum reimbursement liability to be paid by the City is \$96,800. The City's cost related to this reimbursement for the year ended June 30, 2013 was approximately \$69,670.

**City of West Burlington**  
**Notes to Financial Statements**

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**Note 7. Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation payments payable to employees at June 30, 2013, primarily relating to the General Fund, is \$111,225 based on rates of pay in effect at June 30, 2013.

**Note 8. Risk Management**

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 9. Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to:	
General fund	\$ 584,065
Sales tax	45,290
Tax increment financing	439,552
Debt service	1,487,982
Capital projects	57,200
Nonmajor governmental	29,600
Water service	169,807
Water equipment reserve	20,000
Sewer service	34,568
Sewer equipment reserve	<u>10,000</u>
	<u>\$ 2,878,064</u>
Transfer from:	
General fund	\$ 489,454
Sales tax	404,603
Tax increment financing	1,748,710
Capital projects	13,206
Nonmajor governmental	165,994
Water service	36,097
Sewer service	<u>20,000</u>
	<u>\$ 2,878,064</u>

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

**City of West Burlington  
Notes to Financial Statements**

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**Note 10. Commitments**

In the normal course of business, the City has various outstanding commitments that are not reflected in the accompanying financial statements. The principal commitments of the City are as follows:

Street improvements	\$	3,413
Lift station upgrade engineering		60,383
Public works building		37,200

**Note 11. Contract with the Burlington Municipal Waterworks**

On August 16, 1995, the City of West Burlington entered into an agreement with Burlington Municipal Waterworks to provide for the sale of water to the City of West Burlington. The contract provides an initial term of twenty years, with four additional terms of five years each, unless cancelled by either party after the initial term expires. Water usage began on January 1, 1996 and expenses of \$292,924 were recorded for the year ended June 30, 2013.

**Note 12. Cash Basis Fund Balances**

The detail of the governmental fund cash basis fund balances for the year ended June 30, 2013 are as follows:

	<u>General</u>	<u>Road Use Tax</u>	<u>Sales Tax</u>	<u>TIF</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Nonmajor Governmental</u>	<u>Total</u>
Restricted for:								
Road use purposes	\$ -	\$ 93,544	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,544
Tax referendum purposes	-	-	262,840	-	-	-	-	262,840
Urban renewal projects	-	-	-	370,993	-	-	-	370,993
Southeast Iowa Safety and Support Organization	-	-	-	-	-	-	19,079	19,079
Committed to:								
Street and storm sewer projects	-	-	-	-	-	11,846	-	11,846
Public works facility	-	-	-	-	-	37,088	-	37,088
Other purposes	7,410	-	-	-	-	-	-	7,410
Assigned to:								
Public safety	-	-	-	-	-	116,307	-	116,307
Public pool	-	-	-	-	-	67,952	-	67,952
Other capital projects	-	-	-	-	-	11,622	-	11,622
Other purposes	-	-	-	-	-	-	79,674	79,674
Unassigned	<u>325,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>325,170</u>
Total	<u>\$ 332,580</u>	<u>\$ 93,544</u>	<u>\$ 262,840</u>	<u>\$ 370,993</u>	<u>\$ -</u>	<u>\$ 244,815</u>	<u>\$ 98,753</u>	<u>\$ 1,403,525</u>

**City of West Burlington**  
**Notes to Financial Statements**

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**Note 13. Jointly Governed Organizations**

The City is a participant in the Des Moines County Regional Solid Waste Commission, a political subdivision pursuant to the Code of Iowa Chapter 28E. The purpose of the agreement is to provide area governments with solid waste disposal sources. The City currently provides one member of the eleven member board. The City paid \$38,098 in recycling fees in fiscal year 2013.

The City also participates with the City of Burlington in an agreement with the Southeast Iowa Regional Airport Authority. The City appoints one member of the five member Board of Trustees. The City contributed \$22,540 to the Airport in fiscal year 2013. There is a five year notice of cancellation requirement.

**Note 14. Subsequent Event**

The City performed an evaluation of subsequent events through November 6, 2013, which is the date the financial statements were issued. The City received loan proceeds of \$3,496,742 on August 21, 2013 to be used for the construction of the new public works facility.

## **OTHER INFORMATION**

**City of West Burlington**  
**Budgetary Comparison Schedule**  
**of Receipts, Disbursements and Changes in Balances -**  
**Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds**  
**Other Information**  
**Year Ended June 30, 2013**

	Governmental Funds Actual	Proprietary Fund Type Actual	Less Funds not Required to be Budgeted	Net	Budgeted Amounts		Final to Net Variance
					Original	Final	
<b>Receipts:</b>							
Property tax	\$ 994,156	\$ -	\$ -	\$ 994,156	\$ 949,667	\$ 949,667	\$ 44,489
Tax increment financing collections	2,286,752	-	-	2,286,752	2,322,835	2,332,835	(46,083)
Other city taxes	492,940	-	-	492,940	564,529	564,529	(71,589)
Use of money and property	45,382	252	-	45,634	76,846	76,846	(31,212)
Licenses and permits	157,926	-	-	157,926	74,259	157,259	667
Intergovernmental	513,304	-	-	513,304	320,411	581,332	(68,028)
Charges for service	237,721	1,449,275	90,000	1,596,996	1,576,954	1,636,504	(39,508)
Miscellaneous	379,599	30,955	-	410,554	286,223	495,788	(85,234)
Total receipts	<u>5,107,780</u>	<u>1,480,482</u>	<u>90,000</u>	<u>6,498,262</u>	<u>6,171,724</u>	<u>6,794,760</u>	<u>(296,498)</u>
<b>Disbursements:</b>							
Public safety	1,396,490	28,723	28,723	1,396,490	1,353,775	1,566,254	169,764
Public works	562,654	12,264	12,264	562,654	574,975	601,383	38,729
Culture and recreation	263,077	-	-	263,077	252,228	307,255	44,178
Community and economic development	629,285	-	-	629,285	359,420	643,148	13,863
General government	418,257	5,879	5,879	418,257	479,170	560,160	141,903
Debt service	1,494,700	-	-	1,494,700	1,494,700	1,494,700	-
Capital projects	729,741	-	-	729,741	25,000	871,403	141,662
Business type activities	-	1,359,349	22,804	1,336,545	1,305,980	1,396,335	59,790
Total disbursements	<u>5,494,204</u>	<u>1,406,215</u>	<u>69,670</u>	<u>6,830,749</u>	<u>5,845,248</u>	<u>7,440,638</u>	<u>609,889</u>
Excess (deficiency) of receipts over disbursements	(386,424)	74,267	20,330	(332,487)	326,476	(645,878)	313,391
Other financing sources	<u>71,722</u>	<u>178,278</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>-</u>
Net change in cash balances	(314,702)	252,545	20,330	(82,487)	326,476	(395,878)	313,391
Cash balances beginning of year	<u>1,718,227</u>	<u>419,313</u>	<u>51,731</u>	<u>2,085,809</u>	<u>2,096,261</u>	<u>2,096,261</u>	<u>(10,452)</u>
Cash balances end of year	<u>\$ 1,403,525</u>	<u>\$ 671,858</u>	<u>\$ 72,061</u>	<u>\$ 2,003,322</u>	<u>\$ 2,422,737</u>	<u>\$ 1,700,383</u>	<u>\$ 302,939</u>

See accompanying independent auditor's report.

**City of West Burlington**  
**Notes to Other Information - Budgetary Reporting**

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service 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, Special Revenue Funds, Debt Service Fund, Capital Projects Fund and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, a budget amendment increased budgeted disbursements by \$1,595,390. The budget amendments are reflected in the final budgeted amounts.

**SUPPLEMENTARY INFORMATION**

**City of West Burlington**  
**Schedule of Cash Receipts, Disbursements and Changes in Cash Balances**  
**Nonmajor Governmental Funds**  
**As of and for the Year Ended June 30, 2013**

	<u>Fourth of July Celebration</u>	<u>Medical Insurance</u>	<u>Hotel/Motel Tax</u>	<u>SE Iowa Safety and Support</u>	<u>Other Programs</u>	<u>Total</u>
Receipts:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 153,494	\$ 153,494
Other city taxes	-	-	33,026	-	-	33,026
Miscellaneous	<u>27,335</u>	<u>-</u>	<u>-</u>	<u>64,591</u>	<u>6,549</u>	<u>98,475</u>
Total receipts	<u>27,335</u>	<u>-</u>	<u>33,026</u>	<u>64,591</u>	<u>160,043</u>	<u>284,995</u>
Disbursements:						
Culture and recreation	25,439	-	-	-	3,444	28,883
General government	<u>-</u>	<u>15,150</u>	<u>14,188</u>	<u>65,055</u>	<u>-</u>	<u>94,393</u>
Total disbursements	<u>25,439</u>	<u>15,150</u>	<u>14,188</u>	<u>65,055</u>	<u>3,444</u>	<u>123,276</u>
Excess (deficiency) of receipts over disbursements	<u>1,896</u>	<u>(15,150)</u>	<u>18,838</u>	<u>(464)</u>	<u>156,599</u>	<u>161,719</u>
Other financing sources (uses):						
Operating transfers in (out)	<u>10,000</u>	<u>17,100</u>	<u>(12,500)</u>	<u>-</u>	<u>(150,994)</u>	<u>(136,394)</u>
	<u>10,000</u>	<u>17,100</u>	<u>(12,500)</u>	<u>-</u>	<u>(150,994)</u>	<u>(136,394)</u>
Net change in cash balances	11,896	1,950	6,338	(464)	5,605	25,325
Cash balances beginning of year	<u>26,926</u>	<u>13,223</u>	<u>13,736</u>	<u>19,543</u>	<u>-</u>	<u>73,428</u>
Cash balances end of year	<u>\$ 38,822</u>	<u>\$ 15,173</u>	<u>\$ 20,074</u>	<u>\$ 19,079</u>	<u>\$ 5,605</u>	<u>\$ 98,753</u>
<b>Cash Basis Fund Balances</b>						
Restricted	\$ -	\$ -	\$ -	\$ 19,079	\$ -	\$ 19,079
Assigned	<u>38,822</u>	<u>15,173</u>	<u>20,074</u>	<u>-</u>	<u>5,605</u>	<u>79,674</u>
Total cash basis fund balances	<u>\$ 38,822</u>	<u>\$ 15,173</u>	<u>\$ 20,074</u>	<u>\$ 19,079</u>	<u>\$ 5,605</u>	<u>\$ 98,753</u>

See accompanying independent auditor's report.

**City of West Burlington  
Statement of Indebtedness  
Year Ended June 30, 2013**

Obligation	Date of Issuance	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
<b>General obligation bonds:</b>									
Water improvement loan agreement	8/27/08	3.00%	\$ 400,000	\$ 338,000	\$ -	\$ 17,000	\$ 321,000	\$ 10,140	\$ -
Street and storm sewer improvement note	4/15/11	2.00-3.00%	2,715,000	2,525,000	-	500,000	2,025,000	52,100	-
Aerial fire truck note	5/04/11	2.50-3.20%	750,000	685,000	-	70,000	615,000	18,890	-
Urban renewal refunding bonds	8/24/11	0.75-1.00%	1,625,000	1,625,000	-	810,000	815,000	14,225	-
Public works design loan	10/31/12	2.00%	250,000	-	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
Total				<u>\$ 5,173,000</u>	<u>\$ 250,000</u>	<u>\$ 1,397,000</u>	<u>\$ 4,026,000</u>	<u>\$ 95,355</u>	<u>\$ -</u>
<b>Water revenue note:</b>									
Water revenue bond	8/20/08	3.00%	\$ 330,000	<u>\$ 312,000</u>	<u>\$ -</u>	<u>\$ 16,000</u>	<u>\$ 296,000</u>	<u>\$ 9,360</u>	<u>\$ -</u>
<b>Development agreements</b>	Various	5.70-6.75%	\$ 2,161,206	<u>\$ 1,267,018</u>	<u>\$ -</u>	<u>\$ 202,721</u>	<u>\$ 1,064,297</u>	<u>\$ 87,564</u>	<u>\$ -</u>

Development Agreements:

The City has entered into an agreement with a developer providing reimbursements from the City to the developer based upon a 20 year agreement.

The developer has installed streets, sewers, curbing, and other utilities at a cost of \$1.2 million. The City will reimburse the developer using an assumed amortization of 20 years at a rate of 5.7%. The City's payment will not exceed the increase in property taxes on the valuation of the land.

At the end of the 20 year period, the agreement will cease, and the City will not continue payments regardless of any principal due at that time. The City's interest cost for the year ended June 30, 2013 was \$19,031, with \$142,121 applied to the principal.

The City has entered into two other similar agreements with a combined cost of approximately \$961,000. The City's interest cost for the year ended June 30, 2013 was \$68,533, with \$60,600 principal applied. The terms for these agreements are 10 years, using interest rate assumptions of 5.7% to 6.75%.

See accompanying independent auditor's report.

**City of West Burlington  
Bond and Note Maturities  
June 30, 2013**

<b>General Obligation Bonds</b>											
Year Ending June 30,	Urban Renewal Refunding Bonds August 24, 2011		Street and Storm Sewer Improvement Notes April 15, 2011		Aerial Fire Truck Note April 15, 2011		Water Improvement Loan Agreement August 27, 2008		Public Works Design Note October 31, 2012		Total
	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount	
2014	1.00%	\$ 815,000	2.00%	\$ 500,000	2.50%	\$ 70,000	3.00%	\$ 17,000	2.00%	\$ 250,000	\$ 1,652,000
2015	-	-	2.00%	680,000	2.50%	75,000	3.00%	18,000	-	-	773,000
2016	-	-	2.00%	685,000	2.75%	75,000	3.00%	18,000	-	-	778,000
2017	-	-	3.00%	30,000	2.75%	75,000	3.00%	19,000	-	-	124,000
2018	-	-	3.00%	30,000	2.60%	75,000	3.00%	19,000	-	-	124,000
2019	-	-	3.00%	30,000	2.90%	80,000	3.00%	20,000	-	-	130,000
2020	-	-	3.00%	35,000	3.00%	80,000	3.00%	21,000	-	-	136,000
2021	-	-	3.00%	35,000	3.20%	85,000	3.00%	21,000	-	-	141,000
2022	-	-	-	-	-	-	3.00%	22,000	-	-	22,000
2023	-	-	-	-	-	-	3.00%	23,000	-	-	23,000
2024	-	-	-	-	-	-	3.00%	23,000	-	-	23,000
2025	-	-	-	-	-	-	3.00%	24,000	-	-	24,000
2026	-	-	-	-	-	-	3.00%	25,000	-	-	25,000
2027	-	-	-	-	-	-	3.00%	25,000	-	-	25,000
2028	-	-	-	-	-	-	3.00%	26,000	-	-	26,000
		<u>\$ 815,000</u>		<u>\$ 2,025,000</u>		<u>\$ 615,000</u>		<u>\$ 321,000</u>		<u>\$ 250,000</u>	<u>\$ 4,026,000</u>

<b>Water Revenue Bonds</b>		
Year Ending June 30,	Interest Rate	Amount
2014	3.00%	\$ 16,000
2015	3.00%	16,000
2016	3.00%	17,000
2017	3.00%	17,000
2018	3.00%	18,000
2019	3.00%	19,000
2020	3.00%	19,000
2021	3.00%	20,000
2022	3.00%	20,000
2023	3.00%	21,000
2024	3.00%	21,000
2025	3.00%	22,000
2026	3.00%	23,000
2027	3.00%	23,000
2028	3.00%	24,000
		<u>\$ 296,000</u>

See accompanying independent auditor's report.

**City of West Burlington**  
**Schedule of Receipts by Source and Disbursements by Function -**  
**All Governmental Funds**

	Year Ending June 30,										
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Receipts:</b>											
Property tax	\$ 994,156	\$ 1,036,015	\$ 829,024	\$ 826,745	\$ 838,637	\$ 931,804	\$ 927,315	\$ 934,197	\$ 936,733	\$ 978,252	\$ 1,060,387
Tax increment financing collections	2,286,752	2,063,536	2,195,063	1,968,925	1,681,414	1,985,012	1,947,354	1,899,816	1,771,802	1,399,350	1,334,487
Other city taxes	492,940	548,004	687,589	646,133	643,872	537,495	433,246	385,512	391,763	426,373	370,031
Use of money and property	45,382	62,659	86,253	82,954	121,715	168,496	110,046	86,271	59,911	68,661	47,845
Licenses and permits	157,926	103,477	124,884	45,790	49,658	65,219	96,860	51,125	90,160	55,398	31,870
Intergovernmental	513,304	564,370	717,810	377,192	364,218	578,484	405,794	454,128	716,922	372,533	454,443
Charges for services	237,721	256,167	234,543	206,329	227,427	160,947	139,111	146,190	104,357	94,223	92,562
Special assessments	-	-	-	-	-	-	36,138	-	-	-	-
Miscellaneous	<u>379,599</u>	<u>326,069</u>	<u>322,116</u>	<u>262,142</u>	<u>284,720</u>	<u>364,415</u>	<u>290,025</u>	<u>410,076</u>	<u>437,425</u>	<u>305,762</u>	<u>101,145</u>
Total	<u>\$ 5,107,780</u>	<u>\$ 4,960,297</u>	<u>\$ 5,197,282</u>	<u>\$ 4,416,210</u>	<u>\$ 4,211,661</u>	<u>\$ 4,791,872</u>	<u>\$ 4,385,889</u>	<u>\$ 4,367,315</u>	<u>\$ 4,509,073</u>	<u>\$ 3,700,552</u>	<u>\$ 3,492,770</u>
<b>Disbursements:</b>											
<b>Operating:</b>											
Public safety	\$ 1,396,490	\$ 1,714,660	\$ 2,292,531	\$ 1,179,756	\$ 1,120,511	\$ 1,049,996	\$ 1,084,115	\$ 1,370,520	\$ 1,046,473	\$ 1,014,372	\$ 950,496
Public works	562,654	549,885	629,415	622,353	510,378	506,502	455,784	451,451	455,956	507,960	440,143
Culture and recreation	263,077	291,914	255,802	221,293	289,096	111,732	86,148	101,012	80,579	73,754	80,127
Community and economic development	629,285	731,704	781,084	277,976	229,542	205,075	2,349	16,837	2,607	287,374	63,681
General government	418,257	576,347	424,320	437,693	433,061	457,439	290,544	299,438	227,568	246,845	174,589
Debt service	1,494,700	1,742,163	1,707,417	1,763,709	1,358,394	1,118,458	1,220,655	1,118,576	1,445,846	1,130,716	1,502,503
Capital projects	<u>729,741</u>	<u>2,351,135</u>	<u>601,248</u>	<u>469,288</u>	<u>755,856</u>	<u>4,911,209</u>	<u>681,900</u>	<u>930,076</u>	<u>1,995,007</u>	<u>3,311,529</u>	<u>1,378,528</u>
Total	<u>\$ 5,494,204</u>	<u>\$ 7,957,808</u>	<u>\$ 6,691,817</u>	<u>\$ 4,972,068</u>	<u>\$ 4,696,838</u>	<u>\$ 8,360,411</u>	<u>\$ 3,821,495</u>	<u>\$ 4,287,910</u>	<u>\$ 5,254,036</u>	<u>\$ 6,572,550</u>	<u>\$ 4,590,067</u>

See accompanying independent auditor's report.

**City of West Burlington**  
**Schedule of Selected Employee Related Expenses**

	Year Ended June 30,										
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Disbursements:											
Gross salaries	\$ 1,357,800	\$ 1,351,400	\$ 1,351,100	\$ 1,336,200	\$ 1,338,300	\$ 1,203,900	\$ 1,164,300	\$ 1,158,300	\$ 1,081,500	\$ 1,087,600	\$ 1,042,400
FICA expense	100,900	99,600	99,200	98,500	98,800	89,500	87,100	87,400	81,500	82,300	78,700
IPERS & ICMA expense	<u>115,800</u>	<u>111,800</u>	<u>101,800</u>	<u>95,600</u>	<u>87,100</u>	<u>82,800</u>	<u>81,800</u>	<u>83,700</u>	<u>76,100</u>	<u>74,300</u>	<u>69,900</u>
Total	<u>\$ 1,574,500</u>	<u>\$ 1,562,800</u>	<u>\$ 1,552,100</u>	<u>\$ 1,530,300</u>	<u>\$ 1,524,200</u>	<u>\$ 1,376,200</u>	<u>\$ 1,333,200</u>	<u>\$ 1,329,400</u>	<u>\$ 1,239,100</u>	<u>\$ 1,244,200</u>	<u>\$ 1,191,000</u>

See accompanying independent auditor's report.



401 South Roosevelt Avenue - Suite 2A, PO Box 547, Burlington, IA 52601 / 319 752 6348 / fax: 319 752 8644 / info@cpaapc.com

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

Honorable Mayor and  
Members of the City Council  
City of West Burlington, Iowa

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the primary government of the City of West Burlington, Iowa (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 6, 2013. 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.

Internal Control Over Financial Reporting

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

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, we identified deficiencies in internal control we consider to be significant deficiencies.

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 a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying schedule of findings as items I-A-13 to be a significant deficiency.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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*. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying schedule of findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2013 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's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings. The City'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.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City 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.

*CPA Associates PC*

November 6, 2013

**City of West Burlington  
Schedule of Findings  
Year Ended June 30, 2013**

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**Part I: Findings Related to the Financial Statements**

**SIGNIFICANT DEFICIENCY**

I-A-13 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent one individual employee from handling a transaction from its inception to its completion. Management has not separated incompatible activities of personnel, thereby creating risks related to the safeguarding of cash and the accuracy of the financial statements.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the City Council and management should continue to provide oversight and direction based upon their direct knowledge of the City's operations and day-to-day contact with employees to control and safeguard assets.

Response - The City will continue to review operating procedures and segregate employee duties to the extent financially feasible to maximize internal control.

Conclusion - Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**City of West Burlington  
Schedule of Findings  
Year Ended June 30, 2013**

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

II-A-13 Certified Budget - Disbursements during the year ended June 30, 2013 did not exceed the amounts budgeted in any program. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation".

The City published a notice of public hearing on the budget including a summary of the proposed budget as required by Chapter 384.16 of the Code of Iowa.

II-B-13 Questionable Disbursements - We noted no disbursements that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-13 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-D-13 Business Transactions - No business transactions between the City and City officials or employees were found.

II-E-13 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.

II-F-13 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

II-G-13 Bonds and Revenue Notes - The water user charges were not at a level that produces and maintains net revenues equal to at least 110% of principal and interest requirements due in the same year as required by the water revenue bond resolution. The water net revenues were a loss in the current year.

Recommendation - Water user charges need to be at a level that produces and maintains net revenues equal to at least 110% of principal and interest requirements due in the same year as required by the water revenue bond resolution.

Response - The City has raised water user charges 3% for the next fiscal year.

Conclusion - Response accepted.

II-H-13 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.

**City of West Burlington  
Schedule of Findings  
Year Ended June 30, 2013**

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**Part II: Other Findings Related to Statutory Reporting (continued)**

II-I-13 Delinquent Utility Accounts - At June 30, 2013, three employees or council members had delinquent utility accounts.

Recommendation - We recommend that the City emphasizes to employees and council members that they are setting an example to the community by their actions.

Response - We will encourage employees and council members to pay their utility bills by their due date.

Conclusion - Response accepted.

II-J-13 Urban Renewal Annual Report - The urban renewal annual report was not properly approved and certified to the Iowa Department of Management on or before December 1. The report was approved on December 19, 2012 and certified to the Iowa Department of Management on December 20, 2012. No exceptions were noted.

Recommendation - The City should file the urban renewal annual report timely.

Response - The report will be filed timely next year.

Conclusion - Response accepted.