

**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 and Questioned Costs**

**June 30, 2015**

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**City of West Burlington**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Hans Trousil	Mayor	December, 2015
Rod Crowner	Council Member	December, 2015
Doug Ervine	Council Member	December, 2017
Therese Lees	Council Member	December, 2015
Richard Raleigh	Council Member	December, 2015
Kara Steward	Council Member	December, 2017
Dan Gifford	City Administrator	Not Elected
Leslie Sattler	Finance Officer	Not Elected
Kelly Fry	City Clerk	Not Elected



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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, 2015, 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 for the primary government of the City as of June 30, 2015, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

## Emphasis of a Matter

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

## 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 thirteen years ended June 30, 2014 (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, the budgetary comparison information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 5 through 11 and 29 through 33, 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 4, 2015 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 4, 2015

## **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, 2015. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2015 FINANCIAL HIGHLIGHTS**

- Receipts of the City's governmental activities decreased 47%, or \$4,056,071, from fiscal 2014 to fiscal 2015. Bond proceeds of \$3,750,000 were received in fiscal 2014.
- Disbursements of the City's governmental activities decreased 18%, or \$1,310,411, from fiscal 2014 to fiscal 2015. Capital projects and debt service decreased \$548,795 and \$861,441, respectively in fiscal 2015.
- The City's total cash basis net position decreased 23%, or \$834,335, from June 30, 2014 to June 30, 2015.

### **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 and the City's proportionate share of the net pension liability and related contributions.
- 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 is 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. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The required financial statement for proprietary funds is 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 \$2,970,315 to \$1,902,966. 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>2015</u>	<u>2014</u>
Receipts:		
Program receipts:		
Charges for services	\$ 348,206	\$ 446,737
Operating grants, contributions and restricted interest	746,881	459,994
General receipts:		
Property tax	2,660,189	3,253,912
Local option sales tax	499,256	466,917
Use of money and property	49,883	62,483
Other general receipts	332,536	252,979
Bond proceeds	-	3,750,000
Total receipts	<u>4,636,951</u>	<u>8,693,022</u>
Disbursements:		
Public safety	1,682,144	1,438,324
Public works	591,818	654,838
Culture and recreation	226,854	269,561
Community and economic development	271,361	360,794
General government	535,006	483,841
Debt service	932,805	1,794,246
Capital projects	<u>1,602,492</u>	<u>2,151,287</u>
Total disbursements	<u>5,842,480</u>	<u>7,152,891</u>
Change in cash basis net position before transfers	(1,205,529)	1,540,131
Transfers net	<u>138,180</u>	<u>(36,242)</u>
Change in cash basis net position	(1,067,349)	1,503,889
Cash basis net position beginning of year	<u>2,970,315</u>	<u>1,466,426</u>
Cash basis net position end of year	<u>\$ 1,902,966</u>	<u>\$ 2,970,315</u>

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

The City's total receipts for governmental activities decreased by 47%, or \$4,056,071. This was mainly due to bond proceeds of \$3,750,000 received in 2014 for the construction of the new public works facility. The total cost of all programs and services decreased by \$1,310,411 or 18%, with no new programs added this year.

The cost of all governmental activities this year was \$5,842,480 compared to \$7,152,891 last year. However, as shown in the Statement of Activities and Net Position on page 12, the amount taxpayers ultimately financed for these activities was \$4,747,393 because some of the cost was paid by those who directly benefited from the programs by (\$348,206) or by other governments and organizations that subsidized certain programs with grants and contributions by (\$746,881). Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for service, increased in fiscal 2015 from \$906,731 to \$1,095,087.

Changes in Cash Basis Net Position of Business Type Activities	Year Ended June 30,	
	<u>2015</u>	<u>2014</u>
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 914,862	\$ 844,786
Sewer	806,500	610,785
General receipts:		
Bond proceeds	92,937	-
Miscellaneous receipts	<u>56,809</u>	<u>30,823</u>
Total receipts	<u>1,871,108</u>	<u>1,486,394</u>
Disbursements:		
Water	885,658	886,835
Sewer	<u>614,256</u>	<u>558,925</u>
Total disbursements	<u>1,499,914</u>	<u>1,445,760</u>
Change in cash basis net position before transfer	371,194	40,634
Transfers, net	<u>(138,180)</u>	<u>36,242</u>
Change in cash basis net position	233,014	76,876
Cash basis net position beginning of year	<u>685,833</u>	<u>608,957</u>
Cash basis net position end of year	<u>\$ 918,847</u>	<u>\$ 685,833</u>

Total business type activities receipts for the fiscal year were \$1,871,108 compared to \$1,486,394 last year. The cash balance increased by \$233,014. Total disbursements for the fiscal year increased by 4%. Revenues were increased in both water and sewer due to rate increases in fiscal 2015. Sewer expenditures increased due to bond proceeds of \$92,937 in fiscal 2015.

**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 \$1,829,818, decrease of \$1,069,999 from last year's total of \$2,899,817. 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 \$525,056, an increase of \$13,159 from the prior year.
- The Special Revenue, Road Use Tax Fund cash balance increased by \$55,572 to \$121,919 during the fiscal year. Revenues were \$18,052 over budget due to conservative budgeting and the state increasing the fuel tax. The State had projected for Cities to receive \$97.50 per capita and the City budgeted \$95 per capita. In prior years, the State has reimbursed a lower amount than originally projected.
- 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 49% 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 \$376,339 to \$633,357 during the fiscal year due to an internal loan for the 2015 residential project which is expected to be expended in fiscal 2016.
- The Capital Projects Fund cash balance decreased by \$1,514,937 to \$124,186 during the fiscal year. The majority of this decrease is due to the City issuing GO Bonds in fiscal year 2014 for \$3,750,000 for a new public works facility and spent approximately \$2,000,000 for the construction in fiscal 2014. During fiscal 2015 the City spent approximately \$1,300,000 to complete the project.

**INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The Water Service Fund cash balance increased \$44,185 to \$349,867 during the fiscal year. Operating receipts over operating disbursements were in excess of \$57,939.
- The Sewer Service Fund cash balance increased \$143,982 to \$310,695 during the fiscal year. A majority of this increase is due to the City increasing sewer rates to help offset future increases to fund costs of major sewer plant improvements.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget. The amendment was approved on May 20, 2015 and resulted in an increase in revenues of \$772,340 and an increase in disbursements of \$1,189,035. Revenue increases included other city taxes, use of money and property, licenses and permits, intergovernmental, charges for services and miscellaneous. Expenditure increases included public safety, public works, general government, capital projects, culture and recreation, community and economic development and business type activities.

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

**DEBT ADMINISTRATION**

At June 30, 2015, the City had \$5,682,937 in bonds and other long-term debt, compared to \$6,404,000 last year, as shown below.

Outstanding Debt at Year End	June 30,	
	<u>2015</u>	<u>2014</u>
General obligation bonds	\$ 5,326,000	\$ 6,124,000
Water revenue loan	264,000	280,000
Sewer revenue note	<u>92,937</u>	<u>-</u>
Total	<u>\$ 5,682,937</u>	<u>\$ 6,404,000</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 \$5,326,000 is below its constitutional debt limit of approximately \$11.08 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 2016 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 4.5% versus 5.3% a year ago. These indicators were taken into account when adopting the budget for fiscal 2016.

In fiscal 2015, receipts are projected to decrease by 6% or approximately \$535,000 and disbursements are projected to decrease by 23% or approximately \$1,700,000. The decrease in revenue and expenditures is due to the construction of a new public works building that was completed in fiscal 2015 and the expiration of federal fire grants the City received. Usage rates were also increased for water 3%, sewer 22.5%, and garbage and recycling. Changes to the City's wastewater plant that have been mandated will result in costly improvements to the plant. Estimated costs are at ten million dollars. The City will find it necessary to make significant increases in sewer rates to cover the mandated upgrades in future years.

The City maintained the property tax levy at \$10.10 per \$1,000 of taxable assessed valuation. The general fund expenditures are projected to exceed revenues by approximately \$11,600, not including internal loan revenue repayments of \$14,800. The City has enough reserves to cover the projected deficit. Water expenditures are projected to exceed revenue by \$11,700. This includes internal loan revenue payments of \$105,000 and a transfer to the water equipment account of \$10,000. Sewer revenues are projected to exceed expenditures by \$305,000, which includes a \$10,000 transfer to sewer capital equipment.

The local option sales tax balance is projected to decrease by \$9,000. Projected TIF debt service revenues are \$1,120,000 with expenditures of \$ 1,070,300. The road use fund is projected to be spent down by \$6,500. There are sufficient reserves in these funds to cover operating deficits.

**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, 2015**

	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	\$ 1,682,144	\$ 73,760	\$ 383,343	\$ -	\$ (1,225,041)	\$ -	\$ (1,225,041)
Public works	591,818	180,332	313,195	-	(98,291)	-	(98,291)
Culture and recreation	226,854	93,599	843	-	(132,412)	-	(132,412)
Community and economic development	271,361	135	-	-	(271,226)	-	(271,226)
General government	535,006	380	2,474	-	(532,152)	-	(532,152)
Debt service	932,805	-	-	-	(932,805)	-	(932,805)
Capital projects	<u>1,602,492</u>	<u>-</u>	<u>47,026</u>	<u>-</u>	<u>(1,555,466)</u>	<u>-</u>	<u>(1,555,466)</u>
Total governmental activities	<u>5,842,480</u>	<u>348,206</u>	<u>746,881</u>	<u>-</u>	<u>(4,747,393)</u>	<u>-</u>	<u>(4,747,393)</u>
Business type activities:							
Water	885,658	914,862	-	-	-	29,204	29,204
Sewer	<u>614,256</u>	<u>806,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,244</u>	<u>192,244</u>
Total business type activities	<u>1,499,914</u>	<u>1,721,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>221,448</u>	<u>221,448</u>
Total	<u>\$ 7,342,394</u>	<u>\$ 2,069,568</u>	<u>\$ 746,881</u>	<u>\$ -</u>	<u>(4,747,393)</u>	<u>221,448</u>	<u>(4,525,945)</u>
<b>General Receipts and Transfers:</b>							
Property and other city tax levied for:							
General purposes					1,312,866	-	1,312,866
Tax increment financing					1,347,323	-	1,347,323
Local option sales tax					499,256	-	499,256
Unrestricted interest on investments					49,883	-	49,883
Bond proceeds					-	92,937	92,937
Transfers					138,180	(138,180)	-
Miscellaneous					<u>332,536</u>	<u>56,809</u>	<u>389,345</u>
Total general receipts and transfers					<u>3,680,044</u>	<u>11,566</u>	<u>3,691,610</u>
Change in cash basis net position					(1,067,349)	233,014	(834,335)
Cash basis net position beginning of year					<u>2,970,315</u>	<u>685,833</u>	<u>3,656,148</u>
Cash basis net position end of year					<u>\$ 1,902,966</u>	<u>\$ 918,847</u>	<u>\$ 2,821,813</u>
<b>Cash Basis Net Position</b>							
Restricted:							
Expendable					\$ 1,096,986	\$ 234,089	\$ 1,331,075
Unrestricted					<u>805,980</u>	<u>684,758</u>	<u>1,490,738</u>
Total cash basis net position					<u>\$ 1,902,966</u>	<u>\$ 918,847</u>	<u>\$ 2,821,813</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, 2015**

	Special Revenue						Other Nonmajor Governmental	Total
	General	Road Use Tax	Sales Tax	TIF	Debt Service	Capital Projects		
Receipts:								
Property tax	\$ 1,011,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 227,147	\$ 1,238,185
Tax increment financing	-	-	-	1,347,323	-	-	-	1,347,323
Other city tax	33,797	-	499,256	-	-	-	40,884	573,937
Use of money and property	44,430	-	-	3,977	-	1,476	-	49,883
License and permits	79,247	-	-	-	-	-	-	79,247
Intergovernmental	407,410	313,195	-	-	-	-	9,889	730,494
Charges for services	227,829	-	-	-	-	-	-	227,829
Miscellaneous	245,073	-	-	-	-	12,111	132,868	390,052
Total receipts	<u>2,048,824</u>	<u>313,195</u>	<u>499,256</u>	<u>1,351,300</u>	<u>-</u>	<u>13,587</u>	<u>410,788</u>	<u>4,636,950</u>
Disbursements:								
Operating:								
Public safety	1,660,817	-	36,541	-	-	-	-	1,697,358
Public works	304,044	257,623	22,540	-	-	-	-	584,207
Culture and recreation	177,079	-	-	-	-	-	49,775	226,854
Community and economic development	8,840	-	-	262,521	-	-	-	271,361
General government	369,504	-	617	-	-	-	159,931	530,052
Debt service	-	-	-	-	932,805	-	-	932,805
Capital projects	81,668	-	33,782	-	-	1,487,042	-	1,602,492
Total disbursements	<u>2,601,952</u>	<u>257,623</u>	<u>93,480</u>	<u>262,521</u>	<u>932,805</u>	<u>1,487,042</u>	<u>209,706</u>	<u>5,845,129</u>
Excess (deficiency) of receipts over disbursements	(553,128)	55,572	405,776	1,088,779	(932,805)	(1,473,455)	201,082	(1,208,179)
Other financing sources (uses):								
Operating transfers in (out)	<u>566,287</u>	<u>-</u>	<u>(391,783)</u>	<u>(712,440)</u>	<u>932,805</u>	<u>(41,482)</u>	<u>(215,207)</u>	<u>138,180</u>
Net change in cash balances	13,159	55,572	13,993	376,339	-	(1,514,937)	(14,125)	(1,069,999)
Cash balances beginning of year	<u>511,897</u>	<u>66,347</u>	<u>319,898</u>	<u>257,018</u>	<u>-</u>	<u>1,639,123</u>	<u>105,534</u>	<u>2,899,817</u>
Cash balances end of year	<u>\$ 525,056</u>	<u>\$ 121,919</u>	<u>\$ 333,891</u>	<u>\$ 633,357</u>	<u>\$ -</u>	<u>\$ 124,186</u>	<u>\$ 91,409</u>	<u>\$ 1,829,818</u>
<b>Cash Basis Fund Balances</b>								
Restricted	\$ -	\$ 121,919	\$ 333,891	\$ 633,357	\$ -	\$ -	\$ -	\$ 1,089,167
Committed	7,819	-	-	-	-	-	-	7,819
Assigned	-	-	-	-	-	124,186	91,409	215,595
Unassigned	<u>517,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>517,237</u>
<b>Total cash basis fund balances</b>	<u>\$ 525,056</u>	<u>\$ 121,919</u>	<u>\$ 333,891</u>	<u>\$ 633,357</u>	<u>\$ -</u>	<u>\$ 124,186</u>	<u>\$ 91,409</u>	<u>\$ 1,829,818</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, 2015**

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**Total governmental funds cash balances (page 13)** \$ 1,829,818

*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.

73,148

**Cash basis net position of governmental activities (page 12)** \$ 1,902,966

**Change in cash balances (page 13)** \$(1,069,999)

*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.

2,650

**Change in cash basis net position of governmental activities (page 12)** \$ (1,067,349)

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, 2015**

	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	\$ 914,862	\$ -	\$ 806,500	\$ -	\$ -	\$ 1,721,362	\$ 90,244
Total operating receipts	<u>914,862</u>	<u>-</u>	<u>806,500</u>	<u>-</u>	<u>-</u>	<u>1,721,362</u>	<u>90,244</u>
<b>Operating Disbursements:</b>							
Governmental activities:							
Public safety	-	-	-	-	-	-	23,462
Public works	-	-	-	-	-	-	17,280
General government	-	-	-	-	-	-	13,161
Business type activities	<u>856,923</u>	<u>-</u>	<u>523,595</u>	<u>-</u>	<u>8,359</u>	<u>1,388,877</u>	<u>26,591</u>
Total operating disbursements	<u>856,923</u>	<u>-</u>	<u>523,595</u>	<u>-</u>	<u>8,359</u>	<u>1,388,877</u>	<u>80,494</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>57,939</u>	<u>-</u>	<u>282,905</u>	<u>-</u>	<u>(8,359)</u>	<u>332,485</u>	<u>9,750</u>
<b>Non-operating receipts (disbursements):</b>							
Interest on investments	-	-	-	-	-	-	-
Miscellaneous	16,765	-	3,745	-	36,299	56,809	-
Debt proceeds	-	-	92,937	-	-	92,937	-
Debt service	(25,100)	-	-	-	-	(25,100)	-
Capital projects	<u>-</u>	<u>-</u>	<u>(93,037)</u>	<u>-</u>	<u>-</u>	<u>(93,037)</u>	<u>-</u>
Net non-operating receipts (disbursements)	<u>(8,335)</u>	<u>-</u>	<u>3,645</u>	<u>-</u>	<u>36,299</u>	<u>31,609</u>	<u>-</u>
Excess of receipts over disbursements	49,604	-	286,550	-	27,940	364,094	9,750
Transfers in (out)	<u>(5,419)</u>	<u>1,000</u>	<u>(142,568)</u>	<u>10,000</u>	<u>(1,193)</u>	<u>(138,180)</u>	<u>-</u>
Change in cash balances	44,185	1,000	143,982	10,000	26,747	225,914	9,750
Cash balances beginning of year	<u>305,682</u>	<u>55,516</u>	<u>166,713</u>	<u>12,690</u>	<u>126,004</u>	<u>666,605</u>	<u>89,726</u>
Cash balances end of year	<u>\$ 349,867</u>	<u>\$ 56,516</u>	<u>\$ 310,695</u>	<u>\$ 22,690</u>	<u>\$ 152,751</u>	<u>\$ 892,519</u>	<u>\$ 99,476</u>
<b>Cash Basis Fund Balances</b>							
Restricted for other purposes	\$ -	\$ 56,516	\$ -	\$ 22,690	\$ 152,751	\$ 231,957	\$ -
Restricted for debt service	2,132	-	-	-	-	2,132	-
Unrestricted	<u>347,735</u>	<u>-</u>	<u>310,695</u>	<u>-</u>	<u>-</u>	<u>658,430</u>	<u>99,476</u>
<b>Total cash basis fund balances</b>	<u>\$ 349,867</u>	<u>\$ 56,516</u>	<u>\$ 310,695</u>	<u>\$ 22,690</u>	<u>\$ 152,751</u>	<u>\$ 892,519</u>	<u>\$ 99,476</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, 2015**

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**Total enterprise funds cash balances (page 15)** \$ 892,519

*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.

26,328

**Cash basis net position of business type activities (page 12)** \$ 918,847

**Change in cash balances (page 15)** \$ 225,914

*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.

7,100

**Change in cash basis net position of business type activities (page 12)** \$ 233,014

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 10 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 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 are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position. 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 is often subject to constraints 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.

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

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

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.

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.

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

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

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.

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.

Subsequent Events

The City performed an evaluation of subsequent events through November 4, 2015, which is the date the financial statements were issued. There were no subsequent events that required disclosure or recognition in the financial statements as of June 30, 2015.

**Note 2. Cash and Investments**

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

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

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

**Note 3. Bonds and Notes Payable**

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

Year Ending June 30.	General Obligation Bonds		Sewer Revenue Note		Water Revenue Note		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 888,000	\$ 116,030	\$ -	\$ -	\$ 17,000	\$ 7,920	\$ 905,000	\$ 123,950
2017	974,000	97,528	92,937	-	17,000	7,410	1,083,937	104,938
2018	1,034,000	76,995	-	-	18,000	6,900	1,052,000	83,895
2019	1,050,000	55,375	-	-	19,000	6,360	1,069,000	61,735
2020	1,071,000	33,155	-	-	19,000	5,790	1,090,000	38,945
2021-2025	233,000	25,550	-	-	104,000	20,010	337,000	45,560
2026-2028	76,000	4,590	-	-	70,000	4,230	146,000	8,820
	<u>\$5,326,000</u>	<u>\$ 409,223</u>	<u>\$ 92,937</u>	<u>\$ -</u>	<u>\$ 264,000</u>	<u>\$ 58,620</u>	<u>\$5,682,937</u>	<u>\$ 467,843</u>

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

General Obligation Bonds used for Urban Renewal Projects

The City issued a general obligation bond in August 2013 for the purposes of paying the costs of undertaking an urban renewal project consisting of constructing a municipal public works building. The bonds are payable from ad valorem taxes levied against 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. Total principal and interest remaining on the bonds is \$3,987,575, payable through June 2020.

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 \$322,620. For the current year, principal and interest paid and total customer net receipts were \$24,400 and \$57,939, 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.

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

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

Development Agreements

The City 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, 2015 was \$3,388, with \$76,506 applied to the principal. As of June 30, 2015, the agreement has been paid in full.

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, 2015 was \$58,271, with \$69,356 principal applied. The terms for these agreements are 10 years, using interest rate assumptions of 5.70% to 6.75%. As of June 30, 2015, the 10 year term has expired for both agreements.

**Note 4. Pension and Retirement Benefits**

Plan Description

Iowa Public Employees Retirement System (IPERS) membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by IPERS. IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

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

Pension Benefits

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

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

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

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**Note 4. Pension and Retirement Benefits (continued)**

A protection occupation member may retire at normal retirement age which is generally at age 55. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

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

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

Disability and Death Benefits

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

Contributions

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

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95% of pay and the City contributed 8.93% for a total rate of 14.88%. Protection occupation members contributed 6.76% of pay and the City contributed 10.14% for a total rate of 16.90%.

The City's contributions to IPERS for the year ended June 30, 2015 were \$121,971.

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

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**Note 4. Pension and Retirement Benefits (continued)**

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

At June 30, 2015, the City's liability for its proportionate share of the collective net pension liability totaled \$284,505. The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the collective net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014 the City's proportions for the regular membership group and protection occupation membership group were 0.010591% and 0.184634%, respectively, which was a decrease of 0.000025% for the regular membership group and increase of 0.009735% for the protection occupation membership group from their proportions measured as of June 30, 2013.

For the year ended June 30, 2015, the City's collective pension expense, collective deferred outflows and collective deferred inflows totaled \$45,554, \$146,760 and \$318,404 respectively.

Actuarial Assumptions

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

Rate of Inflation (effective June 30, 2014)	3.00%
Rates of salary increase (effective June 30, 2010)	4.00%, average, including inflation
Long-term investment rate of return (effective June 30, 1996)	7.50% per annum, compounded annually, net of pension plan investment expense, including inflation.

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

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

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

**Note 4. Pension and Retirement Benefits (continued)**

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

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

Discount Rate

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's proportionate share of the net pension liability			
Regular membership	\$ 809,863	\$ 428,619	\$ 106,809
Protection occupation	\$ 151,933	\$ (144,114)	\$ (393,575)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

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

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**Note 5. 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, 2015, primarily relating to the General Fund, is \$125,424 based on rates of pay in effect at July 1, 2015.

**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 91% of the premium for non-union full-time employees. For full-time employees selecting family coverage, the union employees pay 14-17% of the actuarial premium cost and non-union employees pay 9% of the actuarial premium cost. The City reimburses employees for their deductible after the employees have reached their out-of-pocket maximum of \$500 per individual and \$1,000 per family. The total maximum reimbursement liability to be paid by the City is \$102,500. The City's cost related to this reimbursement for the year ended June 30, 2015 was approximately \$80,250.

**Note 7. 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/United Healthcare. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

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 \$350 for single coverage and \$1,074 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2015, the City contributed \$300,675 and plan members eligible for benefits contributed \$26,181 to the plan.

**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.

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

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**Note 9. 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 \$319,746 were recorded for the year ended June 30, 2015.

**Note 10. 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 \$43,628 in recycling fees in fiscal year 2015.

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 2015. There is a five year notice of cancellation requirement.

**Note 11. Cash Basis Fund Balances**

The detail of the governmental fund cash basis fund balances for the year ended June 30, 2015 are as follows:

	General	Road Use Tax	Sales Tax	TIF	Capital Projects	Other Nonmajor Governmental	Total
Restricted for:							
Road use purposes	\$ -	\$ 121,919	\$ -	\$ -	\$ -	\$ -	\$ 121,919
Tax referendum purposes	-	-	333,891	-	-	-	333,891
Urban renewal projects	-	-	-	633,357	-	-	633,357
Committed to:							
Other purposes	7,819	-	-	-	-	-	7,819
Assigned to:							
Public safety	-	-	-	-	73,131	-	73,131
Public pool	-	-	-	-	20,000	-	20,000
Other capital projects	-	-	-	-	31,055	-	31,055
Other purposes	-	-	-	-	-	91,409	91,409
Unassigned	<u>517,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>517,237</u>
Total	<u>\$ 525,056</u>	<u>\$ 121,919</u>	<u>\$ 333,891</u>	<u>\$ 633,357</u>	<u>\$ 124,186</u>	<u>\$ 91,409</u>	<u>\$ 1,829,818</u>

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

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**Note 12. Interfund Transfers**

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

Transfer to:	
General fund	\$ 645,855
Sales tax	10,918
Tax increment financing	231,205
Debt service	932,805
Capital projects	59,200
Nonmajor governmental	32,368
Water service	152,289
Water equipment reserve	20,000
Sewer equipment reserve	<u>10,000</u>
	<u>\$ 2,094,640</u>
Transfer from:	
General fund	\$ 79,568
Sales tax	402,701
Tax increment financing	943,645
Capital projects	100,682
Nonmajor governmental	247,575
Water service	157,708
Water equipment reserve	19,000
Sewer service	142,568
Nonmajor enterprise	<u>1,193</u>
	<u>\$ 2,094,640</u>

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

**Note 13. 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:

Waterworks plant improvements	\$ 60,750
Old public works site redevelopment	28,200
Remodel city hall front counter	6,833
Agency/Broadway street design	2,657

**Note 14. Related Party Transactions**

The City had business transactions between the City and City officials consisting of payments totaling \$89,525 and receipts totaling \$10,000 during the year ended June 30, 2015.

## **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, 2015**

	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	\$ 1,238,185	\$ -	\$ -	\$ 1,238,185	\$ 1,263,826	\$ 1,216,931	\$ 21,254
Tax increment financing collections	1,347,323	-	-	1,347,323	1,350,498	1,350,498	(3,175)
Other city taxes	573,937	-	-	573,937	554,743	557,458	16,479
Use of money and property	49,883	-	-	49,883	42,866	44,366	5,517
Licenses and permits	79,247	-	-	79,247	109,304	114,004	(34,757)
Intergovernmental	730,494	-	-	730,494	488,668	753,674	(23,180)
Charges for service	227,829	1,811,606	90,244	1,949,191	1,677,295	2,006,395	(57,204)
Miscellaneous	<u>390,052</u>	<u>56,809</u>	<u>-</u>	<u>446,861</u>	<u>328,544</u>	<u>424,758</u>	<u>22,103</u>
Total receipts	<u>4,636,950</u>	<u>1,868,415</u>	<u>90,244</u>	<u>6,415,121</u>	<u>5,815,744</u>	<u>6,468,084</u>	<u>(52,963)</u>
<b>Disbursements:</b>							
Public safety	1,697,358	23,462	23,462	1,697,358	1,592,930	1,917,085	219,727
Public works	584,207	17,280	17,280	584,207	620,607	639,707	55,500
Culture and recreation	226,854	-	-	226,854	269,266	272,766	45,912
Community and economic development	271,361	-	-	271,361	300,183	323,183	51,822
General government	530,052	13,161	13,161	530,052	520,461	601,186	71,134
Debt service	932,805	-	-	932,805	932,805	932,805	-
Capital projects	1,602,492	-	-	1,602,492	1,200,000	1,676,300	73,808
Business type activities	<u>-</u>	<u>1,533,605</u>	<u>26,591</u>	<u>1,507,014</u>	<u>1,380,218</u>	<u>1,642,473</u>	<u>135,459</u>
Total disbursements	<u>5,845,129</u>	<u>1,587,508</u>	<u>80,494</u>	<u>7,352,143</u>	<u>6,816,470</u>	<u>8,005,505</u>	<u>653,362</u>
Excess (deficiency) of receipts over disbursements	(1,208,179)	280,907	9,750	(937,022)	(1,000,726)	(1,537,421)	600,399
Other financing sources	<u>138,180</u>	<u>(45,243)</u>	<u>-</u>	<u>92,937</u>	<u>240,000</u>	<u>360,000</u>	<u>(267,063)</u>
Net change in cash balances	(1,069,999)	235,664	9,750	(844,085)	(760,726)	(1,177,421)	333,336
Cash balances beginning of year	<u>2,899,817</u>	<u>756,331</u>	<u>89,726</u>	<u>3,566,422</u>	<u>3,029,044</u>	<u>3,029,044</u>	<u>537,378</u>
Cash balances end of year	<u>\$ 1,829,818</u>	<u>\$ 991,995</u>	<u>\$ 99,476</u>	<u>\$ 2,722,337</u>	<u>\$ 2,268,318</u>	<u>\$ 1,851,623</u>	<u>\$ 870,714</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, budget amendments increased budgeted disbursements by \$1,189,035. The budget amendments are reflected in the final budgeted amounts.

**City of West Burlington**  
**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**Iowa Public Employees' Retirement System**  
**Last Fiscal Year\***  
**(In Thousands)**  
**Other Information**

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City's proportion of the net pension liability	
Regular	0.0105910%
Protection occupation	0.1846340%
City's proportionate share of the net pension liability	
Regular	\$ 429
Protection occupation	(144)
City's covered-employee payroll	
Regular	\$ 723
Protection occupation	566
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	
Regular	0.59%
Protection occupation	(0.25)%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying independent auditor's report.

**City of West Burlington  
Schedule of City Contributions  
Iowa Public Employees' Retirement System  
Last 10 Fiscal Years  
(In Thousands)  
Other Information**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Statutorily required contribution	\$ 122	\$ 123	\$ 111	\$ 104	\$ 102	\$ 95	\$ 87	\$ 83	\$ 82	\$ 71
Contributions in relation to the statutorily required contribution	<u>(122)</u>	<u>(123)</u>	<u>(111)</u>	<u>(104)</u>	<u>(102)</u>	<u>(95)</u>	<u>(87)</u>	<u>(83)</u>	<u>(82)</u>	<u>(71)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
City's covered-employee payroll	\$ 1,289	\$ 1,294	\$ 1,190	\$ 1,172	\$ 1,233	\$ 1,237	\$ 1,205	\$ 1,160	\$ 1,127	\$ 975
Contributions as a percentage of covered-employee payroll	9.46 %	9.51 %	9.33 %	8.87 %	8.27 %	7.68 %	7.22 %	7.16 %	7.28 %	7.28 %

See accompanying independent auditor's report.

**City of West Burlington**  
**Notes to Other Information – Pension Liability**  
**Year ended June 30, 2015**

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Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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

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

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

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

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

**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, 2015**

	<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	\$ -	\$ -	\$ -	\$ -	\$ 227,147	\$ 227,147
Other city taxes	-	-	40,884	-	-	40,884
Intergovernmental	-	-	-	-	9,889	9,889
Miscellaneous	<u>26,525</u>	<u>-</u>	<u>-</u>	<u>102,537</u>	<u>3,806</u>	<u>132,868</u>
Total receipts	<u>26,525</u>	<u>-</u>	<u>40,884</u>	<u>102,537</u>	<u>240,842</u>	<u>410,788</u>
Disbursements:						
Culture and recreation	40,697	-	-	-	9,078	49,775
General government	<u>-</u>	<u>18,821</u>	<u>19,767</u>	<u>121,343</u>	<u>-</u>	<u>159,931</u>
Total disbursements	<u>40,697</u>	<u>18,821</u>	<u>19,767</u>	<u>121,343</u>	<u>9,078</u>	<u>209,706</u>
Excess (deficiency) of receipts over disbursements	<u>(14,172)</u>	<u>(18,821)</u>	<u>21,117</u>	<u>(18,806)</u>	<u>231,764</u>	<u>201,082</u>
Other financing sources (uses):						
Operating transfers in (out)	<u>9,460</u>	<u>22,368</u>	<u>(10,000)</u>	<u>-</u>	<u>(237,035)</u>	<u>(215,207)</u>
	<u>9,460</u>	<u>22,368</u>	<u>(10,000)</u>	<u>-</u>	<u>(237,035)</u>	<u>(215,207)</u>
Net change in cash balances	(4,712)	3,547	11,117	(18,806)	(5,271)	(14,125)
Cash balances beginning of year	<u>42,143</u>	<u>15,022</u>	<u>24,292</u>	<u>18,806</u>	<u>5,271</u>	<u>105,534</u>
Cash balances end of year	<u>\$ 37,431</u>	<u>\$ 18,569</u>	<u>\$ 35,409</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,409</u>
<b>Cash Basis Fund Balances</b>						
Assigned	<u>37,431</u>	<u>18,569</u>	<u>35,409</u>	<u>-</u>	<u>-</u>	<u>91,409</u>
Total cash basis fund balances	<u>\$ 37,431</u>	<u>\$ 18,569</u>	<u>\$ 35,409</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,409</u>

See accompanying independent auditor's report.

**City of West Burlington  
Statement of Indebtedness  
Year Ended June 30, 2015**

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	\$ 304,000	\$ -	\$ 18,000	\$ 286,000	\$ 9,120	\$ -
Street and storm sewer improvement note	4/15/11	2.00-3.00%	2,715,000	1,525,000	-	680,000	845,000	32,100	-
Aerial fire truck note	5/04/11	2.50-3.20%	750,000	545,000	-	75,000	470,000	15,390	-
Public works building	8/15/13	2.00-2.10%	3,750,000	<u>3,750,000</u>	<u>-</u>	<u>25,000</u>	<u>3,725,000</u>	<u>75,935</u>	<u>-</u>
Total				<u>\$ 6,124,000</u>	<u>\$ -</u>	<u>\$ 798,000</u>	<u>\$ 5,326,000</u>	<u>\$ 132,545</u>	<u>\$ -</u>
<b>Water revenue note:</b>									
Water revenue bond	8/20/08	3.00%	\$ 330,000	<u>\$ 280,000</u>	<u>\$ -</u>	<u>\$ 16,000</u>	<u>\$ 264,000</u>	<u>\$ 8,400</u>	<u>\$ -</u>
<b>Sewer revenue note:</b>									
Sewer revenue note	9/19/14	0.00%	\$ 687,000	<u>\$ -</u>	<u>\$ 92,937</u>	<u>\$ -</u>	<u>\$ 92,937</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Development agreements *</b>	Various	5.70-6.75%	\$ 2,161,206	<u>\$ 839,401</u>	<u>\$ -</u>	<u>\$ 145,862</u>	<u>\$ -</u>	<u>\$ 61,659</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 5.70%. 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, 2015 was \$3,388, with \$76,506 applied to the principal. As of June 30, 2015, the principal payments have been paid in full.

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, 2015 was \$58,271, with \$69,356 principal applied. The terms for these agreements are 10 years, using interest rate assumptions of 5.70% to 6.75%. As of June 30, 2015, the 10 year term has expired.

See accompanying independent auditor's report.

**City of West Burlington  
Bond and Note Maturities  
June 30, 2015**

<b>General Obligation Bonds</b>									
	<u>Street and Storm Sewer Improvement Notes April 15, 2011</u>		<u>Aerial Fire Truck Note April 15, 2011</u>		<u>Water Improvement Loan Agreement August 27, 2008</u>		<u>Public Works Building August 15, 2013</u>		<u>Total</u>
	Year Ending <u>June 30,</u>	Interest <u>Rate</u>	<u>Amount</u>	Interest <u>Rate</u>	<u>Amount</u>	Interest <u>Rate</u>	<u>Amount</u>	Interest <u>Rate</u>	
2016	2.00%	\$ 685,000	2.75%	\$ 75,000	3.00%	\$ 18,000	2.00%	\$ 110,000	\$ 888,000
2017	3.00%	30,000	2.75%	75,000	3.00%	19,000	2.00%	850,000	974,000
2018	3.00%	30,000	2.60%	75,000	3.00%	19,000	2.00%	910,000	1,034,000
2019	3.00%	30,000	2.90%	80,000	3.00%	20,000	2.00%	920,000	1,050,000
2020	3.00%	35,000	3.00%	80,000	3.00%	21,000	2.10%	935,000	1,071,000
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>\$ 845,000</u>		<u>\$ 470,000</u>		<u>\$ 286,000</u>		<u>\$ 3,725,000</u>	<u>\$ 5,326,000</u>

	<u>Sewer Revenue Note September 19, 2014</u>		<u>Water Revenue Bond August 20, 2008</u>	
	Interest <u>Rate</u>	<u>Amount</u>	Interest <u>Rate</u>	<u>Amount</u>
2016		-	3.00%	\$ 17,000
2017	0.00%	\$ 92,937	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>\$ 92,937</u>		<u>\$ 264,000</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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Receipts:</b>										
Property tax	\$ 1,238,185	\$ 1,015,825	\$ 994,156	\$ 1,036,015	\$ 829,024	\$ 826,745	\$ 838,637	\$ 931,804	\$ 927,315	\$ 934,197
Tax increment financing collections	1,347,323	2,191,607	2,286,752	2,063,536	2,195,063	1,968,925	1,681,414	1,985,012	1,947,354	1,899,816
Other city taxes	573,937	513,397	492,940	548,004	687,589	646,133	643,872	537,495	433,246	385,512
Use of money and property	49,883	62,483	45,382	62,659	86,253	82,954	121,715	168,496	110,046	86,271
Licenses and permits	79,247	70,149	157,926	103,477	124,884	45,790	49,658	65,219	96,860	51,125
Intergovernmental	730,494	509,171	513,304	564,370	717,810	377,192	364,218	578,484	405,794	454,128
Charges for services	227,829	242,033	237,721	256,167	234,543	206,329	227,427	160,947	139,111	146,190
Special assessments	-	-	-	-	-	-	-	-	36,138	-
Miscellaneous	<u>390,052</u>	<u>338,356</u>	<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>
Total	<u>\$ 4,636,950</u>	<u>\$ 4,943,021</u>	<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>
<b>Disbursements:</b>										
<b>Operating:</b>										
Public safety	\$ 1,697,358	\$ 1,449,154	\$ 1,396,490	\$ 1,714,660	\$ 2,292,531	\$ 1,179,756	\$ 1,120,511	\$ 1,049,996	\$ 1,084,115	\$ 1,370,520
Public works	584,207	646,950	562,654	549,885	629,415	622,353	510,378	506,502	455,784	451,451
Culture and recreation	226,854	269,561	263,077	291,914	255,802	221,293	289,096	111,732	86,148	101,012
Community and economic development	271,361	360,794	629,285	731,704	781,084	277,976	229,542	205,075	2,349	16,837
General government	530,052	488,495	418,257	576,347	424,320	437,693	433,061	457,439	290,544	299,438
Debt service	932,805	1,794,246	1,494,700	1,742,163	1,707,417	1,763,709	1,358,394	1,118,458	1,220,655	1,118,576
Capital projects	<u>1,602,492</u>	<u>2,151,287</u>	<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>
Total	<u>\$ 5,845,129</u>	<u>\$ 7,160,487</u>	<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>

See accompanying independent auditor's report.

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

	Year Ended June 30,									
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Disbursements:										
Gross salaries	\$ 1,385,999	\$ 1,416,209	\$ 1,357,800	\$ 1,351,400	\$ 1,351,100	\$ 1,336,200	\$ 1,338,300	\$ 1,203,900	\$ 1,164,300	\$ 1,158,300
FICA expense	102,700	105,029	100,900	99,600	99,200	98,500	98,800	89,500	87,100	87,400
IPERS & ICMA expense	<u>121,971</u>	<u>122,649</u>	<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>
Total	<u>\$ 1,610,670</u>	<u>\$ 1,643,887</u>	<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>



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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 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, 2015, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 4, 2015. 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 and questioned costs, we identified a deficiency in internal control we consider to be a significant deficiency.

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 and questioned costs as item I-A-15 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 and questioned costs.

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

### City's Responses to the Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. 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 results 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 4, 2015

**City of West Burlington  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2015**

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

**SIGNIFICANT DEFICIENCY**

I-A-15 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 and Questioned Costs  
Year Ended June 30, 2015**

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

- II-A-15 Certified Budget - Disbursements during the year ended June 30, 2015 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-15 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-15 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- II-D-15 Business Transactions - No business transactions between the City and City officials or employees were found.
- II-E-15 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-15 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

The City Council went into closed session on July 2, 2014. However, the minutes record did not document the specific information regarding the closed session as required by Chapter 21 of the Code of Iowa, commonly known as the open-meetings law.

Recommendation - The City should comply with Chapter 21 of the Code of Iowa.

Response - We will comply with the Code requirements for closed sessions.

Conclusion - Response accepted.

- II-G-15 Bonds and Revenue Notes - The water user charges were 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. No instances of non-compliance with the revenue bond and note resolutions were noted.
- II-H-15 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 and Questioned Costs**  
**Year Ended June 30, 2015**

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

II-I-15 Delinquent Utility Accounts - At June 30, 2015, two 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-15 Urban Renewal Annual Report - The annual urban renewal report was approved and certified to the Iowa Department of Management on or before December 1.

II-K-15 Unsupported Credit Card Expenses - For the year ended June 30, 2015, the City paid for credit card expenses in the amount of \$506 without obtaining independent supporting documentation (e.g. store receipts or invoice).

Recommendation - The City should comply with the established credit card policy and obtain proper documentation to validate expenditure.

Response - The City will obtain supporting documentation for all City expenditures.

Conclusion - Response accepted.