

City of West Burlington

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

June 30, 2016

C o n t e n t s

	Page
Officials	1
Independent Auditor's Report	2 - 3
Management's Discussion and Analysis	4 - 10
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statement:	
Cash Basis Statement of Activities and Net Position	A 11
Governmental Fund Financial Statement:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B 12
Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Balances to the Cash Basis Statement of Activities and Net Position	C 13
Proprietary Fund Financial Statement:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	D 14
Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Balances to the Cash Basis Statement of Activities and Net Position	E 15
Notes to Financial Statements	16 - 27
 Other Information:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds	28
Notes to Other Information - Budgetary Reporting	29
Schedule of the City's Proportionate Share of the Net Pension Liability	30
Schedule of City Contributions	31
Notes to Other Information - Pension Liability	32
 Supplementary Information:	<u>Schedule</u>
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds	1 33
Statement of Indebtedness	2 34
Bond and Note Maturities	3 35
Schedule of Receipts by Source and Disbursements by Function - All Governmental Funds	4 36
Schedule of Selected Employee Related Expenses	5 37
 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 <i>Government Auditing Standards</i>	 38 - 39
Schedule of Findings	40 - 42

City of West Burlington

Officials

(Before January 2016)

<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

(After January 2016)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Hans Trousil	Mayor	December, 2017
Rod Crowner	Council Member	December, 2019
Therese Lees	Council Member	December, 2019
Richard Raleigh	Council Member	December, 2019
Kara Steward	Council Member	December, 2017
Al Waterman	Council Member	December, 2017
Dan Gifford	City Administrator	Not Elected
Leslie Sattler	Finance Officer	Not Elected
Kelly Fry	City Clerk	Not Elected



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

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, 2016, 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, 2016, 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.

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 nine years ended June 30, 2015 (which are not presented herein) and expressed unmodified 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 4 through 10 and 28 through 32, 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 October 5, 2016 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

October 5, 2016

**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, 2016. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2016 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities decreased 5%, or \$253,606, from fiscal 2015 to fiscal 2016. This mainly due to a decrease in TIF revenue from rebates and intergovernmental grants.
- Disbursements of the City's governmental activities decreased 33%, or \$1,952,338, from fiscal 2015 to fiscal 2016. Capital projects decreased \$1,401,403 due to the completion of the public works building in FY15, public safety decreased \$364,909 from equipment purchases for public safety, and community and economic development decreased \$252,405 mostly due to TIF rebates.
- The City's total cash basis net position increased 30%, or \$836,737, from June 30, 2015 to June 30, 2016.

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 increased from a year ago from \$1,902,966 to \$2,391,195. 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>2016</u>	<u>2015</u>
Receipts:		
Program receipts:		
Charges for services	\$ 511,226	\$ 348,206
Operating grants, contributions and restricted interest	518,447	746,881
General receipts:		
Property tax	2,423,752	2,660,189
Local option sales tax	551,790	499,256
Use of money and property	55,816	49,883
Other general receipts	<u>322,314</u>	<u>332,536</u>
Total receipts	<u>4,383,345</u>	<u>4,636,951</u>
Disbursements:		
Public safety	1,317,235	1,682,144
Public works	578,435	591,818
Culture and recreation	244,742	226,854
Community and economic development	18,956	271,361
General government	523,440	535,006
Debt service	1,006,245	932,805
Capital projects	<u>201,089</u>	<u>1,602,492</u>
Total disbursements	<u>3,890,142</u>	<u>5,842,480</u>
Change in cash basis net position before transfers	493,203	(1,205,529)
Transfers net	<u>(4,974)</u>	<u>138,180</u>
Change in cash basis net position	488,229	(1,067,349)
Cash basis net position beginning of year	<u>1,902,966</u>	<u>2,970,315</u>
Cash basis net position end of year	<u>\$ 2,391,195</u>	<u>\$ 1,902,966</u>

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

The City's total receipts for governmental activities decreased by 5%, or \$253,606. This was mainly due to a reduction in tax increment financing for rebates and intergovernmental grants. The total cost of all programs and services decreased by \$1,952,338 or 33%, with no new programs added this year.

The cost of all governmental activities this year was \$3,890,142 compared to \$5,842,480 last year. However, as shown in the Statement of Activities and Net Position on page 11, the amount taxpayers ultimately financed for these activities was \$2,860,469 because some of the cost was paid by those who directly benefited from the programs by (\$511,226) or by other governments and organizations that subsidized certain programs with grants and contributions by (\$518,447). Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for service, decreased in fiscal 2016 from \$1,095,087 to \$1,029,673.

Changes in Cash Basis Net Position of Business Type Activities	Year Ended June 30,	
	<u>2016</u>	<u>2015</u>
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 871,504	\$ 914,862
Sewer	905,190	806,500
General receipts:		
Bond proceeds	141,041	92,937
Miscellaneous receipts	<u>56,831</u>	<u>56,809</u>
Total receipts	<u>1,974,566</u>	<u>1,871,108</u>
Disbursements:		
Water	918,283	885,658
Sewer	<u>712,749</u>	<u>614,256</u>
Total disbursements	<u>1,631,032</u>	<u>1,499,914</u>
Change in cash basis net position before transfer	343,534	371,194
Transfers, net	<u>4,974</u>	<u>(138,180)</u>
Change in cash basis net position	348,508	233,014
Cash basis net position beginning of year	<u>918,847</u>	<u>685,833</u>
Cash basis net position end of year	<u>\$ 1,267,355</u>	<u>\$ 918,847</u>

Total business type activities receipts for the fiscal year were \$1,974,566 compared to \$1,871,108 last year. The cash balance increased by \$348,508. Total disbursements for the fiscal year increased by 9%. Revenues were increased in sewer due to a rate increase in fiscal 2016. Water rates were increased in fiscal 2016 but the number gallons purchased decreased. Sewer expenditures increased due to bond proceeds of \$141,041 in fiscal 2016.

**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 \$2,317,468, an increase of \$487,650 from last year's total of \$1,829,818. 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 \$802,946, an increase of \$277,890 from the prior year.
- The Special Revenue, Road Use Tax Fund cash balance increased by \$89,511 to \$211,430 during the fiscal year. Revenues were \$78,954 over budget due to conservative budgeting and the State increasing the fuel tax.
- 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 44% 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 cash balance (TIF) decreased by \$49,063 to \$584,294 during the fiscal year due to an internal loan for the 2015 residential project which was partially spent down for the project.
- The Capital Projects Fund cash balance increased by \$67,500 to \$191,686 during the fiscal year. This increase is due to the City setting aside more funds for major equipment purchases for future years.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Service Fund cash balance increased \$5,471 to \$355,338 during the fiscal year. Operating receipts exceeded operating disbursements by \$9,681.
- The Sewer Service Fund cash balance increased \$237,005 to \$547,700 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 twice during the fiscal year. The amendments were approved on January 6, 2016 and May 18, 2016 and resulted in an increase in revenues of \$766,543 and an increase in disbursements of \$1,048,214. 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, 2016, the City had \$4,918,978 in bonds and other long-term debt, compared to \$5,682,937 last year, as shown below.

Outstanding Debt at Year End	June 30,	
	<u>2016</u>	<u>2015</u>
General obligation bonds	\$ 4,438,000	\$ 5,326,000
Water revenue loan	247,000	264,000
Sewer revenue note	<u>233,978</u>	<u>92,937</u>
Total	<u>\$ 4,918,978</u>	<u>\$ 5,682,937</u>

The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's general obligation debt of \$4,438,000 is below its constitutional debt limit of approximately \$11.80 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 2017 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 5.5% versus 4.6% a year ago. These indicators were taken into account when adopting the budget for fiscal 2017.

The City saw an increase of 4% in taxable valuations for fiscal 2017. Receipts are projected to increase by 29% or approximately \$2,321,475 and disbursements are projected to increase by 36% or approximately \$2,748,810. The largest increase in revenue and expenditures is due to the mandated renovation and expansion of the wastewater plant with bid letting in spring 2017. This will be financed through the State Revolving Loan Fund. Estimated costs are approximately \$10 million. Sewer rates were increased by 22.5% and additional rate increases may be necessary to cover loan payments. Usage rates were also increased for water, garbage and recycling.

The property tax levy was lowered .10 to \$10.00 per \$1,000 of taxable assessed valuation. The general fund expenditures are projected to exceed revenues by approximately \$77,290, not including internal loan revenue repayments of \$3,711. The City has enough reserves to cover the projected deficit and maintain a general fund balance of 19%. Water revenues are projected to exceed expenditures by \$3,915. This includes internal loan revenue payments of \$43,356 and a transfer to the water equipment reserve account for \$10,000. Sewer revenues are projected to exceed expenditures by \$68,959, which includes an internal loan transfer out of \$309,758 and a \$10,000 transfer to sewer capital equipment.

The local option sales tax balance is projected to increase by \$7,376. Revenues are projected at \$520,918 with expenditures of \$513,542. Included in the expenditures are debt service payments of \$149,963 from Local Option Sales Tax. Tax Increment Financing payments for general obligation debt payments are \$923,735 and \$79,934 for internal loan repayments. The road use fund is projected to be spent down by \$8,304. A project to install cameras at an intersection for \$42,500 is budgeted to spend additional funds received due to the increase of the state fuel tax.

**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, 2016

	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
Functions / Programs:							
Governmental activities:							
Public safety	\$ 1,317,235	\$ 150,083	\$ 144,594	\$ -	\$ (1,022,558)	\$ -	\$ (1,022,558)
Public works	578,435	187,035	372,221	-	(19,179)	-	(19,179)
Culture and recreation	244,742	173,738	-	-	(71,004)	-	(71,004)
Community and economic development	18,956	-	-	-	(18,956)	-	(18,956)
General government	523,440	370	1,632	-	(521,438)	-	(521,438)
Debt service	1,006,245	-	-	-	(1,006,245)	-	(1,006,245)
Capital projects	201,089	-	-	-	(201,089)	-	(201,089)
Total governmental activities	<u>3,890,142</u>	<u>511,226</u>	<u>518,447</u>	<u>-</u>	<u>(2,860,469)</u>	<u>-</u>	<u>(2,860,469)</u>
Business type activities:							
Water	918,283	871,504	-	-	-	(46,779)	(46,779)
Sewer	712,749	905,190	-	-	-	192,441	192,441
Total business type activities	<u>1,631,032</u>	<u>1,776,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,662</u>	<u>145,662</u>
Total	<u>\$ 5,521,174</u>	<u>\$ 2,287,920</u>	<u>\$ 518,447</u>	<u>\$ -</u>	<u>(2,860,469)</u>	<u>145,662</u>	<u>(2,714,807)</u>
General Receipts and Transfers:							
Property and other city tax levied for:							
General purposes					1,400,838	-	1,400,838
Tax increment financing					1,022,914	-	1,022,914
Local option sales tax					551,790	-	551,790
Unrestricted interest on investments					55,816	-	55,816
Bond proceeds					-	141,041	141,041
Transfers					(4,974)	4,974	-
Miscellaneous					322,314	56,831	379,145
Total general receipts and transfers					<u>3,348,698</u>	<u>202,846</u>	<u>3,551,544</u>
Change in cash basis net position					488,229	348,508	836,737
Cash basis net position beginning of year					<u>1,902,966</u>	<u>918,847</u>	<u>2,821,813</u>
Cash basis net position end of year					<u>\$ 2,391,195</u>	<u>\$ 1,267,355</u>	<u>\$ 3,658,550</u>
Cash Basis Net Position							
Restricted:							
Expendable					\$ 1,233,249	\$ 334,210	\$ 1,567,459
Unrestricted					<u>1,157,946</u>	<u>933,145</u>	<u>2,091,091</u>
Total cash basis net position					<u>\$ 2,391,195</u>	<u>\$ 1,267,355</u>	<u>\$ 3,658,550</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, 2016

	Special Revenue						Other Nonmajor Governmental	Total
	General	Road Use Tax	Sales Tax	TIF	Debt Service	Capital Projects		
Receipts:								
Property tax	\$ 1,071,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 242,399	\$ 1,313,569
Tax increment financing	-	-	-	1,022,914	-	-	-	1,022,914
Other city tax	42,731	-	551,790	-	-	-	44,538	639,059
Use of money and property	51,165	-	-	4,651	-	-	-	55,816
License and permits	155,359	-	-	-	-	-	-	155,359
Intergovernmental	209,528	372,221	-	-	-	-	20,277	602,026
Charges for services	235,229	-	-	-	-	-	-	235,229
Miscellaneous	297,794	-	-	-	-	-	61,579	359,373
Total receipts	<u>2,062,976</u>	<u>372,221</u>	<u>551,790</u>	<u>1,027,565</u>	<u>-</u>	<u>-</u>	<u>368,793</u>	<u>4,383,345</u>
Disbursements:								
Operating:								
Public safety	1,303,785	-	19,237	-	-	-	-	1,323,022
Public works	262,687	282,710	22,540	-	-	-	-	567,937
Culture and recreation	205,455	-	-	-	-	-	39,287	244,742
Community and economic development	7,462	-	1,494	10,000	-	-	-	18,956
General government	441,525	-	-	-	-	-	87,205	528,730
Debt service	-	-	-	-	1,006,245	-	-	1,006,245
Capital projects	91,422	-	28,459	81,208	-	-	-	201,089
Total disbursements	<u>2,312,336</u>	<u>282,710</u>	<u>71,730</u>	<u>91,208</u>	<u>1,006,245</u>	<u>-</u>	<u>126,492</u>	<u>3,890,721</u>
Excess (deficiency) of receipts over disbursements	(249,360)	89,511	480,060	936,357	(1,006,245)	-	242,301	492,624
Other financing sources (uses):								
Operating transfers in (out)	<u>527,250</u>	<u>-</u>	<u>(382,554)</u>	<u>(985,420)</u>	<u>1,006,245</u>	<u>67,500</u>	<u>(237,995)</u>	<u>(4,974)</u>
Net change in cash balances	277,890	89,511	97,506	(49,063)	-	67,500	4,306	487,650
Cash balances beginning 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>
Cash balances end of year	<u>\$ 802,946</u>	<u>\$ 211,430</u>	<u>\$ 431,397</u>	<u>\$ 584,294</u>	<u>\$ -</u>	<u>\$ 191,686</u>	<u>\$ 95,715</u>	<u>\$ 2,317,468</u>
Cash Basis Fund Balances								
Restricted	\$ -	\$ 211,430	\$ 431,397	\$ 584,294	\$ -	\$ -	\$ -	\$ 1,227,121
Committed	6,128	-	-	-	-	-	-	6,128
Assigned	-	-	-	-	-	191,686	95,715	287,401
Unassigned	796,818	-	-	-	-	-	-	796,818
Total cash basis fund balances	<u>\$ 802,946</u>	<u>\$ 211,430</u>	<u>\$ 431,397</u>	<u>\$ 584,294</u>	<u>\$ -</u>	<u>\$ 191,686</u>	<u>\$ 95,715</u>	<u>\$ 2,317,468</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, 2016

Total governmental funds cash balances (page 12) \$ 2,317,468

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.

73,727

Cash basis net position of governmental activities (page 11) \$ 2,391,195

Change in cash balances (page 12) \$ 487,650

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.

579

Change in cash basis net position of governmental activities (page 11) \$ 488,229

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, 2016

	Enterprise Funds					Total	Internal Service
	Water Service	Water Equipment Reserve	Sewer Service	Sewer Equipment Reserve	Nonmajor Enterprise Fund		Employee Health
Operating Receipts:							
Charges for services	\$ 871,504	\$ -	\$ 905,190	\$ -	\$ -	\$ 1,776,694	\$ 89,994
Total operating receipts	<u>871,504</u>	<u>-</u>	<u>905,190</u>	<u>-</u>	<u>-</u>	<u>1,776,694</u>	<u>89,994</u>
Operating Disbursements:							
Governmental activities:							
Public safety	-	-	-	-	-	-	31,622
Public works	-	-	-	-	-	-	17,772
General government	-	-	-	-	-	-	6,748
Business type activities	<u>861,823</u>	<u>-</u>	<u>503,829</u>	<u>-</u>	<u>25,671</u>	<u>1,391,323</u>	<u>27,408</u>
Total operating disbursements	<u>861,823</u>	<u>-</u>	<u>503,829</u>	<u>-</u>	<u>25,671</u>	<u>1,391,323</u>	<u>83,550</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>9,681</u>	<u>-</u>	<u>401,361</u>	<u>-</u>	<u>(25,671)</u>	<u>385,371</u>	<u>6,444</u>
Non-operating receipts (disbursements):							
Interest on investments	-	-	-	-	-	-	-
Miscellaneous	11,261	-	2,426	-	43,144	56,831	-
Debt proceeds	-	-	141,041	-	-	141,041	-
Debt service	(25,580)	-	-	-	-	(25,580)	-
Capital projects	<u>-</u>	<u>(9,480)</u>	<u>(210,514)</u>	<u>-</u>	<u>-</u>	<u>(219,994)</u>	<u>-</u>
Net non-operating receipts (disbursements)	<u>(14,319)</u>	<u>(9,480)</u>	<u>(67,047)</u>	<u>-</u>	<u>43,144</u>	<u>(47,702)</u>	<u>-</u>
Excess of receipts over disbursements	(4,638)	(9,480)	334,314	-	17,473	337,669	6,444
Transfers in (out)	<u>10,109</u>	<u>82,174</u>	<u>(97,309)</u>	<u>10,000</u>	<u>-</u>	<u>4,974</u>	<u>-</u>
Change in cash balances	5,471	72,694	237,005	10,000	17,473	342,643	6,444
Cash balances beginning 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>
Cash balances end of year	<u>\$ 355,338</u>	<u>\$ 129,210</u>	<u>\$ 547,700</u>	<u>\$ 32,690</u>	<u>\$ 170,224</u>	<u>\$ 1,235,162</u>	<u>\$ 105,920</u>
Cash Basis Fund Balances							
Restricted for other purposes	\$ -	\$ 129,210	\$ -	\$ 32,690	\$ 170,224	\$ 332,124	\$ -
Restricted for debt service	2,086	-	-	-	-	2,086	-
Unrestricted	<u>353,252</u>	<u>-</u>	<u>547,700</u>	<u>-</u>	<u>-</u>	<u>900,952</u>	<u>105,920</u>
Total cash basis fund balances	<u>\$ 355,338</u>	<u>\$ 129,210</u>	<u>\$ 547,700</u>	<u>\$ 32,690</u>	<u>\$ 170,224</u>	<u>\$ 1,235,162</u>	<u>\$ 105,920</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, 2016

Total enterprise funds cash balances (page 14) \$ 1,235,162

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.

32,193

Cash basis net position of business type activities (page 11) \$ 1,267,355

Change in cash balances (page 14) \$ 342,643

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.

5,865

Change in cash basis net position of business type activities (page 11) \$ 348,508

See notes to financial statements.

City of West Burlington
Notes to Financial Statements

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

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

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

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 October 5, 2016, 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, 2016.

Note 2. Cash and Investments

The City's deposits in banks at June 30, 2016 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 or GASB No. 72.

**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
2017	\$ 974,000	\$ 97,528	\$ -	\$ -	\$ 17,000	\$ 7,410	\$ 991,000	\$ 104,938
2018	1,034,000	76,995	233,978	-	18,000	6,900	1,285,978	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	141,000	9,440	-	-	20,000	5,220	161,000	14,660
2022-2026	117,000	18,390	-	-	107,000	16,890	224,000	35,280
2027-2028	<u>51,000</u>	<u>2,310</u>	<u>-</u>	<u>-</u>	<u>47,000</u>	<u>2,130</u>	<u>98,000</u>	<u>4,440</u>
	<u>\$4,438,000</u>	<u>\$ 293,193</u>	<u>\$ 233,978</u>	<u>\$ -</u>	<u>\$ 247,000</u>	<u>\$ 50,700</u>	<u>\$4,918,978</u>	<u>\$ 343,893</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 \$3,802,140, 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 \$297,700. For the current year, principal and interest paid and total customer net receipts were \$24,920 and \$9,681, respectively.

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

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

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

City of West Burlington
Notes to Financial Statements

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.

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, any time 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, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Protection occupation members 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 more than 22 years of service 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 the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month 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.

City of West Burlington
Notes to Financial Statements

Note 4. Pension and Retirement Benefits (continued)

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

Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires 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 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the City contributed 8.93% of covered payroll, for a total rate of 14.88%. Protection occupation members contributed 6.56% of covered payroll and the City contributed 9.84% of covered payroll, for a total rate of 16.40%.

The City's contributions to IPERS for the year ended June 30, 2016 totaled \$118,734.

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

At June 30, 2016, the City reported a liability of \$445,971 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the City's proportion was 0.009027%, which was an increase of 0.001853% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$62,969, \$280,596 and \$235,739 respectively.

There were no non-employer contributing entities to IPERS.

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

Note 4. Pension and Retirement Benefits (continued)

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as follows:

Rate of Inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00% to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of 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 geometric 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>
Core plus fixed income	28 %	2.04
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
Total	<u>100 %</u>	

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

Note 4. Pension and Retirement Benefits (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the IPERS' 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 IPERS' 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 7.50%, 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% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 961,796	\$ 284,505	\$ (286,766)

IPERS' Fiduciary Net Position

Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

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, 2016, primarily relating to the General Fund, is \$130,887 based on rates of pay in effect at July 1, 2016.

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 \$116,850. The City's cost related to this reimbursement for the year ended June 30, 2016 was approximately \$75,555.

City of West Burlington
Notes to Financial Statements

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 \$345 for single coverage and \$1,058 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2016, the City contributed \$298,151 and plan members eligible for benefits contributed \$25,695 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.

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 \$293,254 were recorded for the year ended June 30, 2016.

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 \$44,770 in recycling fees in fiscal year 2016.

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 2016. There is a five year notice of cancellation requirement.

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

Note 11. Cash Basis Fund Balances

The detail of the governmental fund cash basis fund balances for the year ended June 30, 2016 are as follows:

	General	Road Use Tax	Sales Tax	TIF	Capital Projects	Other Nonmajor Governmental	Total
Restricted for:							
Road use purposes	\$ -	\$ 211,430	\$ -	\$ -	\$ -	\$ -	\$ 211,430
Tax referendum purposes	-	-	431,397	-	-	-	431,397
Urban renewal projects	-	-	-	584,294	-	-	584,294
Committed to:							
Other purposes	6,128	-	-	-	-	-	6,128
Assigned to:							
Public safety	-	-	-	-	113,131	-	113,131
Public pool	-	-	-	-	25,000	-	25,000
Other capital projects	-	-	-	-	53,555	-	53,555
Other purposes	-	-	-	-	-	95,715	95,715
Unassigned	<u>796,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>796,818</u>
Total	<u>\$ 802,946</u>	<u>\$ 211,430</u>	<u>\$ 431,397</u>	<u>\$ 584,294</u>	<u>\$ 191,686</u>	<u>\$ 95,715</u>	<u>\$ 2,317,468</u>

Note 12. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

Transfer to:	
General fund	\$ 603,931
Sales tax	10,918
Tax increment financing	18,405
Debt service	1,006,245
Capital projects	67,500
Nonmajor governmental	36,681
Water service	130,690
Water equipment reserve	90,000
Sewer equipment reserve	<u>10,000</u>
	<u>\$ 1,974,370</u>
Transfer from:	
General fund	\$ 76,681
Sales tax	393,472
Tax increment financing	1,003,825
Nonmajor governmental	274,676
Water service	120,581
Water equipment reserve	7,826
Sewer service	<u>97,309</u>
	<u>\$ 1,974,370</u>

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

City of West Burlington
Notes to Financial Statements

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	\$ 448,800
Glasgow/Vernon water and sewer extension	49,804
Fire department equipment for purchase with SAFER grant	72,474
Vehicle for police department with equipment	36,096
Vehicle for fire department	31,307
Police uniforms for reserve officers	5,557
Fire department equipment lighting and radios	4,844
Agency/Broadway street design	2,657

Note 14. Related Party Transactions

No material transactions between the City and City officials were noted during the course of the audit.

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, 2016

	Governmental Funds Actual	Proprietary Fund Type Actual	Less Funds not Required to be Budgeted	Net	Budgeted Amounts		Final to Net Variance
					Original	Final	
Receipts:							
Property tax	\$ 1,313,569	\$ -	\$ -	\$ 1,313,569	\$ 1,314,900	\$ 1,314,900	\$ (1,331)
Tax increment financing collections	1,022,914	-	-	1,022,914	1,100,000	1,100,000	(77,086)
Other city taxes	639,059	-	-	639,059	557,127	640,127	(1,068)
Use of money and property	55,816	-	-	55,816	42,447	48,947	6,869
Licenses and permits	155,359	-	-	155,359	84,160	127,660	27,699
Intergovernmental	602,026	-	-	602,026	537,955	767,073	(165,047)
Charges for service	235,229	1,866,688	89,994	2,011,923	2,123,719	2,126,219	(114,296)
Miscellaneous	359,373	56,831	-	416,204	373,132	517,857	(101,653)
Total receipts	<u>4,383,345</u>	<u>1,923,519</u>	<u>89,994</u>	<u>6,216,870</u>	<u>6,133,440</u>	<u>6,642,783</u>	<u>(425,913)</u>
Disbursements:							
Public safety	1,323,022	31,622	31,622	1,323,022	1,527,048	1,796,931	473,909
Public works	567,937	17,772	17,772	567,937	588,479	611,804	43,867
Culture and recreation	244,742	-	-	244,742	243,222	266,222	21,480
Community and economic development	18,956	-	-	18,956	69,747	80,447	61,491
General government	528,730	6,748	6,748	528,730	598,403	710,798	182,068
Debt service	1,006,245	-	-	1,006,245	1,006,245	1,006,245	-
Capital projects	201,089	-	-	201,089	25,000	236,311	35,222
Business type activities	-	1,664,305	27,408	1,636,897	1,559,564	1,957,164	320,267
Total disbursements	<u>3,890,721</u>	<u>1,720,447</u>	<u>83,550</u>	<u>5,527,618</u>	<u>5,617,708</u>	<u>6,665,922</u>	<u>1,138,304</u>
Excess (deficiency) of receipts over disbursements	492,624	203,072	6,444	689,252	515,732	(23,139)	712,391
Other financing sources	(4,974)	146,015	-	141,041	42,000	299,200	(158,159)
Net change in cash balances	487,650	349,087	6,444	830,293	557,732	276,061	554,232
Cash balances beginning of year	<u>1,829,818</u>	<u>991,995</u>	<u>99,476</u>	<u>2,722,337</u>	<u>2,556,453</u>	<u>2,556,453</u>	<u>165,884</u>
Cash balances end of year	<u>\$ 2,317,468</u>	<u>\$ 1,341,082</u>	<u>\$ 105,920</u>	<u>\$ 3,552,630</u>	<u>\$ 3,114,185</u>	<u>\$ 2,832,514</u>	<u>\$ 720,116</u>

See accompanying independent auditor's report.

City of West Burlington
Notes to Other Information - Budgetary Reporting

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 \$1,048,214. 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

	2016	2015
City's proportion of the net pension liability	0.0090270%	0.1952250%
City's proportionate share of the net pension liability	\$ 446	\$ 285
City's covered-employee payroll	\$ 1,289	\$ 1,294
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.35%	0.22%
Plan fiduciary net position as a percentage of the total pension liability	85.19%	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>2016</u>	<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>
Statutorily required contribution	\$ 119	\$ 122	\$ 123	\$ 111	\$ 104	\$ 102	\$ 96	\$ 87	\$ 83	\$ 82
Contributions in relation to the statutorily required contribution	<u>(119)</u>	<u>(122)</u>	<u>(123)</u>	<u>(111)</u>	<u>(104)</u>	<u>(102)</u>	<u>(96)</u>	<u>(87)</u>	<u>(83)</u>	<u>(82)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
City's covered-employee payroll	\$ 1,273	\$ 1,289	\$ 1,294	\$ 1,190	\$ 1,172	\$ 1,233	\$ 1,237	\$ 1,205	\$ 1,160	\$ 1,127
Contributions as a percentage of covered-employee payroll	9.35 %	9.46 %	9.51 %	9.33 %	8.87 %	8.27 %	7.76 %	7.22 %	7.16 %	7.28 %

See accompanying independent auditor's report.

City of West Burlington
Notes to Other Information – Pension Liability
Year ended June 30, 2016

Changes of benefit terms:

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

Legislative action in 2008 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.

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 the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

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, 2016

	<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	\$ -	\$ -	\$ -	\$ -	\$ 242,399	\$ 242,399
Other city taxes	-	-	44,538	-	-	44,538
Intergovernmental	-	-	-	-	20,277	20,277
Miscellaneous	<u>22,613</u>	<u>-</u>	<u>-</u>	<u>38,966</u>	<u>-</u>	<u>61,579</u>
Total receipts	<u>22,613</u>	<u>-</u>	<u>44,538</u>	<u>38,966</u>	<u>262,676</u>	<u>368,793</u>
Disbursements:						
Culture and recreation	39,287	-	-	-	-	39,287
General government	<u>-</u>	<u>25,611</u>	<u>22,628</u>	<u>38,966</u>	<u>-</u>	<u>87,205</u>
Total disbursements	<u>39,287</u>	<u>25,611</u>	<u>22,628</u>	<u>38,966</u>	<u>-</u>	<u>126,492</u>
Excess (deficiency) of receipts over disbursements	<u>(16,674)</u>	<u>(25,611)</u>	<u>21,910</u>	<u>-</u>	<u>262,676</u>	<u>242,301</u>
Other financing sources (uses):						
Operating transfers in (out)	<u>10,000</u>	<u>26,681</u>	<u>(12,000)</u>	<u>-</u>	<u>(262,676)</u>	<u>(237,995)</u>
	<u>10,000</u>	<u>26,681</u>	<u>(12,000)</u>	<u>-</u>	<u>(262,676)</u>	<u>(237,995)</u>
Net change in cash balances	(6,674)	1,070	9,910	-	-	4,306
Cash balances beginning of year	<u>37,431</u>	<u>18,569</u>	<u>35,409</u>	<u>-</u>	<u>-</u>	<u>91,409</u>
Cash balances end of year	<u>\$ 30,757</u>	<u>\$ 19,639</u>	<u>\$ 45,319</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,715</u>
Cash Basis Fund Balances						
Assigned	<u>30,757</u>	<u>19,639</u>	<u>45,319</u>	<u>-</u>	<u>-</u>	<u>95,715</u>
Total cash basis fund balances	<u>\$ 30,757</u>	<u>\$ 19,639</u>	<u>\$ 45,319</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,715</u>

See accompanying independent auditor's report.

**City of West Burlington
Statement of Indebtedness
Year Ended June 30, 2016**

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
General obligation bonds:									
Water improvement loan agreement	8/27/08	3.00%	\$ 400,000	\$ 286,000	\$ -	\$ 18,000	\$ 268,000	\$ 8,580	\$ -
Street and storm sewer improvement note	4/15/11	2.00-3.00%	2,715,000	845,000	-	685,000	160,000	18,500	-
Aerial fire truck note	5/04/11	2.50-3.20%	750,000	470,000	-	75,000	395,000	13,515	-
Public works building	8/15/13	2.00-2.10%	3,750,000	<u>3,725,000</u>	<u>-</u>	<u>110,000</u>	<u>3,615,000</u>	<u>75,435</u>	<u>-</u>
Total				<u>\$ 5,326,000</u>	<u>\$ -</u>	<u>\$ 888,000</u>	<u>\$ 4,438,000</u>	<u>\$ 116,030</u>	<u>\$ -</u>
Water revenue note:									
Water revenue bond	8/20/08	3.00%	\$ 330,000	<u>\$ 264,000</u>	<u>\$ -</u>	<u>\$ 17,000</u>	<u>\$ 247,000</u>	<u>\$ 7,920</u>	<u>\$ -</u>
Sewer revenue note:									
Sewer revenue note	9/19/14	0.00%	\$ 687,000	<u>\$ 92,937</u>	<u>\$ 141,041</u>	<u>\$ -</u>	<u>\$ 233,978</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

**City of West Burlington
Bond and Note Maturities
June 30, 2016**

General Obligation Bonds									
Year Ending June 30,	<u>Water Improvement Loan Agreement August 27, 2008</u>		<u>Street and Storm Sewer Improvement Notes April 15, 2011</u>		<u>Aerial Fire Truck Note May 4, 2011</u>		<u>Public Works Building August 15, 2013</u>		<u>Total</u>
	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>	
2017	3.00%	\$ 19,000	3.00%	\$ 30,000	2.75%	\$ 75,000	2.00%	\$ 850,000	\$ 974,000
2018	3.00%	19,000	3.00%	30,000	2.60%	75,000	2.00%	910,000	1,034,000
2019	3.00%	20,000	3.00%	30,000	2.90%	80,000	2.00%	920,000	1,050,000
2020	3.00%	21,000	3.00%	35,000	3.00%	80,000	2.10%	935,000	1,071,000
2021	3.00%	21,000	3.00%	35,000	3.20%	85,000	-	-	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%	<u>26,000</u>	-	<u>-</u>	-	<u>-</u>	-	<u>-</u>	<u>26,000</u>
		<u>\$ 268,000</u>		<u>\$ 160,000</u>		<u>\$ 395,000</u>		<u>\$ 3,615,000</u>	<u>\$ 4,438,000</u>

Year Ending June 30,	<u>Water Revenue Bond August 20, 2008</u>		<u>Sewer Revenue Note September 19, 2014</u>	
	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>
2017	3.00%	\$ 17,000	0.00%	\$ 233,978
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%	<u>24,000</u>	-	<u>-</u>
		<u>\$ 247,000</u>		<u>\$ 233,978</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>2016</u>	<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>
Receipts:										
Property tax	\$ 1,313,569	\$ 1,238,185	\$ 1,015,825	\$ 994,156	\$ 1,036,015	\$ 829,024	\$ 826,745	\$ 838,637	\$ 931,804	\$ 927,315
Tax increment financing collections	1,022,914	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
Other city taxes	639,059	573,937	513,397	492,940	548,004	687,589	646,133	643,872	537,495	433,246
Use of money and property	55,816	49,883	62,483	45,382	62,659	86,253	82,954	121,715	168,496	110,046
Licenses and permits	155,359	79,247	70,149	157,926	103,477	124,884	45,790	49,658	65,219	96,860
Intergovernmental	602,026	730,494	509,171	513,304	564,370	717,810	377,192	364,218	578,484	405,794
Charges for services	235,229	227,829	242,033	237,721	256,167	234,543	206,329	227,427	160,947	139,111
Special assessments	-	-	-	-	-	-	-	-	-	36,138
Miscellaneous	<u>359,373</u>	<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>
Total	<u>\$ 4,383,345</u>	<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>
Disbursements:										
Operating:										
Public safety	\$ 1,323,022	\$ 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
Public works	567,937	584,207	646,950	562,654	549,885	629,415	622,353	510,378	506,502	455,784
Culture and recreation	244,742	226,854	269,561	263,077	291,914	255,802	221,293	289,096	111,732	86,148
Community and economic development	18,956	271,361	360,794	629,285	731,704	781,084	277,976	229,542	205,075	2,349
General government	528,730	530,052	488,495	418,257	576,347	424,320	437,693	433,061	457,439	290,544
Debt service	1,006,245	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
Capital projects	<u>201,089</u>	<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>
Total	<u>\$ 3,890,721</u>	<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>

See accompanying independent auditor's report.

City of West Burlington
Schedule of Selected Employee Related Expenses

	Year Ended June 30,									
	<u>2016</u>	<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>
Disbursements:										
Gross salaries	\$ 1,376,612	\$ 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
FICA expense	101,737	102,700	105,029	100,900	99,600	99,200	98,500	98,800	89,500	87,100
IPERS & ICMA expense	<u>118,734</u>	<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>
Total	<u>\$ 1,597,083</u>	<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>

See accompanying independent auditor's report.



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

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

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the primary government of the City of West Burlington, Iowa (City), as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 5, 2016. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than accounting principles generally accepted in the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified 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 as item I-A-16 to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2016 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. 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

October 5, 2016

**City of West Burlington
Schedule of Findings
Year Ended June 30, 2016**

Part I: Findings Related to the Financial Statements

SIGNIFICANT DEFICIENCY

I-A-16 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent one individual employee from handling a transaction from its inception to its completion. Management has not separated incompatible activities of personnel, thereby creating risks related to the safeguarding of cash and the accuracy of the financial statements.

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

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

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

**City of West Burlington
Schedule of Findings
Year Ended June 30, 2016**

Part II: Other Findings Related to Required Statutory Reporting

II-A-16 Certified Budget - Disbursements during the year ended June 30, 2016 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-16 Questionable Disbursements - Certain disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted.

<u>Paid to</u>	<u>Transactions</u>	<u>Amount</u>
Hy-Vee	Bereavement flowers for employee's family member	\$ 42.10

According to the opinion, it is possible for such disbursements to meet the test of servicing a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between proper and an improper purpose is very thin.

Recommendation - The City Council should determine and document the public purpose served by this disbursement before authorizing any further payments. If this practice is continued, the City should establish written policies and procedures, including the requirement for proper documentation.

Response - We will comply with this recommendation.

Conclusion - Response accepted.

II-C-16 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-D-16 Business Transactions - No business transactions between the City and City officials or employees were found.

II-E-16 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-16 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

**City of West Burlington
Schedule of Findings
Year Ended June 30, 2016**

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

II-G-16 Bonds and Revenue Notes - The water user charges were not at a level that produces and maintains net revenues equal to at least 110% of principal and interest requirements due in the same year as required by the water revenue bond resolution.

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

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

Conclusion - Response accepted.

II-H-16 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.

II-I-16 Delinquent Utility Accounts - At June 30, 2016, three employees or council members had delinquent utility accounts.

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

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

Conclusion - Response accepted.

II-J-16 Urban Renewal Annual Report - The annual urban renewal report was approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

II-K-16 Unsupported Credit Card Expenses - For the year ended June 30, 2016, the City paid for credit card expenses in the amount of \$12.13 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 expenditures.

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

Conclusion - Response accepted.