

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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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**NEWS RELEASE**

FOR RELEASE

March 7, 2013

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the City of West Branch, Iowa.

The City's receipts totaled \$3,199,612 for the year ended June 30, 2012, a 2.8% decrease from the prior year. The receipts included \$1,157,867 in property tax, \$374,400 from tax increment financing, \$112,030 from local option sales tax, \$694,049 from charges for service, \$500,938 from operating grants, contributions and restricted interest, \$6,577 from unrestricted interest on investments, \$233,892 from loan proceeds and \$119,859 from other general receipts.

Disbursements for the year totaled \$3,521,575, an 8% increase over the prior year, and included \$573,811 for public works, \$499,060 for culture and recreation and \$484,467 for community and economic development. Also, disbursements for business type activities totaled \$786,952.

A copy of the audit report is available for review in the City Clerk's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1220-0142-B00F.pdf>.

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**CITY OF WEST BRANCH**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**SUPPLEMENTARY AND OTHER INFORMATION**  
**SCHEDULE OF FINDINGS**  
  
**JUNE 30, 2012**

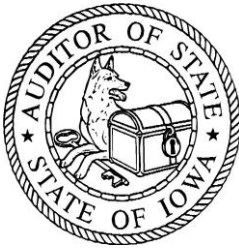
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**City of West Branch  
Officials**

<u>Name</u>	<u>Title</u>	<u>Expires</u>
<b>(Before January 2012)</b>		
Don Kessler	Mayor	Jan 2014
Jim Oaks	Mayor Pro tem	Jan 2014
David Johnson	Council Member	Jan 2012
Robert Sexton	Council Member	Jan 2012
Mark Worrell	Council Member	Jan 2012
Dan O'Neil	Council Member	Jan 2014
Matt Muckler	Administrator/City Clerk	Indefinite
Dawn Brandt	Deputy Clerk	Indefinite
Kevin D. Olson	Attorney	Indefinite
<b>(After January 2012)</b>		
Don Kessler	Mayor	Jan 2014
Jim Oaks	Mayor Pro tem	Jan 2014
Dan O'Neil	Council Member	Jan 2014
Jordan Ellyson	Council Member	Jan 2016
Colton Miller	Council Member	Jan 2016
Mark Worrell	Council Member	Jan 2016
Matt Muckler	Administrator/City Clerk	Indefinite
Dawn Brandt	Deputy Clerk	Indefinite
Kevin D. Olson	Attorney	Indefinite

**City of West Branch**



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## Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

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 Branch, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of West Branch's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

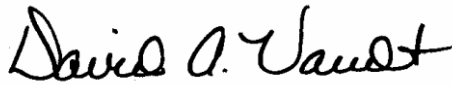
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of West Branch as of June 30, 2012, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated February 7, 2013 on our consideration of the City of West Branch's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Branch's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part

of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Branch's basic financial statements. Management's Discussion and Analysis and budgetary comparison information on pages 7 through 12 and 32 through 34 are presented for purposes of additional analysis and are not required part of the basic financial statements. This information 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.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 7, 2013



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

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The City of West Branch 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, 2012. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2012 FINANCIAL HIGHLIGHTS**

- Receipts of the City's governmental activities decreased 3.8%, or \$103,958, from fiscal year 2011 to fiscal year 2012, primarily due to a decrease in tax increment financing receipts in fiscal year 2012.
- Disbursements of the City's governmental activities decreased 1.9%, or \$53,037, in fiscal year 2012 from fiscal year 2011.
- The City's total cash basis net assets decreased 16%, or \$321,963, from June 30, 2011 to June 30, 2012. Of this amount, the cash basis net assets of the governmental activities decreased \$121,481 and the cash basis net assets of the business type activities decreased \$200,482.

### **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 Statement consists of a Statement of Activities and Net Assets. 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 of the City's budget for the year.

Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness.

## **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 U.S. generally accepted accounting principles. 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 Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets 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 and Urban Renewal Tax Increment, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent 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 various functions.

The required financial statement for governmental funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

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

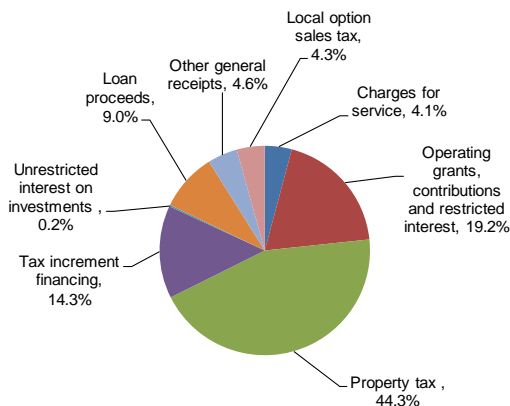
The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

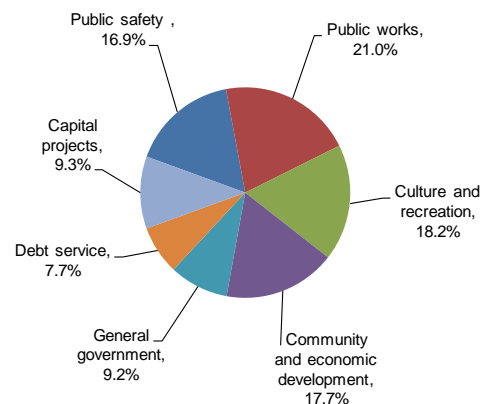
Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased \$121,481 from a year ago, from \$1,389,464 to \$1,267,983. The analysis that follows focuses on the changes in cash basis net assets of governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities		
	Year ended June 30,	
	2012	2011
Receipts:		
Program receipts:		
Charges for service	\$ 108,288	116,579
Operating grants, contributions and restricted interest	500,938	423,567
General receipts:		
Property tax	1,157,867	1,035,262
Tax increment financing	374,400	963,646
Local option sales tax	112,030	-
Unrestricted interest on investments	5,868	9,278
Loan proceeds	233,892	128,745
Other general receipts	119,859	40,023
Total receipts	2,613,142	2,717,100
Disbursements:		
Public safety	461,258	553,784
Public works	573,811	427,260
Culture and recreation	499,060	397,686
Community and economic development	484,467	971,569
General government	252,766	183,459
Debt service	210,283	125,157
Capital projects	252,978	128,745
Total disbursements	2,734,623	2,787,660
Change in cash basis net assets	(121,481)	(70,560)
Cash basis net assets beginning of year	1,389,464	1,460,024
Cash basis net assets end of year	\$ 1,267,983	1,389,464

Receipts by Source



Disbursements by Function



The City's total receipts for governmental activities decreased 3.8%, or \$103,958. The total cost of all programs and services decreased \$53,037, or 1.9%.

The cost of all governmental activities this year was \$2,734,623 compared to \$2,787,660 last year. However, as shown in the Statement of Activities and Net Assets on pages 14 and 15, the amount taxpayers ultimately financed for these activities was only \$2,125,397 because some of the cost was paid by those who directly benefited from the programs (\$108,288) or by other governments and organizations which subsidized certain programs with grants, contributions and restricted interest (\$500,938). Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for service, decreased in fiscal year 2012. The City paid for the remaining "public benefit" portion of governmental activities with \$1,532,267 of levied taxes, \$112,030 of local option sales tax, \$233,892 of loan proceeds and \$125,727 of other receipts, such as interest and miscellaneous receipts.

Changes in Cash Basis Net Assets of Business Type Activities		
	Year ended June 30,	
	2012	2011
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 348,489	338,071
Sewer	237,272	236,050
General receipts:		
Unrestricted interest on investments	709	1,934
Total receipts	<u>586,470</u>	<u>576,055</u>
Disbursements:		
Water	524,134	269,834
Sewer	262,818	204,492
Total disbursements	<u>786,952</u>	<u>474,326</u>
Change in cash basis net assets	(200,482)	101,729
Cash basis net assets beginning of year	<u>620,096</u>	<u>518,367</u>
Cash basis net assets end of year	<u>\$ 419,614</u>	<u>620,096</u>

Total business type activities receipts for the fiscal year were \$586,470 compared to \$576,055 last year. The cash balance decreased \$200,482 from the prior year. Total disbursements for the fiscal year increased 65.9% to \$786,952. The increase in disbursements was primarily due to water projects completed during the fiscal year and engineering fees for a sewer lift station project that began during the fiscal year.

#### **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of West Branch completed the year, its governmental funds reported a combined cash balance of \$1,267,983, a decrease of \$121,481 from last year's total of \$1,389,464. The following are reasons for changes in cash balances of the major funds from the prior year.

- The General Fund cash balance increased \$28,144, or 4.6%, over the prior year to \$645,282. Receipts increased approximately \$165,500, due primarily to an increase in property tax and a police department grant received during fiscal year 2012. Disbursements increased approximately \$153,900 due to the purchase of land for the Parks Department and new financial software in fiscal year 2012.

- The Special Revenue, Road Use Tax Fund cash balance decreased \$148,088 to \$54,085. Receipts increased 8.6% while disbursements increased 65.1%, primarily due to more street projects in fiscal year 2012.
- The Special Revenue, Urban Renewal Tax Increment Fund cash balance increased \$127,708 to \$148,087. Receipts of \$325,939 were rebated to Proctor and Gamble and Acciona Windpower North America during fiscal year 2012. In addition, Acciona Windpower North America reimbursed the City \$79,247 due to an overpayment of a rebate during fiscal year 2011.
- The Capital Projects Fund cash balance remained at zero from June 30, 2011 to June 30, 2012. Project costs of \$252,978 for the fire station expansion project were paid from the fund. These costs were offset by loan proceeds and transfers from other funds to cover project costs.

**INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The Enterprise, Water Fund cash balance decreased \$175,149 to \$195,812. Water Fund disbursements increased approximately \$254,000 due, in part, to water projects completed during fiscal year 2012.
- The Enterprise, Sewer Fund cash balance decreased 10.2%, or \$25,333, to \$223,802. The decrease was primarily due to engineering costs associated with the lift station project.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget two times. The amendments were approved on January 17, 2012 and May 21, 2012 to provide for street work projects, tax increment financing rebate agreements, debt service payments, various water projects and lift station improvements.

The City’s receipts were \$269,610 less than budgeted. This was primarily due to the City budgeting for a Safe Routes to School grant which was not received.

Total disbursements were \$860,574 less than the amended budget. This was primarily due to disbursements for the community and economic development and capital projects functions being less than anticipated.

**DEBT ADMINISTRATION**

At June 30, 2012, the City had \$2,616,790 in bonds and other long-term debt outstanding, compared to \$2,635,553 last year, as shown below.

	Outstanding Debt at Year-End	
	June 30,	
	2012	2011
General obligation bonds	\$ 1,293,000	1,373,000
Revenue bonds	715,000	756,000
Loan agreements	600,172	493,133
Lease-purchase agreements	8,618	13,420
Total	\$ 2,616,790	2,635,553

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$1,901,790 is below its constitutional debt limit of approximately \$8.1 million.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Numerous issues were taken into account when adopting the budget for fiscal year 2013. The property tax levy remained unchanged at \$12.04/thousand dollars of taxable value. It is important to note the City did not increase the property tax levy in the fiscal year 2013 budget for the third year in a row and this levy rate is lower than fiscal year 2009, when the property tax levy was \$12.14/thousand dollars of taxable value.

Amounts available for appropriation in the operating budget are \$3,648,734, a decrease of 4% from the final fiscal year 2012 budget. Budgeted disbursements of \$3,758,571 are expected to increase \$37,114, or less than 1%. The difference between appropriations and disbursements are accounted for in nine areas: 1) the Local Option Sales Tax Fund, 2) the Sewer Fund, 3) the Urban Renewal Tax Increment Fund, 4) the Debt Service Fund, 5) the Krouth Interest Fund, 6) the Perpetual Cemetery Fund, 7) the Road Use Tax Fund, 8) the Employee Benefits Fund and 9) the Tort Liability Fund.

Fund balances are expected to increase slightly for the Special Revenue, Local Option Sales Tax, Krouth Interest and Employee Benefits Funds and the Permanent, Cemetery Perpetual Care Fund. Current available fund balances of \$100,000 are planned to be used for the Enterprise, Sewer Fund as the City Council decided not to bond for expenses incurred for the lift station project until the project is bid. The Special Revenue, Urban Renewal Tax Increment Fund balance will be used to meet TIF rebate obligations in fiscal year 2013. The Debt Service Fund balance is planned to cover the costs of debt. Finally, \$25,000 of the Special Revenue, Road Use Tax Fund is planned to be used for road and street improvements.

If these estimates are realized, the City's budgeted cash balance for all funds is expected to decrease 25% by the close of fiscal year 2013. It is important to note this decrease is driven primarily by the Enterprise, Sewer, the Special Revenue, Urban Renewal Tax Increment and the Debt Service Funds. These decreases will be offset by the City's budgeted cash balance for the General Fund, which is expected to increase approximately 3% by the close of fiscal year 2013.

### **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. If you have questions about this report or need additional financial information, contact Matt Muckler, City Clerk, 110 N. Poplar St., P.O. Box 218, City of West Branch, Iowa 52358-0218.

## **Basic Financial Statements**

City of West Branch

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2012

	Disbursements	Program Receipts	
		Charges for Service	Operating Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>			
Governmental activities:			
Public safety	\$ 461,258	20,900	238,101
Public works	573,811	53,258	226,178
Culture and recreation	499,060	29,781	36,659
Community and economic development	484,467	-	-
General government	252,766	4,349	-
Debt service	210,283	-	-
Capital projects	252,978	-	-
Total governmental activities	2,734,623	108,288	500,938
Business type activities:			
Water	524,134	348,489	-
Sewer	262,818	237,272	-
Total business type activities	786,952	585,761	-
Total	\$ 3,521,575	694,049	500,938
<b>General Receipts:</b>			
Property tax levied for:			
General purposes			
Debt service			
Tax increment financing			
Local option sales tax			
Unrestricted interest on investments			
Loan proceeds			
Miscellaneous			
Total general receipts			
Change in cash basis net assets			
Cash basis net assets beginning of year			
Cash basis net assets end of year			
<b>Cash Basis Net Assets</b>			
Restricted:			
Nonexpendable:			
Cemetary perpetual care			
Krouth/Enlow Principal			
Expendable:			
Civic center			
Library			
Tort liability			
Police grants			
Fire			
Streets			
Urban renewal purposes			
Debt service			
Other purposes			
Unrestricted			
<b>Total cash basis net assets</b>			

See notes to financial statements.



Net (Disbursements) Receipts and  
Changes in Cash Basis Net Assets

Governmental Activities	Business Type Activities	Total
(202,257)	-	(202,257)
(294,375)	-	(294,375)
(432,620)	-	(432,620)
(484,467)	-	(484,467)
(248,417)	-	(248,417)
(210,283)	-	(210,283)
(252,978)	-	(252,978)
(2,125,397)	-	(2,125,397)
-	(175,645)	(175,645)
-	(25,546)	(25,546)
-	(201,191)	(201,191)
(2,125,397)	(201,191)	(2,326,588)

973,980	-	973,980
183,887	-	183,887
374,400	-	374,400
112,030	-	112,030
5,868	709	6,577
233,892	-	233,892
119,859	-	119,859
2,003,916	709	2,004,625
(121,481)	(200,482)	(321,963)
1,389,464	620,096	2,009,560
\$ 1,267,983	419,614	1,687,597

\$ 100,016	-	100,016
102,241	-	102,241
17,058	-	17,058
106,248	-	106,248
18,705	-	18,705
20,865	-	20,865
19,587	-	19,587
54,085	-	54,085
148,087	-	148,087
95,221	2,284	97,505
33,230	9,296	42,526
552,640	408,034	960,674
\$ 1,267,983	419,614	1,687,597

City of West Branch

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Governmental Funds

As of and for the year ended June 30, 2012

	Special Revenue		
	General	Road Use Tax	Urban Renewal Tax Increment
<b>Receipts:</b>			
Property tax	\$ 850,128	-	-
Tax increment financing	-	-	374,400
Other city tax	-	-	-
Licenses and permits	47,563	-	-
Use of money and property	7,904	170	-
Intergovernmental	182,279	220,244	-
Charges for service	71,122	-	-
Miscellaneous	60,406	-	79,247
Total receipts	<u>1,219,402</u>	<u>220,414</u>	<u>453,647</u>
<b>Disbursements:</b>			
Operating:			
Public safety	365,938	-	-
Public works	186,500	368,502	-
Culture and recreation	424,975	-	-
Community and economic development	19,593	-	325,939
General government	236,443	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total disbursements	<u>1,233,449</u>	<u>368,502</u>	<u>325,939</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(14,047)</u>	<u>(148,088)</u>	<u>127,708</u>
<b>Other financing sources (uses):</b>			
Loan proceeds	-	-	-
Operating transfers in	47,214	-	-
Operating transfers out	(5,023)	-	-
Total other financing sources (uses)	<u>42,191</u>	<u>-</u>	<u>-</u>
Net change in cash balances	28,144	(148,088)	127,708
Cash balances beginning of year	617,138	202,173	20,379
Cash balances end of year	<u>\$ 645,282</u>	<u>54,085</u>	<u>148,087</u>
<b>Cash Basis Fund Balances</b>			
Nonspendable:			
Cemetary perpetual care	\$ -	-	-
Krouth/Enlow Principal	-	-	-
Restricted for:			
Civic center	17,058	-	-
Library	36,014	-	-
Tort liability	18,705	-	-
Police grants	20,865	-	-
Fire	-	-	-
Streets	-	54,085	-
Urban renewal purposes	-	-	148,087
Debt service	-	-	-
Other purposes	-	-	-
Unassigned	552,640	-	-
Total cash basis fund balances	<u>\$ 645,282</u>	<u>54,085</u>	<u>148,087</u>

See notes to financial statements.

Capital Projects	Nonmajor	Total
-	307,739	1,157,867
-	-	374,400
-	112,030	112,030
-	-	47,563
-	1,953	10,027
-	24,868	427,391
-	-	71,122
-	39,197	178,850
-	485,787	2,379,250
-	95,320	461,258
-	18,809	573,811
-	74,085	499,060
-	138,935	484,467
-	16,323	252,766
-	210,283	210,283
252,978	-	252,978
252,978	553,755	2,734,623
(252,978)	(67,968)	(355,373)
233,892	-	233,892
19,086	85,660	151,960
-	(146,937)	(151,960)
252,978	(61,277)	233,892
-	(129,245)	(121,481)
-	549,774	1,389,464
-	420,529	1,267,983
-	100,016	100,016
-	102,241	102,241
-	-	17,058
-	70,234	106,248
-	-	18,705
-	-	20,865
-	19,587	19,587
-	-	54,085
-	-	148,087
-	95,221	95,221
-	33,230	33,230
-	-	552,640
-	420,529	1,267,983

**City of West Branch**

City of West Branch

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Proprietary Funds

As of and for the year ended June 30, 2012

	Enterprise		
	Water	Sewer	Total
Operating receipts:			
Charges for service	\$ 338,100	237,272	575,372
Miscellaneous	10,389	-	10,389
Total operating receipts	348,489	237,272	585,761
Operating disbursements:			
Business type activities	214,877	207,437	422,314
Excess of operating receipts over operating disbursements	133,612	29,835	163,447
Non-operating receipts (disbursements):			
Interest on investments	496	213	709
Debt service	(65,570)	-	(65,570)
Capital outlay	(243,687)	(55,381)	(299,068)
Total non-operating receipts (disbursements)	(308,761)	(55,168)	(363,929)
Net change in cash balances	(175,149)	(25,333)	(200,482)
Cash balances beginning of year	370,961	249,135	620,096
Cash balances end of year	\$ 195,812	223,802	419,614
<b>Cash Basis Fund Balances</b>			
Restricted for:			
Debt service	\$ 2,284	-	2,284
Utility deposits	9,296	-	9,296
Unrestricted	184,232	223,802	408,034
Total cash basis fund balances	\$ 195,812	223,802	419,614

See notes to financial statements.

City of West Branch

Notes to Financial Statements

June 30, 2012

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

The City of West Branch is a political subdivision of the State of Iowa located in Cedar and Johnson Counties. It was first incorporated in 1851 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, health and social services, culture and recreation, community and economic development and general government services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of West Branch 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 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.

These financial statements present the City of West Branch (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Blended Component Units

The following component units are entities which are legally separate from the City, but are so intertwined with the City they are, in substance, the same as the City. They are reported as part of the City and blended into the appropriate fund.

The Friends of the West Branch Public Library (Friends) has been incorporated under the provisions of the Iowa Nonprofit Corporation Act, Chapter 504A of the Code of Iowa, for the purpose of aiding in the general operation of the West Branch Public Library. In accordance with criteria set forth by the Governmental Accounting Standards Board, Friends meets the definition of a component unit which should be blended. The financial activity for the account held by the component unit has been blended as a Special Revenue Fund of the City.

The West Branch Firefighters (Firefighters) has been incorporated under the provisions of the Iowa Nonprofit Corporation Act, Chapter 504A of the Code of Iowa, for the purpose of aiding in the extinguishing of fires and performing such other duties as set forth by the Fire Department. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Firefighters meets the definition of a component unit which should be blended. The financial activity for the account held by the component unit has been blended as a Special Revenue Fund of the City.

#### Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Cedar County Assessor's Conference Board, Cedar County Joint E911 Service Board and Cedar County Emergency Management Agency.

#### B. Basis of Presentation

Government-wide Financial Statement – The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in the following categories/components:

Nonexpendable restricted net assets are subject to externally imposed stipulations which require them to be maintained permanently by the City, including the City's Permanent Funds.

Expendable restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities and Net Assets 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 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 not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

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

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

The City reports the following major proprietary funds:

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

The Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

C. 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 U.S. generally accepted accounting principles.

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 are both restricted and unrestricted cash basis net assets 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.



D. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed 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.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

**(2) Cash and Pooled Investments**

The City’s deposits in banks and credit unions at June 30, 2012 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 Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

**(3) Bonds Payable**

Annual debt service requirements to maturity for general obligation bonds and water revenue bonds are as follows:

Year Ending June 30,	General		Water		Total		
	Obligation Bonds		Revenue Bonds		Principal	Interest	Total
	Principal	Interest	Principal	Interest			
2013	\$ 83,000	38,790	42,000	21,450	125,000	60,240	185,240
2014	85,000	36,300	43,000	20,190	128,000	56,490	184,490
2015	88,000	33,750	45,000	18,900	133,000	52,650	185,650
2016	90,000	31,110	46,000	17,550	136,000	48,660	184,660
2017	93,000	28,410	47,000	16,170	140,000	44,580	184,580
2018-2022	510,000	98,400	257,000	58,890	767,000	157,290	924,290
2023-2026	344,000	20,850	235,000	17,880	579,000	38,730	617,730
Total	\$ 1,293,000	287,610	715,000	171,030	2,008,000	458,640	2,466,640

On June 2, 2005, the City entered into agreements with the Iowa Finance Authority, the Iowa Department of Natural Resources and Wells Fargo Bank Iowa, N.A. for the issuance of \$1,740,000 of general obligation water improvement bonds and \$860,000 of water revenue bonds, both with an interest rate of 3.0% per annum. The bonds were issued pursuant to the provisions of Chapter 384 of the Code of Iowa to pay the costs of constructing improvements and extensions to the City's water system.

On April 5, 2007, the City entered into an agreement with the Iowa Finance Authority and Wells Fargo Bank, N.A. for the issuance of \$83,000 of water revenue bonds with an interest rate of 3.0% per annum. The bonds were issued pursuant to the provisions of Chapter 384 of the Code of Iowa to pay the costs of constructing improvements and extensions to the City's water system.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$943,000 of water revenue bonds issued in June 2005 and April 2007. Proceeds from the bonds provided financing for the construction of water main improvements and extensions. The bonds are payable solely from water customer net receipts and are payable through 2026. Annual principal and interest payments on the bonds are expected to require less than 50% of net receipts. The total principal and interest remaining to be paid on the two bond issues is \$886,030. For the current year, total principal and interest paid on the water revenue bonds was \$63,680 and total customer net receipts were \$133,612.

The resolutions providing for the issuance of the water revenue bonds issued under loan agreements between the City, the Iowa Finance Authority, the Iowa Department of Natural Resources and Wells Fargo Bank Iowa, N.A. include the following provisions:

- (a) The bonds will only be redeemed from the future earnings of the Water Fund and the bond holders hold a lien on the future earnings of the fund.
- (b) Sufficient monthly transfers shall be made to a water revenue bond sinking account within the Water Fund for the purpose of making the bond principal and interest payments when due.
- (c) All funds remaining in the Water Fund after making the required transfers shall be placed in a water revenue surplus account. As long as the sinking account has the full amount required to be deposited, the balance in the surplus account may be made available to the City as the City Council may direct.
- (d) User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the note falling due in the same year.

**(4) Loan Agreements**

On February 14, 2007, the City entered into a loan agreement with a local bank, not to exceed \$174,400. These funds were used to finance the construction of a Public Works Department maintenance building. The loan bears 5.35% per annum interest and matures on July 10, 2013. Annual debt service requirements on the loan are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2013	5.35 %	\$ 28,409	2,541	30,950
2014	5.35	19,187	1,021	20,208
Total		\$ 47,596	3,562	51,158

On February 1, 2008, the City entered into a loan agreement with a local bank, not to exceed \$150,000. These funds were used to finance the renovation and furnishing of City offices. The loan bears 4.20% per annum interest and matures on July 1, 2018. Annual debt service requirements on the loan are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2013	4.20%	\$ 14,570	4,110	18,680
2014	4.20	15,181	3,499	18,680
2015	4.20	15,819	2,861	18,680
2016	4.20	16,483	2,197	18,680
2017	4.20	17,176	2,319	19,495
2018-2019	4.20	18,639	814	19,453
Total		\$ 97,868	15,800	113,668

On August 5, 2008, the City entered into a loan agreement with a local bank, not to exceed \$197,500. These funds were used to provide funds for a lawsuit settlement. The loan bears 4.50% per annum interest and matures on November 1, 2023. Annual debt service requirements on the loan are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2013	4.50%	\$ 10,827	7,566	18,393
2014	4.50	11,334	7,059	18,393
2015	4.50	11,845	6,548	18,393
2016	4.50	12,378	6,015	18,393
2017	4.50	12,920	5,473	18,393
2018-2022	4.50	73,846	18,031	91,877
2023-2024	4.50	34,444	2,342	36,786
Total		\$ 167,594	53,034	220,628

On May 26, 2011, the City entered into a loan agreement with a local bank, not to exceed \$376,700, for the expansion of the fire station. The loan bears 3.25% per annum interest. During the year ended June 30, 2012, the City drew down \$233,892, resulting in total principal of \$362,637 drawn down at June 30, 2012. This is the total amount the City intends to draw on this loan. The loan bears 3.25% per annum interest and matures on July 1, 2015. Annual debt service requirements on the loan are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2013	3.25%	\$ 92,419	7,956	100,375
2014	3.25	95,468	4,907	100,375
2015	3.25	98,831	1,758	100,589
2016	3.25	396	1	397
Total		\$ 287,114	14,622	301,736

**(5) Lease-Purchase Agreements**

The City has entered into agreements to lease two fuel storage tanks and two copiers under capital leases. The following is a schedule of the future minimum lease payments, including interest of 11.7% and 13.9% per annum for the copiers and 0% for the fuel tanks, and the present value of net minimum lease payments under the agreements in effect at June 30, 2012:

Year ending June 30,	Fuel Tanks	Copiers	Total
2013	\$ 1,069	3,708	4,777
2014	1,069	3,531	4,600
2015	-	1,750	1,750
Total minimum lease payments	2,138	8,989	11,127
Less amount representing interest	-	2,509	2,509
Present value of net minimum lease payments	\$ 2,138	6,480	8,618

During the year ended June 30, 2012, the City made principal payments of \$4,802 and interest payments of \$1,161 on these capital leases.

**(6) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 5.38% of their annual covered salary and the City is required to contribute 8.07% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$44,289, \$46,080 and \$43,305, respectively, equal to the required contributions for each year.

**(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 10 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 would 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 \$478 for single coverage and \$1,192 for family coverage. For the year ended June 30, 2012, the City contributed \$80,560 and plan members eligible for benefits contributed \$20,055 to the plan.

**(8) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation and compensatory time 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.

Employees eligible for retirement will receive either one-half or one-quarter of their accumulated sick leave balance, dependent on the date they were hired. Two employees were eligible for sick leave benefits at June 30, 2012.

The City's approximate liability for earned vacation, compensatory time and sick leave payable to employees at June 30, 2012, primarily relating to the General Fund, was \$40,000. This liability has been computed based on rates of pay in effect at June 30, 2012.

**(9) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Krouth/Enlow	\$ 8,433
	Tort Liability	38,481
	Permanent:	
	Krouth/Enlow Principal	300
Debt Service	Special Revenue:	
	Local Option Sales Tax	85,660
Capital Projects	General	5,023
	Special Revenue:	
	Local Option Sales Tax	14,063
Total		<u>\$ 151,960</u>

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

**(10) 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.

**(11) Tax Increment Development Agreements**

On April 17, 2007, the City entered into a tax increment development agreement with P & G. Under the terms of the agreement, as amended on August 2, 2007, P & G will undertake phase II and III of an urban renewal project consisting of certain improvements to be completed in the West Branch Urban Renewal Area. The City agreed to rebate to P & G incremental property tax actually paid for the first two years and a percentage of incremental property tax paid for years three through ten with respect to these improvements and received under Iowa Code Section 403.19 for a period of ten years beginning with the tax year in which property tax on the completed value of the improvements are first paid.

In addition, the City agreed to allow a schedule of exemption from property tax under Chapter 15.332 of the Code of Iowa from the time the improvements are first assessed, respectively, on the two agreements, as follows:

**Proctor & Gamble Hair Care L.L.C., Phase II**  
**2007**

Year 1	No exemption
Year 2	No exemption
Year 3	95% exemption
Year 4	85% exemption
Year 5	75% exemption
Year 6	65% exemption
Year 7	55% exemption
Year 8	45% exemption
Year 9	35% exemption
Year 10	25% exemption

**Proctor & Gamble Hair Care L.L.C., Phase III**  
**2007**

Year 1	No exemption
Year 2	No exemption
Year 3	95% exemption
Year 4	85% exemption
Year 5	75% exemption
Year 6	65% exemption
Year 7	55% exemption
Year 8	45% exemption
Year 9	35% exemption
Year 10	25% exemption

On June 17, 2007 the City entered into a tax increment development agreement with Acciona Windpower North America, LLC. (Acciona). Under the terms of the agreement, Acciona will cause minimum improvements to be completed within a five-year period, beginning May 2007. The agreement outlines the minimum improvements, which include a capital investment of \$11 million and the creation of approximately 110 new, full-time jobs. The City agreed to rebate to Acciona, for a period of eight years, a percentage of the incremental property tax actually paid with respect to the minimum improvements received under Iowa Code Section 403.19. The rebate percentages for Acciona, as set forth in the agreement, are as follows:

**Acciona Windpower North America**  
**2007**

Year 1	60%
Year 2	65%
Year 3	70%
Year 4	75%
Year 5	80%
Year 6	85%
Year 7	90%
Year 8	92%

During the year ended June 30, 2012, rebates of \$212,862 and \$113,077 were made to P & G and Acciona, respectively. At June 30, 2012, rebates to P & G totaled \$3,800,879 and rebates to Acciona totaled \$412,643.

**(12) Subsequent Events**

In December 2012, the City Council accepted the low bid of \$1,016,519 for a lift station project to be funded through the issuance of general obligation bonds.

In January 2013, the City approved the purchase of a street sweeper for \$165,203. The street sweeper will be paid for through the issuance of general obligation bonds.

In January 2013, the City approved the issuance of \$2,730,000 of general obligation corporate purpose and refunding bonds. The bonds will be issued pursuant to Chapter 384.24A of the Code of Iowa for the purpose of paying the costs of acquiring equipment for the street department, constructing improvements to the municipal sanitary sewer, wastewater treatment and waterworks systems and refunding the outstanding balance of the City's 2005 general obligation water improvement bond.

**City of West Branch**



## **Other Information**

City of West Branch  
 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, 2012

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
<b>Receipts:</b>			
Property tax	\$ 1,157,867	-	-
Tax increment financing	374,400	-	-
Other city tax	112,030	-	-
Licenses and permits	47,563	-	-
Use of money and property	10,027	709	675
Intergovernmental	427,391	-	24,868
Charges for service	71,122	575,372	-
Miscellaneous	178,850	10,389	37,337
Total receipts	<u>2,379,250</u>	<u>586,470</u>	<u>62,880</u>
<b>Disbursements:</b>			
Public safety	461,258	-	52,473
Public works	573,811	-	-
Culture and recreation	499,060	-	5,295
Community and economic development	484,467	-	-
General government	252,766	-	-
Debt service	210,283	-	-
Capital projects	252,978	-	-
Business type activities	-	786,952	-
Total disbursements	<u>2,734,623</u>	<u>786,952</u>	<u>57,768</u>
Excess (deficiency) of receipts over (under) disbursements	(355,373)	(200,482)	5,112
Other financing sources, net	233,892	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(121,481)	(200,482)	5,112
Balances beginning of year	1,389,464	620,096	68,427
Balances end of year	<u>\$ 1,267,983</u>	<u>419,614</u>	<u>73,539</u>

See accompanying independent auditor's report.

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Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
1,157,867	1,126,647	1,126,647	31,220
374,400	450,000	450,000	(75,600)
112,030	151,677	151,677	(39,647)
47,563	25,000	25,000	22,563
10,061	10,000	10,000	61
402,523	641,810	654,714	(252,191)
646,494	672,092	686,992	(40,498)
151,902	59,500	67,420	84,482
<u>2,902,840</u>	<u>3,136,726</u>	<u>3,172,450</u>	<u>(269,610)</u>
408,785	474,779	501,979	93,194
573,811	417,518	601,427	27,616
493,765	396,743	529,264	35,499
484,467	469,900	608,835	124,368
252,766	255,612	254,612	1,846
210,283	126,000	246,000	35,717
252,978	984,161	790,000	537,022
786,952	596,744	792,264	5,312
<u>3,463,807</u>	<u>3,721,457</u>	<u>4,324,381</u>	<u>860,574</u>
(560,967)	(584,731)	(1,151,931)	590,964
<u>233,892</u>	<u>450,000</u>	<u>450,000</u>	<u>(216,108)</u>
(327,075)	(134,731)	(701,931)	374,856
<u>1,941,133</u>	<u>1,822,973</u>	<u>1,941,133</u>	<u>-</u>
<u>1,614,058</u>	<u>1,688,242</u>	<u>1,239,202</u>	<u>374,856</u>

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City of West Branch

Notes to Other Information – Budgetary Reporting

June 30, 2012

The budgetary comparison is presented 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 the blended component units. 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, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Funds and the Enterprise 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, two budget amendments increased budgeted disbursements by \$602,924. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2012, disbursements did not exceed the amounts budgeted.

## **Supplementary Information**

City of West Branch

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2012

	Special Revenue				
	Employee Benefits	Tort Liability	Local Option Sales Tax	Economic Development	Friends of the Library
<b>Receipts:</b>					
Property tax	\$ 123,852	-	-	-	-
Other city tax	-	-	112,030	-	-
Use of money and property	-	-	-	-	668
Intergovernmental	-	-	-	-	-
Miscellaneous	-	-	-	-	3,407
Total receipts	123,852	-	112,030	-	4,075
<b>Disbursements:</b>					
Operating:					
Public safety	42,847	-	-	-	-
Public works	18,809	-	-	-	-
Culture and recreation	57,317	-	-	-	5,295
Community and economic development	-	-	-	138,935	-
General government	16,323	-	-	-	-
Debt service	-	-	-	-	-
Total disbursements	135,296	-	-	138,935	5,295
Excess (deficiency) of receipts over (under) disbursements	(11,444)	-	112,030	(138,935)	(1,220)
<b>Other financing sources (uses):</b>					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	(38,481)	(99,723)	-	-
Total other financing sources (uses)	-	(38,481)	(99,723)	-	-
Net change in cash balances	(11,444)	(38,481)	12,307	(138,935)	(1,220)
Cash balances beginning of year	32,367	38,481	-	138,935	55,172
Cash balances end of year	\$ 20,923	-	12,307	-	53,952
<b>Cash Basis Fund Balances</b>					
Nonspendable:					
Cemetery perpetual care	\$ -	-	-	-	-
Krouth/Enlow Principal	-	-	-	-	-
Restricted for:					
Library	-	-	-	-	53,952
Fire	-	-	-	-	-
Debt service	-	-	-	-	-
Other purposes	20,923	-	12,307	-	-
Total cash basis fund balances	\$ 20,923	-	12,307	-	53,952

See accompanying independent auditor's report.

West Branch Firefighters	Home Town Days	Krouth/ Enlow	Debt Service	Permanent		Total
				Krouth/ Enlow Principal	Cemetery Perpetual Care	
-	-	-	183,887	-	-	307,739
-	-	-	-	-	-	112,030
7	-	159	-	1,119	-	1,953
24,868	-	-	-	-	-	24,868
33,930	-	-	-	-	1,860	39,197
58,805	-	159	183,887	1,119	1,860	485,787
52,473	-	-	-	-	-	95,320
-	-	-	-	-	-	18,809
-	11,473	-	-	-	-	74,085
-	-	-	-	-	-	138,935
-	-	-	-	-	-	16,323
-	-	-	210,283	-	-	210,283
52,473	11,473	-	210,283	-	-	553,755
6,332	(11,473)	159	(26,396)	1,119	1,860	(67,968)
-	-	-	85,660	-	-	85,660
-	-	(8,433)	-	(300)	-	(146,937)
-	-	(8,433)	85,660	(300)	-	(61,277)
6,332	(11,473)	(8,274)	59,264	819	1,860	(129,245)
13,255	11,473	24,556	35,957	101,422	98,156	549,774
19,587	-	16,282	95,221	102,241	100,016	420,529
-	-	-	-	-	100,016	100,016
-	-	-	-	102,241	-	102,241
-	-	16,282	-	-	-	70,234
19,587	-	-	-	-	-	19,587
-	-	-	95,221	-	-	95,221
-	-	-	-	-	-	33,230
19,587	-	16,282	95,221	102,241	100,016	420,529

City of West Branch  
Schedule of Indebtedness  
Year ended June 30, 2012

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Water improvement	Jun 2, 2005	3.00%	\$ 1,740,000
Revenue bonds:			
Water	Jun 2, 2005	* 3.00%	\$ 860,000
Water	Apr 5, 2007	* 3.00	83,000
Total			
Loan agreements:			
Maintenance building	Feb 14, 2007	5.35%	\$ 174,400
City offices	Feb 1, 2008	4.20	150,000
Lawsuit settlement	Aug 5, 2008	4.50	197,500
Fire station	May 26, 2011	3.25	376,700
Total			
Lease-purchase agreements:			
Copier	Mar 6, 2009	11.70%	\$ 3,540
Fuel tanks	Aug 21, 2009	0.00	5,343
Lanier Copier	Dec 15, 2010	13.93	9,300
Total			

\* The City is required to annually pay a .25% servicing fee on the outstanding principal balance.

See accompanying independent auditor's report.



Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
1,373,000	-	80,000	1,293,000	41,190
690,000	-	37,000	653,000	20,700
66,000	-	4,000	62,000	1,980
<b>\$ 756,000</b>	-	<b>41,000</b>	<b>715,000</b>	<b>22,680</b>
74,517	-	26,921	47,596	4,029
111,853	-	13,985	97,868	4,695
178,018	-	10,424	167,594	7,970
128,745	233,892	75,523	287,114	10,137
<b>\$ 493,133</b>	<b>233,892</b>	<b>126,853</b>	<b>600,172</b>	<b>26,831</b>
1,671	-	708	963	158
3,207	-	1,069	2,138	-
8,542	-	3,025	5,517	1,003
<b>\$ 13,420</b>	-	<b>4,802</b>	<b>8,618</b>	<b>1,161</b>

**City of West Branch**

## City of West Branch

## Bond Maturities

June 30, 2012

Year Ending June 30,	General Obligation Bonds		Revenue Bonds					
	Water Improvement		Water			Water		
	Issued Jun 2, 2005		Issued Jun 2, 2005			Issued Apr 5, 2007		
	Interest		Interest			Interest		
	Rates	Amount	Rates	Amount	Rates	Amount	Total	
2013	3.00%	\$ 83,000	3.00%	\$ 38,000	3.00%	\$ 4,000	42,000	
2014	3.00	85,000	3.00	39,000	3.00	4,000	43,000	
2015	3.00	88,000	3.00	41,000	3.00	4,000	45,000	
2016	3.00	90,000	3.00	42,000	3.00	4,000	46,000	
2017	3.00	93,000	3.00	43,000	3.00	4,000	47,000	
2018	3.00	96,000	3.00	44,000	3.00	4,000	48,000	
2019	3.00	99,000	3.00	46,000	3.00	4,000	50,000	
2020	3.00	102,000	3.00	47,000	3.00	4,000	51,000	
2021	3.00	105,000	3.00	48,000	3.00	5,000	53,000	
2022	3.00	108,000	3.00	50,000	3.00	5,000	55,000	
2023	3.00	111,000	3.00	51,000	3.00	5,000	56,000	
2024	3.00	115,000	3.00	53,000	3.00	5,000	58,000	
2025	3.00	118,000	3.00	55,000	3.00	5,000	60,000	
2026		-	3.00	56,000	3.00	5,000	61,000	
Total		<u>\$ 1,293,000</u>		<u>\$ 653,000</u>		<u>\$ 62,000</u>	<u>715,000</u>	

See accompanying independent auditor's report.

City of West Branch

Schedule of Receipts By Source and Disbursements By Function -  
All Governmental Funds

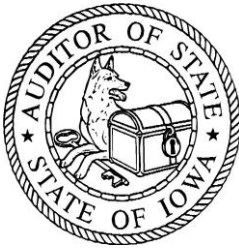
For the Last Ten Years

	2012	2011	2010	2009	2008
<b>Receipts:</b>					
Property tax	\$ 1,157,867	1,035,262	1,053,701	951,189	826,020
Tax increment financing	374,400	963,646	656,110	671,841	529,777
Other city tax	112,030	-	27,102	30,656	57,272
Licenses and permits	47,563	51,699	28,952	38,155	37,783
Use of money and property	10,027	14,338	18,138	22,468	56,450
Intergovernmental	427,391	357,947	543,714	601,917	3,468,113
Charges for service	71,122	68,253	81,074	62,696	54,345
Miscellaneous	178,850	97,210	113,503	142,451	441,900
<b>Total</b>	<b>\$ 2,379,250</b>	<b>2,588,355</b>	<b>2,522,294</b>	<b>2,521,373</b>	<b>5,471,660</b>
<b>Disbursements:</b>					
<b>Operating:</b>					
Public safety	\$ 461,258	553,784	761,338	568,777	450,250
Public works	573,811	427,260	425,684	598,898	1,189,970
Culture and recreation	499,060	397,686	357,108	343,912	266,101
Community and economic development	484,467	971,569	682,578	666,570	2,509,495
General government	252,766	183,459	198,461	354,240	183,185
Debt service	210,283	125,157	125,628	125,000	654,723
Capital projects	252,978	128,745	-	-	146,273
<b>Total</b>	<b>\$ 2,734,623</b>	<b>2,787,660</b>	<b>2,550,797</b>	<b>2,657,397</b>	<b>5,399,997</b>

See accompanying independent auditor's report.

2007	2006	2005	2004	2003
829,292	638,204	597,246	574,476	525,954
530,449	600,430	534,506	181,065	186,835
24,446	94,710	132,729	164,757	155,630
152,068	22,731	19,569	34,348	56,078
57,214	36,688	13,843	13,089	42,428
315,187	297,628	294,124	307,252	770,726
51,555	48,531	56,434	45,332	47,244
180,807	241,825	301,381	96,091	60,327
<u>2,141,018</u>	<u>1,980,747</u>	<u>1,949,832</u>	<u>1,416,410</u>	<u>1,845,222</u>
450,128	761,810	340,295	438,184	316,924
947,954	311,379	348,924	342,145	402,599
268,101	216,177	199,374	224,135	198,601
9,790	10,215	12,271	10,800	461,375
193,989	157,507	162,454	165,493	276,432
655,999	699,851	851,535	291,393	174,975
133,368	-	-	-	183,801
<u>2,659,329</u>	<u>2,156,939</u>	<u>1,914,853</u>	<u>1,472,150</u>	<u>2,014,707</u>

**City of West Branch**



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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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

To the Honorable Mayor and  
Members of the City Council:

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 Branch, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated February 7, 2013. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of the City of West Branch is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of West Branch's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of West Branch's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of West Branch's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of West Branch's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items (A) through (C) to be material weaknesses.

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 deficiencies described in the accompanying Schedule of Findings as items (D) and (E) to be significant deficiencies.

## Compliance and Other Matters

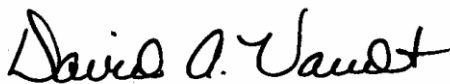
As part of obtaining reasonable assurance about whether the City of West Branch's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and 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 the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2012 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.

The City of West Branch's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City of West Branch's responses and, accordingly, we express no opinion on them.

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

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



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 7, 2013



City of West Branch

Schedule of Findings

Year ended June 30, 2012

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

- (A) Segregation of Duties – One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check on those of another. For the City, one individual has control over collecting receipts, depositing, journalizing, posting and reconciling. Although the City prepares monthly bank reconciliations, there is no evidence the reconciliations are reviewed by an independent person. One individual initiates and posts journal entries with no independent review and payroll journals are not reviewed and approved by an independent person.

For the West Branch Firefighters and the Friends of the West Branch Public Library, one individual has control over each of the following areas:

- (1) Receipts – collecting, depositing, posting and reconciling.
- (2) Disbursements – preparing, recording and reconciling.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City, the West Branch Firefighters and the Friends of the West Branch Public Library should review their operating procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff and elected officials. Monthly bank reconciliations, journal entries and the payroll journal should be reviewed and approved by an independent person. Evidence of review should be indicated by the signature or initials of the independent reviewer and the date of the review.

Responses –

City - Monthly bank reconciliations and claims will be prepared by the Deputy City Clerk and reviewed by the City Administrator. One of three administrative employees (City Administrator, Deputy City Clerk and Administrative Assistant) will always review receipts, collecting, depositing, journalizing, posting, journal entries and payroll completed by another employee. These reviews will be evidenced by signing or initialing the documents reviewed and documenting the date of the review.

West Branch Firefighters – At every monthly meeting of the West Branch Firefighters, a Treasurer’s report is provided. All members vote to approve or disapprove that Treasurer’s report. Votes are recorded in their monthly minutes.

Friends of the West Branch Public Library – A monthly reconciliation of accounts will continue to be prepared by the Treasurer, but will now also be reviewed, signed and dated by a member of the Board. In addition, all disbursements will continue to be approved by motion of the Board, but payments by check will now be signed only by the President. Lobby book sales and cash donations: Library staff will ring-up all book sale and cash donation transactions in the Library cash

City of West Branch

Schedule of Findings

Year ended June 30, 2012

register. The Library Director will prepare a weekly summary receipt of all book sale and cash donation transactions. These receipts will be used by the Director to prepare a monthly deposit, the amount of which will be double-checked by the Treasurer and a Board member and recorded in the monthly meeting minutes.

Conclusions –

City and Friends of the West Branch Public Library – Responses accepted.

West Branch Firefighters – The West Branch Firefighters should review current operating procedures over receipts and disbursements to obtain the maximum internal control possible. The City should utilize current personnel to provide additional control through review of financial transactions and reports.

- (B) Financial Reporting – During the audit, we identified a material amount of tax increment financing (TIF) collections misclassified as “other financing sources”. Adjustments were subsequently made by the City to properly report the amounts in the City’s financial statements.

Recommendation – The City should implement procedures to ensure TIF collections are properly recorded in the City’s financial statements.

Response – TIF receipts have always been recorded in the City financial system as “Other Financing Sources.” In accordance with the City Uniform Chart of Accounts, TIF receipts will be recorded in the “Taxes” receipt category.

Conclusion – Response accepted.

- (C) Reconciliation of Utility Billings, Collections and Delinquent Accounts – Utility billings, collections and delinquent accounts were not reconciled throughout the year.

Recommendation – Procedures should be established to reconcile utility billings, collections and delinquent accounts for each billing period. The Council or a Council-designated independent person should receive the reconciliation and monitor delinquent accounts.

Response – Reconciliations of utility billings, collections and delinquent accounts will be completed by the Administrative Assistant and reviewed by the Deputy City Clerk. This review will be evidenced by signing or initialing the reconciliation and documenting the date of review.

Conclusion – Response accepted.

- (D) Disaster Recovery Plan – While the City has adopted a written disaster recovery plan, certain items were not included in the plan. Specifically, the plan does not include identification of critical applications, an inventory of all hardware and components, an inventory of all essential software systems, a requirement supplies and relevant accounting manuals and other documentation be located offsite and a requirement to test the plan.

City of West Branch

Schedule of Findings

Year ended June 30, 2012

Recommendation – The City should review its current disaster recovery plan and include the above noted items in its written disaster recovery plan.

Response – The City Council will consider adoption of a disaster recovery plan in the coming year. Staff is currently researching and developing a plan for Council consideration.

Conclusion – Response accepted.

- (E) Payroll – Time card approval was not documented with the initials and date of approval by the employee’s supervisor or by an independent official who is not involved with payroll.

Additionally, the City’s overtime policy states all overtime must be approved in advance by the immediate supervisor or the City Administrator and should be paid in the applicable pay period. There is no evidence overtime paid during the year was approved in advance.

Recommendation – Time cards should be approved, initialed and dated by the employee’s supervisor or by an independent official who is not involved with payroll.

In accordance with City policy, overtime should be approved in advance by the immediate supervisor or the City Administrator.

Response – New timecards have been developed which provide a space for a supervisor’s signature. The Administrative Assistant will not process an employee’s pay for any period in which a signature is absent.

The City Council adopted Resolution 1051 on December 3, 2012 which changed the City’s overtime policy.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

City of West Branch

Schedule of Findings

Year ended June 30, 2012

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

- (1) Certified Budget – Disbursements during the year ended June 30, 2012 did not exceed the amounts budgeted.
- (2) Questionable Disbursements – On May 11, 2012, the City purchased 50 tickets to a University of Iowa football game for resale to the public as a recreational activity. The tickets cost \$70 each and the City incurred a \$5 postage and handling fee, for a total cost of \$3,505. While 46 of the tickets were resold for the purchase price of \$70, four tickets were sold for \$62.50 each, resulting in the City recovering \$35 less than the total cost of the purchase. The City also chartered a bus for the trip at a cost of \$1,925 and was reimbursed only \$1,375, \$550 less than the actual cost.

Article III, Section 31 of the Constitution of the State of Iowa provides public funds may only be spent for public benefit. This public benefit criterion is addressed in various court cases and opinions of the Attorney General, including an Attorney General’s opinion dated April 25, 1979.

Article VII, Section 1 of the Constitution of the State of Iowa states, “The credit of the state shall not, in any manner, be given or loaned to, or in aid of, any individual, association, or corporation...”. Also, in accordance with an Attorney General’s opinion dated July 12, 1979, the credit of the State or its political subdivisions cannot be extended except for a public purpose, or to fulfill or liquidate a moral or legal obligation incurred by the State or its political subdivisions.

The purchase of the football tickets and charter bus for resale or reimbursement appear to violate Article VII, Section 1 of the Constitution of the State of Iowa, which prohibits loaning public funds to individuals. The disbursements in excess of amounts reimbursed do not appear to meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 because the public benefits to be derived have not been clearly documented.

Recommendation – The City Council should establish policies prohibiting advancing funds for recreational and other events in accordance with Article VII, Section 1 of the Constitution of the State of Iowa.

Response – Prior to any future bus trip and/or the purchase of tickets for events of this type, City Council will document the public benefit in accordance with Article VII, Section 1 of the Constitution of the State of Iowa.

Conclusion – Response accepted.

- (3) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (4) Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Mark Worrell, Council Member, Owner of Big Timber Excavations	Excavations	\$ 1,635

City of West Branch

Schedule of Findings

Year ended June 30, 2012

In accordance with Chapter 362.5(3)(k) of the Code of Iowa, the transaction with the Council Member does not appear to represent a conflict of interest since the total transactions were less than \$2,500 during the fiscal year.

- (5) 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 ensure the coverage is adequate for current operations.
- (6) City Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- (8) Revenue Bonds – No instances of non-compliance with the revenue bond resolutions were noted.
- (9) Tax Increment Financing (TIF) Indebtedness Certification - Chapter 403.19 of the Code of Iowa provides a municipality shall certify indebtedness to the County Auditor. Such certification makes it a duty of the County Auditor to provide for the division of property tax to repay the certified indebtedness and, as such, the County Auditor shall provide available incremental property tax in subsequent fiscal years without further certification until the amount of certified indebtedness is paid to the City. Indebtedness incurred is to be certified to the County Auditor and then the divided property tax is to be used to pay the principal of and interest on the certified indebtedness.

For one of the economic development agreements, the City certified the total rebate amount. The agreement states the rebate payment shall be subject to annual appropriation. Until appropriated, the payments do not represent debt and, accordingly, should not have been certified as debt. Although the City has properly requested the current year appropriated amount on TIF Form 2 and has not received funds in excess of amounts to be rebated, the total debt certified to the County Auditor is overstated by \$2,204,094.

Recommendation – The City should consult TIF legal counsel to determine the disposition of the City's TIF certification and the amount of TIF debt to be decertified, if any.

Response – The City consulted with our independent financial advisor, Speer Financial, Inc. and with Cedar County Auditor on this matter. As a result of these conversations, City staff prepared the annual Code of Iowa Section 403.19 Tax Increment Financing (TIF) Indebtedness Certification to County Auditor which included a reduction of \$2,204,094 in indebtedness for the urban renewal area pertaining to the Acciona rebate agreement.

Conclusion – Response accepted.

City of West Branch

Schedule of Findings

Year ended June 30, 2012

- (10) Unclaimed Property – Chapter 556.11 of the Code of Iowa requires each City to report and remit obligations, including checks, outstanding for more than two years to the State Treasurer’s Office annually. The City did not remit these obligations as required.

Recommendation – The outstanding checks should be reviewed annually and items over two years old should be remitted to the Office of Treasurer of State, State of Iowa as required.

Response – A procedure has been established to complete this review annually before the due date of November 1<sup>st</sup> of each year. This procedure will follow the filing instructions for unclaimed property from the Office of Treasurer of State’s Website. The report has been completed for fiscal year 2011-2012.

Conclusion – Response accepted.


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City of West Branch

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Manager  
Daniel L. Grady, Senior Auditor II  
Kelsey J. Kranz, Assistant Auditor  
Eric L. Rath, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA  
Deputy Auditor of State