

Date of Sale: Monday, February 4, 2013
 11:00 A.M. - 11:30 A.M., C.S.T. (Internet Sale)
 11:30 A.M., C.S.T. (Sealed Bids)
 (Alternative Bid Methods)

Official Statement

In the opinion of Dorsey & Whitney LLP, Bond Counsel, according to present laws, rulings and decisions and assuming compliance with certain covenants, the interest on the Bonds will be excluded from gross income for federal income tax purpose. Interest on the Bonds is not an item of tax preference for purpose of the federal alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986; it should be noted, however, that such interest will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes). The City will designate the Bonds as "qualified tax exempt obligations." See "TAX EXEMPTION AND RELATED CONSIDERATIONS" herein.

\$2,730,000
CITY OF WEST BRANCH
Cedar County, Iowa
General Obligation Corporate Purpose and Refunding Bonds, Series 2013

Dated Date of Delivery **Book-Entry** **Bank Qualified** **Due Serially June 1, 2013 - 2032**

The \$2,730,000 General Obligation Corporate Purpose and Refunding Bonds, Series 2013 (the "Bonds") are being issued by the City of West Branch, Cedar County, Iowa (the "City"). Interest is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2013. The Bonds will be issued using a book-entry system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. The Bonds will mature on June 1 in the following years and amounts.

AMOUNTS, MATURITIES AND INTEREST RATES

<u>Principal Amount</u>	<u>Due June 1</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>Principal Amount</u>	<u>Due June 1</u>	<u>Interest Rate</u>	<u>Yield or Price</u>
\$ 95,000	2013	_____ %	_____ %	\$180,000	2023	_____ %	_____ %
155,000	2014	_____ %	_____ %	185,000	2024	_____ %	_____ %
155,000	2015	_____ %	_____ %	190,000	2025	_____ %	_____ %
160,000	2016	_____ %	_____ %	80,000	2026	_____ %	_____ %
165,000	2017	_____ %	_____ %	80,000	2027	_____ %	_____ %
165,000	2018	_____ %	_____ %	80,000	2028	_____ %	_____ %
165,000	2019	_____ %	_____ %	85,000	2029	_____ %	_____ %
170,000	2020	_____ %	_____ %	85,000	2030	_____ %	_____ %
175,000	2021	_____ %	_____ %	90,000	2031	_____ %	_____ %
175,000	2022	_____ %	_____ %	95,000	2032	_____ %	_____ %

**Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.*

OPTIONAL REDEMPTION

Bonds due June 1, 2013 – 2020, inclusive, are non-callable. Bonds due June 1, 2021 - 2032, inclusive, are callable in whole or in part on any date on or after June 1, 2020, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot. See "OPTIONAL REDEMPTION" herein.

PURPOSE, LEGALITY AND SECURITY

Bond proceeds will be used to: (i) currently refund the City's outstanding General Obligation Water Improvement Bonds, Series 2005 (the "Refunded Bonds") from the Iowa Finance Authority; (ii) finance the costs of constructing sanitary sewer, waste water, and waterworks improvements within the City; and (iii) pay the costs of issuance of the Bonds. See "PLAN OF FINANCING" herein.

In the opinion of Bond Counsel, Dorsey & Whitney, LLP, Des Moines, Iowa, the General Obligation Bonds will constitute valid and legally binding general obligations of the City payable both as to principal and interest from ad valorem taxes levied against all taxable property therein without limitation as to rate or amount, all except as limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to the enforcement of creditors' rights generally and except that enforcement by equitable and similar remedies, such as mandamus, is subject to the exercise of judicial discretion. The City will furnish the written approving opinion of Bond Counsel, Dorsey & Whitney, LLP, Des Moines, Iowa, evidencing legality of the Bonds and that the interest thereon is exempt from Federal income taxes as and to the extent discussed under the heading "TAX EXEMPTION AND RELATED CONSIDERATIONS" herein.

The City intends to designate the Bonds as "qualified tax-exempt obligations" pursuant to the small issuer exception provided by Section 265(b)(3) of the Internal Revenue Code of 1986.

This Official Statement is dated January 25, 2013, and has been prepared under the authority of the City. An electronic copy of this Official Statement is available from the www.speerfinancial.com web site under "Official Statement Sales Calendar". Additional copies may be obtained from Mr. Matt Muckler, City Administrator/Clerk, City of West Branch, 110 North Poplar Street, West Branch, IA 52358-0218, or from the Independent Public Finance Consultants to the City:

Established 1954
Speer Financial, Inc.
INDEPENDENT PUBLIC FINANCE CONSULTANTS
 ONE NORTH LASALLE STREET, SUITE 4100 • CHICAGO, ILLINOIS 60602
 Telephone: (312) 346-3700; Facsimile: (312) 346-8833
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For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the City from time to time (collectively, the “Official Statement”), may be treated as an Official Statement with respect to the Bonds described herein that is deemed near final as of the date hereof (or the date of any such supplement or correction) by the City.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law or deemed appropriate by the City, shall constitute a “Final Official Statement” of the City with respect to the Bonds, as that term is defined in Rule 15c2-12. Any such addendum shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds other than as contained in the Official Statement or the Final Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. Certain information contained in the Official Statement and the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness. **THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATES THEREOF.**

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement or the Final Official Statement they will be furnished on request. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Official Statement, including the Official Terms of Offering and the Official Bid Form, which are provided for the convenience of potential investors and which should be reviewed in their entirety by potential investors.

Issuer:	City of West Branch, Cedar County, Iowa.
Issue:	\$2,730,000 General Obligation Corporate Purpose and Refunding Bonds, Series 2013.
Dated Date:	Date of Delivery (Expected on or about March 5, 2013).
Interest Due:	Each June 1 and December 1, commencing June 1, 2013.
Principal Due:	Serially each June 1, commencing June 1, 2013 through 2032, as detailed on the front page of this Official Statement.
Optional Redemption:	Bonds maturing on or after June 1, 2021, are callable at the option of the City on any date on or after June 1, 2020, at a price of par plus accrued interest. See “ OPTIONAL REDEMPTION ” herein.
Authorization:	The Bonds are being issued pursuant to authority established in Code of Iowa, Chapter 384, Division II, and all laws amendatory thereof and supplementary thereto, and in conformity with a resolution of the City Council duly passed and approved.
Security:	The Bonds are valid and legally binding obligations of the City payable both as to principal and interest from ad valorem taxes levied against all taxable property therein without limitation as to rate or amount, all except as limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to the enforcement of creditors’ rights generally and except that enforcement by equitable and similar remedies, such as mandamus, is subject to the exercise of judicial discretion.
No Credit Rating:	The City does not intend to apply for a credit rating on the Bonds.
Purpose:	Bond proceeds will be used to: (i) currently refund the City’s outstanding General Obligation Water Improvement Bonds, Series 2005 (the “Refunded Bonds”) from the Iowa Finance Authority; (ii) finance the costs of constructing sanitary sewer, waste water, and waterworks improvements within the City; and (iii) pay the costs of issuance of the Bonds. See “ PLAN OF FINANCING ” herein.
Tax Exemption:	Dorsey & Whitney, LLP, Des Moines, Iowa, will provide an opinion as to the tax exemption of the Bonds as discussed under “ TAX EXEMPTION AND RELATED CONSIDERATIONS ” in this Official Statement. Interest on the Bonds is not exempt from present State of Iowa income taxes.
Bank Qualification:	The City intends to designate the Bonds as “qualified tax-exempt obligations.”
Registrar & Paying Agent	Bankers Trust Company, Des Moines, Iowa.
Book-Entry Form:	The Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository of the Bonds. See APPENDIX B herein.
Delivery:	The Bonds are expected to be delivered on or about March 5, 2013.
Financial Advisor:	Speer Financial, Inc., Waterloo, Iowa and Chicago, Illinois.

CITY OF WEST BRANCH

Cedar County, Iowa

Don Kessler

Mayor

Council Members

Jordan M. Ellyson

Dan O'Neil

Jim Oaks

Colton Miller

Mark Worrell

Officials

Dawn Brandt
Deputy City Clerk

Matt Muckler
City Administrator/Clerk

Kevin Olson
City Attorney

THE CITY

General

The City of West Branch, Cedar County, Iowa (the "City") was originally settled by Quakers in the mid 1800's. The name *West Branch* likely was the result of a combination of several factors. The first Quaker meeting in town was the West Branch of the Red Cedar Meeting at Springdale, and the town was located along the west branch of the Wapsinonoc Creek. The City's population increased approximately 6% from 2,188 in 2000 to 2,322 in 2010, as reported by the U.S. Census Bureau. The City is located in southeastern Iowa off of the I-80 Interstate approximately 10 miles east of Iowa City and 40 miles west of Davenport.

City Organization and Services

The City was incorporated on March 29, 1875 and has a Mayor-Council form of government. Policy is established by a Mayor and five council members. The Mayor and all five council members are elected at large for four-year terms. The City Administrator/Clerk, the Deputy City Clerk and the City Treasurer/Finance Officer are appointed by the City Council. The day-to-day operations of the City are the responsibility of the City Administrator. City operated facilities include the Town Hall (a community gathering space), the West Branch Public Library, the West Branch Fire Department and Public Works facilities, municipal water and sewer systems and the City Office.

Approximately 13 people are employed by the City on a full-time basis. In addition, there are nine part-time and seasonal employees. The City considers its employee relations to be very good. The City employs three full-time police officers and is served by 35 volunteer firefighters who operate out of one centrally located fire station. The West Branch Fire Department provides services to several townships outside of the city limits as well. About two-thirds of the calls for service and financial support of the West Branch Fire Department comes from outside the City's corporate boundaries.

Electricity and gas are supplied to the City by Alliant Energy and solid waste and recycling services are supplied through a contract agreement with Johnson County Refuse. The City provides water and sewer services.

Transportation

The City of West Branch coordinates with a regional transportation planning agency, Regional Planning Affiliation 10 (RPA 10). RPA 10 is a seven-county region that includes Benton, Cedar, Iowa, Johnson, Jones, Linn, and Washington counties. RPA 10 facilitates coordination among local, regional, state, and federal agencies on transportation issues and plans. The City's location provides excellent transportation options for City businesses and residents. Main Street and Parkside Drive are the most heavily traveled West Branch city streets with 4,070 and 3,900 Average Annual Daily Trips (AADT) respectively. Interstate 80 has the highest traffic volume in the city with an AADT of 36,600. Iowa Interstate Railroad operates an east west line that runs approximately two and a half miles south of West Branch. The Eastern Iowa Airport in Cedar Rapids, IA and the Quad City International Airport in Moline, IL both provide commercial air transportation services and are located within forty-five minutes of the City.

Education

Educational opportunities and facilities are provided by the West Branch Community School District (the "District"). The District provides public education through a senior high school, a middle school and an elementary school all located within the City limits. The District has an enrollment of approximately 800 students. The West Branch Board of Education, administrative team, teachers and support staff have high expectations for each student's success. Smaller class sizes allow for personalized learning experiences stemming from their ability to truly "know our learners." This is a quality many surrounding school districts simply cannot provide.

West Branch is also proud to be the home of Scattergood Friends School. Scattergood provides students from around the world a college preparatory education. They emphasize living in community and are devoted to fostering the growth of the whole person. Scattergood Friends School was founded in 1890 by the Religious Society of Friends (Quakers) for the education of Friends' children. Today, about one third of the students are from Friends families.

Post-secondary educational opportunities are readily available through the University of Iowa and Kirkwood Community College, with campuses only a fifteen-minute drive away. Several private colleges and universities, including Mount Mercy College and Coe College in Cedar Rapids and St. Ambrose University and Augustana College in the Quad Cities are within an hour's drive of the City.

Community Life

West Branch is the birthplace of Herbert C. Hoover, the 31st President of the United States. Thousands of visitors come to West Branch every year to enjoy the Herbert Hoover Presidential Library-Museum and the Herbert Hoover National Historic Site and Prairie. In addition to featuring Hoover's Birthplace Cottage and the gravesite of Herbert and Lou Henry Hoover, visitors can take a walk through the restored 81-acre tallgrass prairie.

The City's premier event of the year is Hoover's Hometown Days is celebrated each year on the first weekend in August. The event features a celebration of Hoover's life, over 100 vendors, inflatable rides and games, the Mayor's Parade the annual National Hoover Ball Championship, and a fabulous fireworks display. Christmas Past is an annual celebration in Historic Downtown West Branch and a summer concert series takes place on the Village Green.

West Branch has several City parks distributed throughout the community and each offers a different type of recreational opportunity. The City's Park & Recreation Department provides youth sports opportunities, community programs and adult fitness and recreation. This Department is currently planning the development of the City's newest park, Wapsi Creek Park.

West Branch Family Practice, a Mercy Iowa Clinic, provides medical services to residents. Other health care offerings include chiropractic, physical therapy and dental services. Crestview Nursing and Rehab Center provides rehabilitation and skilled nursing services to 65 residents. West Branch residents also enjoy the close proximity of Mercy Hospital and the University of Iowa Hospital and Clinics.

Residents of the City enjoy library services provided by the West Branch Public Library. On September 30, 1904 the City dedicated the Free Public Library, later to be known as the Enlow Public Library. A new library was constructed in 1993. The library has a collection of over 19,300 materials and a circulation of over 41,500 items. Library programs are very strong with 6,581 people participating in storytimes, family movie nights, and many of the different summer reading events.

The following demographic information is for the City. Additional comparisons are made with Cedar County (the “County”) and the State of Iowa (the “State”).

Population

The following table reflects population trends for the City, the County and the State.

Population Comparison(1)

<u>Year</u>	<u>City Population</u>	<u>Percent Change</u>	<u>The County</u>	<u>Percent Change</u>	<u>The State</u>	<u>Percent Change</u>
1970	1,322	N/A	17,655	N/A	2,757,537	N/A
1980	1,867	41.22%	18,635	5.55%	2,913,808	5.67%
1990	1,908	2.20%	17,444	(4.09%)	2,776,785	(4.70%)
2000	2,188	14.68%	18,187	4.26%	2,926,324	5.39%
2010	2,322	6.12%	18,499	1.69%	3,046,355	4.10%

Notes: (1) Source: U.S. Bureau of the Census.

Employment

Lists of major County and major area employers are shown below. The area list shows the diversity of the employers located within 50 miles of the City where most of the City residents are employed.

Major County Employers(1)

<u>Location</u>	<u>Name</u>	<u>Business or Product</u>	<u>Approximate Employment(2)</u>
West Branch.....	Schenker Logistics, Inc.	Transportation and Logistics	425
West Branch.....	West Branch Community School District	Public Education	143
Durant	Norfolk Iron & Metal Co.	Steel Service Center	122
West Branch.....	ACCIONA Windpower North America, LLC	Wind Turbine Assembly	100
West Branch.....	Crestview Care & Rehab Center	Health Care.....	80
West Branch.....	Plastic Products Co., Inc	Plastic Moldings	70
Durant	Pioneer Hi-Bred International, Inc.....	Seed Processing	61
Tipton	Xerxes Corporation	Fiberglass Tanks.....	53
Clarence.....	Wabash Transformers, Inc.	Transformers & Devices.....	50
West Branch.....	Tidewater Direct, LLC	Commercial Printing.....	40
Stanwood	North Cedar Recycling, LLC.....	Recycled Paper.....	30
Durant	Russelloy Foundry, Inc.....	Iron Castings.....	30
Durant	Schumacher Company L.C.	Agricultural Equipment	30
Durant	SFS Intec, Inc.	Fasteners & Screws	30

Notes: (1) Source: Area Chambers of Commerce, selected telephone surveys and the 2013 Iowa Manufacturers Directory.
 (2) Includes full and part-time as well as seasonal employees.

Major Area Employers(1)

Location	Name	Business or Product	Approximate Employment(2)
Iowa City	University of Iowa	Education	18,650
Iowa City	University of Iowa Hospitals & Clinics	Health Care	12,154
Cedar Rapids	Rockwell-Collins, Inc.	Communications Instruments	7,800
Cedar Rapids/Iowa City	Mercy Medical Center	Health Care	3,520
Cedar Rapids	AEGON Insurance Group	Insurance	3,500
Cedar Rapids	St. Luke's Hospital	Health Care	3,184
Cedar Rapids	Cedar Rapids Community Schools	Education	2,936
Cedar Rapids	Hy-Vee Food Stores	Groceries	2,550
Amana	Whirlpool Corporation	Household Appliances	2,100
Cedar Rapids	Kirkwood Community College	Education	1,895
Iowa City	Iowa City Community School District	Education	1,700
Iowa City	Veterans Health Administration	Health Care	1,652
Cedar Rapids	Wal-Mart Stores, Inc.	Retail	1,530
Cedar Rapids	City of Cedar Rapids	Government	1,311
Iowa City	ACT, Inc.	Education Programs	1,243
Cedar Rapids	Nordstrom Direct	Distribution	1,200
Iowa City	NCS Pearson	Educational Data Processors	1,100
Cedar Rapids	Yellow Book USA, Inc.	Directory Publishing	1,100
Cedar Rapids	Quaker Oats Company	Food Processing	1,000

Notes: (1) Source: Areas Chamber of Commerce, selected telephone surveys and the 2013 Iowa Manufacturers Directory.
 (2) Includes full and part-time as well as seasonal employees.

The following tables show employment by industry and by occupation for the City, the County and the State as reported by the 2007-2011 American Community Survey 5-Year Estimates from the U.S. Bureau of the Census.

Employment By Industry(1)

Classification	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining	39	3.0%	570	5.7%	62,454	4.0%
Construction	110	8.3%	898	9.0%	96,548	6.2%
Manufacturing	110	8.3%	1,530	15.4%	229,209	14.7%
Wholesale trade	32	2.4%	404	4.1%	48,874	3.1%
Retail trade	113	8.5%	988	9.9%	181,020	11.6%
Transportation and warehousing, and utilities	44	3.3%	529	5.3%	74,270	4.8%
Information	59	4.5%	244	2.4%	32,305	2.1%
Finance, insurance, real estate and rental and leasing	24	1.8%	347	3.5%	119,404	7.7%
Professional, scientific, management, administrative, and waste management services	84	6.4%	706	7.1%	103,952	6.7%
Education, health and social services	476	36.0%	2,456	24.7%	368,788	23.7%
Arts, entertainment, recreation, accommodation and food services	110	8.3%	520	5.2%	117,495	7.6%
Other services	59	4.5%	425	4.3%	69,260	4.5%
Public administration	62	4.7%	345	3.5%	50,837	3.3%
Total	1,322	100.0%	9,962	100.0%	1,554,416	100.0%

Note: (1) Source: U. S. Bureau of the Census. American Community Survey 5-Year Estimates from 2007 - 2011.

Employment By Occupation(1)

Classification	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Management, professional, and related occupations	428	32.4%	2,977	29.9%	519,373	33.4%
Service occupations	248	18.8%	1,502	15.1%	256,508	16.5%
Sales and office occupations	355	26.9%	2,235	22.4%	376,960	24.3%
Natural Resources, construction, and maintenance occupations	147	11.1%	1,405	14.1%	149,703	9.6%
Production, transportation, and material moving occupations	144	10.9%	1,843	18.5%	251,872	16.2%
Total	1,322	100.0%	9,962	100.0%	1,554,416	100.0%

Note: (1) Source: U. S. Bureau of the Census. American Community Survey 5-Year Estimates from 2007 - 2011.

Annual Average Unemployment Rates(1)

<u>Calendar Year</u>	<u>The County</u>	<u>State of Iowa</u>	<u>United States</u>
2002.....	3.5%	3.9%	5.8%
2003.....	3.7%	4.4%	6.0%
2004.....	4.1%	4.7%	5.5%
2005.....	3.8%	4.3%	5.1%
2006.....	3.3%	3.8%	4.6%
2007.....	3.3%	3.8%	4.6%
2008.....	3.8%	4.0%	5.8%
2009.....	5.2%	6.0%	9.3%
2010.....	5.8%	6.7%	9.6%
2011.....	5.3%	6.0%	9.0%
2012 (2).....	4.5%	5.2%	9.1%

Notes: (1) Source: Iowa Workforce Development.
 (2) As of November 2012.

**Iowa City MSA Non-Agricultural Labor Force
 By Place of Work(1)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012(2)</u>
Goods Producing.....	10,200	9,200	9,200	9,100	9,600
Service Producing	47,600	47,300	47,800	46,800	48,600
Government.....	<u>33,400</u>	<u>33,600</u>	<u>33,300</u>	<u>33,700</u>	<u>33,100</u>
Total.....	91,200	90,100	90,300	89,600	91,300

Notes: (1) Source: Iowa Workforce Development. Place of Work concept counts an individual in the area where he or she works regardless of where that person lives.
 (2) As of November 2012.

Building Permits

Total building permits have averaged approximately \$3,015,729 annually over the last five years in the City, excluding the value of land.

City Building Permits(1)
 (Excludes the Value of Land)

<u>Calendar Year</u>	<u>Total Value</u>
2008.....	\$6,096,077
2009.....	1,411,071
2010.....	2,357,883
2011.....	2,762,294
2012.....	2,451,321

Note: (1) Source: The City.

Housing

According to the 2007 - 2011 American Community Survey 5-Year Estimates from the U.S. Bureau of the Census, the median value of the City's owner-occupied homes was \$143,100. This compares to \$129,900 for the County and \$121,300 for the State. The following table represents the five year average market value of specified owner-occupied units for the City, the County and the State at the time of the 2007 - 2011 American Community Survey.

Specified Owner-Occupied Units(1)

Value	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Under \$50,000.....	131	18.6%	420	6.9%	103,795	11.7%
\$ 50,000 to \$ 99,999.....	59	8.4%	1,598	26.4%	238,998	26.8%
\$100,000 to \$149,999.....	190	27.0%	1,593	26.3%	216,405	24.3%
\$150,000 to \$199,999.....	202	28.7%	1,263	20.9%	143,624	16.1%
\$200,000 to \$299,999.....	98	13.9%	793	13.1%	120,526	13.5%
\$300,000 to \$499,999.....	17	2.4%	286	4.7%	49,225	5.5%
\$500,000 to \$999,999.....	7	1.0%	69	1.1%	13,916	1.6%
\$1,000,000 or more.....	0	0.0%	34	0.6%	3,672	0.4%
Total.....	704	100.0%	6,056	100.0%	890,161	100.0%

Mortgage Status	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Housing Units with a Mortgage.....	480	68.2%	6,346	57.0%	559,301	62.8%
Housing Units without a Mortgage.....	224	31.8%	4,781	43.0%	330,860	37.2%
Total.....	704	100.0%	6,056	100.0%	890,161	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2007 - 2011.

Income

According to the 2007 - 2011 American Community Survey 5-Year Estimates from the U.S. Bureau of the Census, the City had a median household income of \$72,500. This compares to \$66,397 for the County and \$64,000 for the State. The following table represents the distribution of household incomes for the City, the County and the State at the time of the 2007 - 2011 American Community Survey.

Family Income(1)

Income	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Under \$10,000.....	5	0.8%	106	2.0%	25,330	3.2%
\$ 10,000 to \$ 14,999.....	13	2.2%	127	2.4%	20,225	2.5%
\$ 15,000 to \$ 24,999.....	50	8.4%	336	6.5%	55,921	7.0%
\$ 25,000 to \$ 34,999.....	45	7.5%	454	8.7%	71,463	9.0%
\$ 35,000 to \$ 49,999.....	58	9.7%	667	12.8%	117,176	14.8%
\$ 50,000 to \$ 74,999.....	149	24.9%	1,332	25.6%	186,070	23.4%
\$ 75,000 to \$ 99,999.....	176	29.4%	1,191	22.9%	136,716	17.2%
\$100,000 to \$149,999.....	87	14.5%	788	15.2%	120,758	15.2%
\$150,000 to \$199,999.....	7	1.2%	167	3.2%	33,343	4.2%
\$200,000 or more.....	8	1.3%	30	0.6%	26,954	3.4%
Total.....	598	100.0%	5,198	100.0%	793,956	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2007 - 2011.

Agriculture

Shown below is information on the agricultural values of the County, and certain data comparing such County with Statewide averages. Average value per acre for the County is greater than the Statewide average in recent years.

Selected Agricultural Statistics

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Cedar County(1)(2):					
Number of Farms.....	950	1,040	1,030	1,050	1,050
Total Farm Acreage.....	336,000	337,500	337,500	340,000	340,000
Average Size of Farms (Acres).....	354	325	328	324	324
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Average Value Per Acre(1)(3):					
Cedar County.....	\$4,934	\$4,922	\$5,362	\$7,226	\$8,545
State of Iowa.....	4,468	4,371	5,064	6,708	8,296

- Notes: (1) Most current data available as of January 2013 and is subject to revision.
 (2) Source: USDA – National Agricultural Statistics Service.
 (3) Source: Cooperative Extension Service - Iowa State University.

LOCAL OPTION SALES TAX

The City approved a 1% local option sales and service tax (“Local Option Tax”) at a special referendum. The Local Option Tax for the City became effective in July 1, 2011. The sunset date for this Local Option Sales Tax is June 30, 2015. The City’s Local Option Tax referendum question stated that proceeds of such tax would be designated for the expansion and maintenance of the West Branch Fire Station building.

Once approved, a Local Option Tax can only be repealed or changed through a public referendum at which a majority voting approve the repeal or tax rate change. Contiguous municipalities are one unit for this purpose. If a Local Option Tax is not imposed county-wide, then the question of repeal is voted upon only by voters in such areas of a county where the tax has been imposed. A Local Option Tax may not be repealed within one year of the effective date.

The State of Iowa Department of Revenue and Finance (the “Department”) administers collection and disbursement of all local option sales and services taxes in conjunction with administration of the State-wide sales, services and use tax presently assessed at 6%. The Department is required by statute to remit at least 95% of the estimated tax receipts to a county board of supervisors (for taxes imposed in unincorporated areas) and to each incorporated city. Such remittances are on a monthly basis. Once a year the Department reconciles its monthly estimated payments and makes an adjustment payment or debit at the November 10 payment date. Remittance of collections within a county are based upon the following statutory formula for county-wide collections:

- 75 percent: Based on a pro rata share of population (the most recent certified federal census) of those incorporated or unincorporated areas in a county which have approved a Local Option Tax.
- 25 percent: Based on a pro rata share of total property tax dollars levied during the three year period beginning July 1, 1982, through June 30, 1985, for those incorporated or unincorporated areas of a county which have approved a Local Option Tax.

Local Option Taxes are based on the same sales currently taxed by the state-wide 6% sales and services tax, with the present statutory exceptions of use taxes, lottery tickets, motor fuel and special fuels, certain farm machinery, industrial equipment, and the sale of automobiles, room rental already subject to a hotel/motel tax, or natural gas or electricity already subject to a city or county franchise fee or user fee.

The following table shows the trend of City sales tax receipts.

Local Option Sales Tax Receipts(1)

<u>Fiscal Year</u>	<u>Local Option Sales Tax Receipts</u>	<u>Percent Change +(-)</u>
2011-12.....	\$154,722	N/A

Note: (1) Source: Iowa Department of Revenue.

Retail Sales

The Department of Revenue of the State of Iowa provides retail sales figures based on sales tax reports for years ending June 30. The Department of Revenue figures provide recent data to confirm trends in retail sales activity in the City.

Retail Taxable Sales(1)(2)

<u>Year Ending March 31</u>	<u>Taxable Sales</u>	<u>Annual Percent Change + (-)</u>
2003.....	\$10,421,614	n/a
2004.....	9,824,357	(5.73%)
2005.....	10,702,521	8.94%
2006.....	12,386,479	15.73%
2007.....	13,278,475	7.20%
2008.....	14,408,342	8.51%
2009.....	13,691,425	(4.98%)
2010.....	13,170,762	(3.80%)
2011.....	13,074,548	(0.73%)
2012.....	13,592,099	3.96%
Growth from 2003 to 2012.....		30.42%

Notes: (1) Source: Iowa Department of Revenue.
 (2) Beginning with Fiscal Year 2009, annual reports will cover the period beginning July 1 and ending June 30.

PLAN OF FINANCING

Approximately \$1,303,000 in bond proceeds will be used to currently refund the City's outstanding General Obligation Water Improvement Bonds, Series 2005, from the Iowa Finance Authority, as listed below (the "Refunded Bonds"):

General Obligation Water Improvement Bonds, Series 2005 (Originally dated June 2, 2005)

<u>Refunded Maturities</u>	<u>Outstanding Amount</u>	<u>Amount Refunded</u>	<u>Redemption Price</u>	<u>Redemption Date</u>
6/1/13	\$ 83,000	\$ 83,000	100%	3/15/13
6/1/14	85,000	85,000	100%	3/15/13
6/1/15	88,000	88,000	100%	3/15/13
6/1/16	90,000	90,000	100%	3/15/13
6/1/17	93,000	93,000	100%	3/15/13
6/1/18	96,000	96,000	100%	3/15/13
6/1/19	99,000	99,000	100%	3/15/13
6/1/20	102,000	102,000	100%	3/15/13
6/1/21	105,000	105,000	100%	3/15/13
6/1/22	108,000	108,000	100%	3/15/13
6/1/23	111,000	111,000	100%	3/15/13
6/1/24	115,000	115,000	100%	3/15/13
6/1/25	118,000	118,000	100%	3/15/13

Approximately \$1,427,000 of the Bond proceeds will be used to finance the costs of constructing and improving sanitary sewer lines within the City and pay the costs of issuance of the Bonds.

DEBT INFORMATION

After issuance of the Bonds and the refunding of the Refunded Bonds, the City will have outstanding approximately \$3,168,398 principal amount of general obligation debt and tax increment financing rebate agreements. The City has \$715,000 outstanding in water revenue debt through the State Revolving Fund program, which does not count against the City's debt limitation. The City has a general obligation legal debt limit equal to 5% of Actual Valuation. For the January 1, 2011 Actual Valuation of \$169,645,770 (including tax increment valuation and excluding military exemption valuation) applied to fiscal year 2012/13, the total limit is \$8,482,288. Including the Bonds and excluding the Refunded Bonds, the estimated principal amount of bonded and rebate indebtedness applicable to this limit is \$3,168,398. Applying such bonded and non-bonded indebtedness to the legal debt limitation, the City will have a remaining legal debt margin of \$5,313,890.

General Obligation Debt Summary(1) (Principal Only)

State Revolving Fund, Series 2005	\$1,293,000
Series 2007.....	47,388
Series 2008.....	97,871
Series 2008.....	167,682
The Bonds	2,730,000
Less: The Refunded Bonds.....	<u>(1,293,000)</u>
Total.....	\$3,042,941

Note: (1) Source: the City.

General Obligation Bonded Debt(1) (Principal Only)

Fiscal Year Ending June 30	Total Outstanding Debt	The Bonds	Less: Refunded Debt (2)	Total General Obligation Debt(2)	Cumulative Principal Retired(2)	
					Amount	Percent
2013	\$ 136,812	\$ 95,000	\$ (83,000)	\$ 148,812	\$ 148,812	4.89%
2014	130,488	155,000	(85,000)	200,488	349,300	11.48%
2015	115,664	155,000	(88,000)	182,664	531,964	17.48%
2016	118,861	160,000	(90,000)	188,861	720,825	23.69%
2017	123,096	165,000	(93,000)	195,096	915,921	30.10%
2018	127,413	165,000	(96,000)	196,413	1,112,334	36.55%
2019	113,869	165,000	(99,000)	179,869	1,292,203	42.47%
2020	116,760	170,000	(102,000)	184,760	1,476,963	48.54%
2021	120,416	175,000	(105,000)	190,416	1,667,379	54.79%
2022	124,118	175,000	(108,000)	191,118	1,858,497	61.08%
2023	127,843	180,000	(111,000)	196,843	2,055,340	67.54%
2024	132,601	185,000	(115,000)	202,601	2,257,941	74.20%
2025	118,000	190,000	(118,000)	190,000	2,447,941	80.45%
2026	0	80,000	0	80,000	2,527,941	83.08%
2027	0	80,000	0	80,000	2,607,941	85.70%
2028	0	80,000	0	80,000	2,687,941	88.33%
2029	0	85,000	0	85,000	2,772,941	91.13%
2030	0	85,000	0	85,000	2,857,941	93.92%
2031	0	90,000	0	90,000	2,947,941	96.88%
2032	0	95,000	0	95,000	3,042,941	100.00%
	<u>\$1,605,941</u>	<u>\$2,730,000</u>	<u>\$(1,293,000)</u>	<u>\$3,042,941</u>		

Note: (1) Source: the City.

Statement of Indebtedness(1)

City Actual Value January 1, 2011	\$169,645,770
City Taxable Value January 1, 2011	114,582,236

	<u>Total</u>	<u>Applicable</u>		<u>Ratio to City Actual</u>	<u>Ratio to City Taxable</u>	<u>Per Capita (2010 Pop. 2,322)</u>
		<u>Percent</u>	<u>Amount</u>			
Direct Debt	\$ 3,042,941	100.00%	\$ 3,042,941	1.79%	2.66%	\$1,310.48
Overlapping Debt:						
West Branch Community School District.....	\$ 2,175,000	39.51%	\$ 859,343	0.51%	0.75%	\$ 370.09
Kirkwood Community College.....	19,985,000	15.38%	3,073,693	1.81%	2.68%	1,323.73
Cedar County	0	6.81%	0	<u>0.00%</u>	<u>0.00%</u>	<u>0.00</u>
Total Net Direct and Overlapping Debt			<u>\$21,192,271</u>	8.20%	13.89%	\$3,004.30

City Actual Value, 2011 Per Capita.....	\$73,060.19
City Taxable Value, 2011 Per Capita.....	\$49,346.35

Note: (1) Source: The City, the County, the School District and Community College; as of January 16, 2013 for Overlapping Debt and the date of issuance of the Bonds for the Net Direct Debt.

PROPERTY TAX INFORMATION

Property Tax Assessment

In compliance with Section 441.21 of the Code of Iowa, as amended, the State Director of Revenue annually directs all county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The final values, called Actual Valuation, are then adjusted by the County Auditor. Taxable Valuation subject to tax levy is then determined by the application of State determined rollback percentages, principally to residential property.

Beginning in 1978, the State required a reduction in Actual Valuation to reduce the impact of inflation on its residents. The resulting value is defined as the Taxable Valuation. Such rollback percentages may be changed in future years. Certain historical rollback percentages for residential valuation are as follows:

Residential Rollback Percentages for Taxable Valuation(1)

<u>Fiscal Year</u>	<u>Percentage</u>
2003/04	51.3874%
2004/05	48.4588%
2005/06	47.9642%
2006/07	45.9960%
2007/08	45.5596%
2008/09	44.0803%
2009/10	45.5893%
2010/11	46.9094%
2011/12	48.5299%
2012/13	50.7518%

Note: (1) Source: the City.

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following tax year. For example, the assessments finalized on January 1, 2011, are used to calculate tax liability for the tax year starting July 1, 2012 through June 30, 2013.

Property Tax Collection

Each county is required by State law to collect all tax levies within its jurisdiction and remit, before the fifteenth of each month, the amount collected through the last day of the preceding month to underlying units of government, including the City. Property tax payments are made at the office of each county treasurer in full or one-half by September 30 and March 31, pursuant to the Code of Iowa, Sections 445.36 and 445.37. Where the first half of any property tax has not been paid by October 1, such installment becomes delinquent. If the second installment is not paid, it becomes delinquent on April 1. Delinquent taxes and special assessments are subject to a penalty at the rate of one and one-half percent per month, to a maximum of eighteen percent per annum.

If taxes are not paid when due, the property may be offered at the regular tax sale on the third Wednesday of June following the delinquency date. Purchasers at the tax sale must pay an amount equal to the taxes, special assessments, interest and penalties due on the property, and funds so received are applied to the payment of taxes. A property owner may redeem from the regular tax sale, but failing redemption within two years, the tax sale purchaser is entitled to a deed which in general conveys the title free and clear of all liens except future installments of taxes.

Actual (100%) Valuations for the City(1)(2)

Property Class	Fiscal Year:	2008/09	2009/10	2010/11	2011/12	2012/13
	Levy Year January 1:	2007	2008	2009	2010	2011
Residential		\$ 98,472,300	\$100,647,420	\$103,099,070	\$ 105,233,150	\$107,525,860
Agricultural		388,190	359,060	622,350	622,350	748,570
Commercial		44,808,350	46,693,923	50,305,462	39,173,202	37,634,220
Industrial		8,037,440	12,802,990	13,918,580	13,993,652	20,356,454
Utilities without Gas and Electric (3)		305,320	399,711	363,475	382,562	408,093
Gas and Electric Utilities (3)		2,189,447	2,226,211	2,552,446	2,966,055	3,133,697
Less: Military Exemption		(175,940)	(181,496)	(172,236)	(161,124)	(161,124)
Total		\$154,025,107	\$162,947,819	\$170,689,147	\$162,209,847	\$169,645,770
Percent Change +(-)		13.88%(4)	5.79%	4.75%	(4.97%)	4.58%

- Notes: (1) Source: Iowa Department of Management.
 (2) Includes tax increment finance (TIF) valuations used in the following amounts:

January 1:	2007	2008	2009	2010	2011
TIF Valuation	\$28,316,401	\$27,577,744	\$38,185,975	\$12,838,630	\$ 3,394,835

- (3) See "PROPERTY TAX INFORMATION - Utility Property Tax Replacement" herein.
 (4) Based on 2006 Actual Valuation of \$135,246,188.

For the January 1, 2011 levy year, the City's Taxable Valuation was comprised of approximately 48% residential, 33% commercial, 17% industrial, 1% utilities and less than 1% agricultural, railroads and military exemption.

Taxable ("Rollback") Valuations for the City(1)(2)

Property Class	Fiscal Year:	2008/09	2009/10	2010/11	2011/12	2012/13
	Levy Year January 1:	2007	2008	2009	2010	2011
Residential		\$43,406,873	\$ 45,884,462	\$ 48,363,162	\$ 51,069,534	\$ 54,571,273
Agricultural		349,769	337,001	412,437	429,517	430,735
Commercial		44,687,907	46,693,923	50,305,462	39,173,202	37,634,220
Industrial		8,037,440	12,802,990	13,918,580	13,993,652	20,356,454
Utilities without Gas and Electric (3)		305,320	399,711	363,475	382,562	408,093
Gas and Electric Utilities (3)		1,385,578	1,409,507	1,263,452	1,301,587	1,342,585
Less: Military Exemption		(175,940)	(181,496)	(172,236)	(161,124)	(161,124)
Total		\$97,996,947	\$107,346,098	\$114,454,332	\$106,188,930	\$114,582,236
Percent Change +(-)		13.07%(4)	9.54%	6.62%	(7.22%)	7.90%

- Notes: (1) Source: Iowa Department of Management.
 (2) Includes tax increment finance (TIF) valuations used in the following amounts:

January 1:	2007	2008	2009	2010	2011
TIF Valuation	\$22,736,827	\$22,210,665	\$32,335,758	\$12,838,630	\$ 3,394,835

- (3) See "PROPERTY TAX INFORMATION - Utility Property Tax Replacement" herein.
 (4) Based on 2006 Taxable Valuation of \$86,672,579.

The following shows the trend in the City's tax extensions and collections.

Tax Extensions and Collections(1)(2)

Levy Year	Collection Year	Amount Levied	Amount Collected(2)	Percent Collected
2006	2007-2008	\$ 809,106	\$ 826,021	102.09%
2007	2008-2009	944,563	948,706	100.44%
2008	2009-2010	1,036,623	1,053,699	101.65%
2009	2010-2011	1,021,020	1,035,263	101.39%
2010	2011-2012	1,142,324	1,157,868	101.36%
2011	2012-2013	1,339,588	--In Collection--	

Notes: (1) Source: The City and County Treasurer.
 (2) Includes delinquent taxes, penalties, interest payments and taxes on mobile homes.

Principal Taxpayers(1)

<u>Taxpayer Name</u>	<u>Business/Service</u>	January 1, 2011 <u>Taxable Valuation(2)</u>
Procter & Gamble Hair Care, LLC	Hair Products Manufacturing	\$28,950,398
Acciona Windpower North America, LLC	Windpower Energy	15,165,820
Plastics Products Company, Inc.	Plastics Products	3,303,696
Care Initiatives	Nursing Home	2,609,200
Distributors Real Estate, Inc.	Real Estate	2,063,560
Hames Manufactured Home	Manufactured Homes	1,439,840
Cargill Incorporated	Animal Feed	1,188,190
Tidewater Realty, LLC	Real Estate	1,140,460
McDonalds Real Estate Co.	Real Estate	813,810
Cole KG West Branch IA, LLC	Real Estate	736,430
Total		\$57,411,404
Ten Largest Taxpayers as Percent of City's 2011 Taxable Value (\$114,582,236)		50.10%

Notes: (1) Source: Cedar County.
 (2) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked.

Levy Limits

Normal municipal operations and maintenance costs are generally funded through the corporate property tax levy. Iowa State Code does not allow the municipal general fund to be taxed above \$8.10 per thousand dollars of taxable value in any one year. In addition to the General Fund, there are several other tax funds that the City can create and use for specific purposes.

The property tax rates for the City from levy year 2007 through levy year 2011 are shown below:

Property Tax Rates: Levy Years 2007 - 2011(1)(2)
 (Per \$1,000 Actual Valuation)

Fiscal Year: Levy Year:	2008/09 <u>2007</u>	2009/10 <u>2008</u>	2010/11 <u>2009</u>	2011/12 <u>2010</u>	2012/13 <u>2011</u>
The City:					
General Fund.....	\$ 8.10000	\$ 8.10000	\$ 8.10000	\$ 8.10000	\$ 8.10000
Debt Service	1.49999	1.17747	1.10486	1.72328	1.28431
Pension and Benefits	1.43971	1.37738	1.53073	1.31241	1.61800
Others.....	<u>1.10023</u>	<u>1.24935</u>	<u>1.30823</u>	<u>0.90813</u>	<u>1.04151</u>
Total City Rate	\$12.13993	\$11.90420	\$12.04382	\$12.04382	\$12.04382
Others:					
Cedar County.....	\$ 5.75748	\$ 5.58415	\$ 5.60531	\$ 5.55042	\$ 5.51581
West Branch Community School District	14.02275	13.96421	14.30683	14.05544	13.96841
Kirkwood Community College	0.85161	0.84042	0.92566	0.99870	1.07888
Other	<u>0.82997</u>	<u>0.80890</u>	<u>0.62221</u>	<u>0.66101</u>	<u>0.66221</u>
Total Rate Paid by West Branch Residents.....	\$33.60174	\$33.10188	\$33.50383	\$33.30939	\$33.26913

- Notes: (1) Source: The Iowa Department of Management.
 (2) Does not include the tax rate for agriculture.

Utility Property Tax Replacement

Beginning in 1999, the State replaced its previous property tax assessment procedure in valuing the property of entities involved primarily in the production, delivery, service and sale of electricity and natural gas with a replacement tax formula based upon the delivery of energy by these entities. Electric and natural gas utilities now pay replacement taxes to the State in lieu of property taxes. All replacement taxes are allocated among local taxing district by the State Department of Revenue and Finance and the Department of Management. This allocation is made in accordance with a general allocation formula developed by the Department of Management on the basis of general property tax equivalents. Properties of these utilities are exempt from the levy of property tax by political subdivisions. Utility property will continue to be valued by a special method as provided in the statute and taxed at the rate of three cents per one thousand dollars for the general fund of the State. For the tax years following 1999, 2000, and 2001, each county treasurer computed a special utility property tax levy and levied a special utility property tax equal to the shortfall. However, this special tax was subject to a statutory sunset in 2002.

A task force was established through January 1, 2003 to study the effects of the utility replacement tax legislation on all local taxing districts and to report its findings to the General Assembly. Currently the utility replacement tax statute states that the utility replacement tax collected by the State and allocated among local taxing districts (including the City) shall be treated as property tax when received and shall be disposed of by the county treasurer as taxes on real estate. However, utility property is not subject to the levy of property tax by political subdivisions, only the utility replacement tax and statewide property tax. It is possible that the general obligation debt capacity of the City could be adjudicated to be proportionately reduced in future years if utility property were determined to be other than “taxable property” for purposes of computing the City’s debt limit under Article XI of the Constitution of the State of Iowa. With the sunset of the special utility property tax levy to make up for the short fall in the replacement tax revenue for specific taxing districts, and pending any General Assembly action pursuant to the task force report and recommendations, there can be no assurance that future legislation will not (i) operate to reduce the amount of debt the City can issue or (ii) adversely affect the City’s ability to levy taxes in the future for the payment of the principal of and interest on its outstanding debt obligations, including the Bonds. Approximately 1% of the City’s tax base currently is utility property. Notwithstanding the foregoing, the City has the obligation to levy taxes against all the taxable property in the City sufficient to pay principal of and interest on the Bonds.

FINANCIAL INFORMATION

Investment Policy

The City has an investment policy. According to this policy, the goals of the District's investment policy, in order of priority, are: (1) to provide safety of the principal, (2) to maintain the necessary liquidity to match expected liabilities, and (3) to obtain a reasonable rate of return. In making investments, the City will use such care as a prudent person acting in a like capacity and familiar with such matters would use to meet the goals of the investment program. It is the responsibility of the City's Treasurer to oversee the investment portfolio in compliance with the investment policy and the law.

When investing operating funds, the investments must mature within 397 days or less. Operating funds are funds of the City which are reasonably expected to be used during a current budget year or within 15 months of receipt. When investing other than operating funds, the investments must mature according to the need for the funds.

The City's Treasurer is authorized to invest funds in excess of current needs in the following investments:

- (1) Interest bearing savings, money market, and checking accounts at the City's authorized depositories. Each bank must be on the most recent Approved Bank List as distributed by the Treasurer of the State of Iowa or as amended as necessary by notice inserted in the monthly mailing by the rate setting committee. Each financial institution shall be properly declared as a depository by the governing body of the City. Deposits in any financial institution shall not exceed the \$3,000,000 approved by the governing body of the City.
- (2) Obligations of the United States government, its agencies and instrumentalities.
- (3) Certificates of deposit and other evidences of deposit at federally insured Iowa depository institutions approved and secured pursuant to Chapter 12C of the Iowa Statutes. Assets of the City may not be invested in reverse repurchase agreements and futures and options contracts.

Investments of the City are subject to the following diversification requirements:

- (1) Portfolio maturities shall be staggered in a way that avoids undue concentration of assets in a specific maturity sector. Maturities shall be selected which provide stability of income and reasonable liquidity.
- (2) Liquidity practices to ensure that the next disbursement date and payroll date are covered through maturing investments, marketable U.S. Treasury bills or cash on hand shall be used at all times.
- (3) Risks of market price volatility shall be controlled through maturity diversification so that aggregate price losses on instruments with maturities approaching one year shall not be greater than coupon interest and investment income received from the balance of the portfolio.

Financial Reports

The City's financial statements are audited annually by certified public accountants. The City's financial statements are completed on a basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles. See **APPENDIX A** for more detail.

No Consent or Updated Information Requested of the Auditor

The tables and excerpts (collectively, the “Excerpted Financial Information”) contained in this “**FINANCIAL INFORMATION**” section and in **APPENDIX A** are from the audited financial statements of the City, including the audited financial statements for the fiscal year ended June 30, 2011 (the “2011 Audit”). The 2011 Audit has been prepared by the Iowa State Auditor’s Office, Des Moines, Iowa, (the “Auditor”), and approved by formal action of the City Council. The City has not requested the Auditor to update information contained in the Excerpted Financial Information; nor has the City requested that the Auditor consent to the use of the Excerpted Financial Information in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Excerpted Financial Information has not been updated since the date of the 2011 Audit. The inclusion of the Excerpted Financial Information in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the City since the date of the 2011 Audit. Questions or inquiries relating to financial information of the City since the date of the 2011 Audit should be directed to the City.

Summary Financial Information

The following tables are summaries and do not purport to be the complete audits, copies of which are available upon request. The City will be planning their budget for the General Fund for fiscal year 2014 for approval by March 15, 2013. To date, revenues and expenditures are generally within budgeted amounts. The City expects to see their General Fund balance for fiscal year ending 2012 remain approximately the same. See **APPENDIX A** for excerpts of the City’s June 30, 2011 fiscal year audit.

**Statement of Activities and Net Assets – Cash Basis(I)
 Governmental Activities**

FUNCTION/PROGRAMS	Audited as of June 30				
	2007	2008	2009	2010	2011
FUNCTION/PROGRAMS					
Governmental Activities:					
Public Safety	\$ (84,791)	\$ (193,441)	\$ (340,177)	\$ (338,263)	\$ (342,200)
Public Works	(725,469)	(357,505)	(79,234)	(184,952)	(155,241)
Culture and Recreation	(189,096)	(107,229)	(262,069)	(267,724)	(344,590)
Community and Economic Development	(6,130)	(9,495)	(666,505)	(682,578)	(971,569)
General Government	(164,524)	(125,009)	(346,551)	(193,418)	(180,012)
Debt Service	(655,999)	(654,723)	(125,000)	(125,628)	(125,157)
Capital Projects	(133,368)	(146,273)	0	0	(128,745)
Total Governmental Activities	\$ (1,959,377)	\$ (1,593,675)	\$ (1,819,536)	\$ (1,792,563)	\$ (2,247,514)
GENERAL RECEIPTS:					
Property and Other City Tax Levied for:					
General Purposes	\$ 702,169	\$ 826,021	\$ 804,229	\$ 925,564	\$ 907,969
Debt Service	127,123	0	146,960	128,209	127,293
Tax Increment Financing	530,449	529,777	671,841	656,110	963,646
Local Option Sales Tax	527	36,995	0	0	0
Unrestricted Interest on Investment	52,980	51,941	17,711	13,000	9,278
Bond and Loan Proceeds	424,400	237,219	198,432	74,000	128,745
Sale of Assets	256	250	23,000	40,000	0
Transfers	60,000	(9,149)	0	0	0
Miscellaneous	27,818	220,604	42,771	41,177	40,023
Total General Receipts and Transfers	\$ 1,745,380	\$ 1,893,658	\$ 1,904,944	\$ 1,878,060	\$ 2,176,954
CHANGE IN CASH BASIS NET ASSETS	(33,655)	299,983	85,408	85,497	(70,560)
CASH BASIS NET ASSETS, BEGINNING OF YEAR	<u>1,022,791</u>	<u>989,136</u>	<u>1,289,119</u>	<u>1,374,527</u>	<u>1,460,024</u>
CASH BASIS NET ASSETS, END OF YEAR	\$ 989,136	\$ 1,289,119	\$ 1,374,527	\$ 1,460,024	\$ 1,389,464
CASH BASIS NET ASSETS					
Restricted:					
Streets	\$ 50,717	\$ 148,375	\$ 234,624	\$ 222,450	\$ 202,173
Urban Renewal Purposes	24,084	24,445	37,936	20,082	20,379
Debt Service	2,927	9,280	31,240	33,821	35,957
Economic Development	138,935	138,935	138,935	0	0
Other Purposes	194,281	207,950	178,305	392,374	626,009
Permanent Fund Purposes	185,683	159,868	163,215	197,429	0
Unrestricted	<u>390,613</u>	<u>600,266</u>	<u>590,272</u>	<u>593,868</u>	<u>504,946</u>
Total Cash Basis Net Assets	\$ 989,136	\$ 1,289,119	\$ 1,374,527	\$ 1,460,024	\$ 1,389,464

Note: (1) Source: Audited financial statements of the City for the fiscal years ended June 30, 2007 - 2011.

**Statement of Cash Receipts, Disbursements and Changes in Cash Balances(1)
 General Fund**

	Audited Fiscal Year Ending June 30				
	2007	2008	2009	2010	2011
RECEIPTS:					
Property Taxes	\$ 552,561	\$ 568,766	\$ 620,967	\$ 716,137	\$ 712,474
Other City Tax	23,919	20,276	30,656	27,102	0
Licenses and Permits	152,068	37,783	38,155	28,952	51,699
Use of Money and Property	49,262	48,580	18,003	15,172	11,883
Intergovernmental.....	115,647	555,416	103,893	321,754	129,023
Charges for Service.....	51,555	54,345	61,184	77,756	68,253
Miscellaneous.....	103,520	389,298	74,976	44,874	80,547
Total Receipts.....	\$1,048,532	\$1,674,464	\$ 947,834	\$1,231,747	\$1,053,879
DISBURSEMENTS:					
Operating:					
Public Safety	\$ 342,793	\$ 343,541	\$ 460,500	\$ 655,707	\$ 422,833
Public Works	317,349	144,325	169,770	169,335	152,375
Culture and Recreation.....	235,727	205,082	272,445	303,398	330,038
Community and Economic Development	8,220	8,220	8,220	8,614	8,220
General Government.....	153,141	158,932	339,062	176,673	166,049
Total Disbursements.....	\$1,111,102	\$1,057,230	\$1,249,997	\$1,313,727	\$1,079,515
Excess (deficiency) of Receipts					
Over (Under) Disbursements	\$ (8,698)	\$ 814,364	\$ (302,163)	\$ (81,980)	\$ (25,636)
Other Financing Sources (Uses):					
Sale of Capital Assets.....	256	250	23,000	40,000	0
Loan Proceeds	424,400	100,000	197,500	74,000	0
Operating Transfers (Net).....	(317,187)	(704,158)	70,866	(28,424)	10,542
Total Other Financing Sources (Uses).....	\$ 280,283	\$ 107,469	\$ 291,366	\$ 85,576	\$ 10,542
Net Change in Cash Balances	\$98,771	\$ 210,456	\$ (10,797)	\$ 3,596	\$ (15,094)
Cash Balance - Beginning of the Year	291,842	390,613	601,069	590,272	632,232(2)
Cash Balance - End of the Year.....	\$ 390,613	\$ 601,069	\$ 590,272	\$ 593,868	\$ 617,138

Note: (1) Source: Audited financial statements for the City for the fiscal years ended June 30, 2007 through 2011.
 (2) Restated as a change in fund type classification per implementation of GASB 54, "Special Revenue Emergency Levy"

EMPLOYEE RETIREMENT AND OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS

In June 2004, the Governmental Accounting Standards Board ("GASB") issued GASB 45, which address how state and local governments are required to account for and report their costs and obligations related to other post-employment benefits ("OPEB"), defined to include post-retirement healthcare benefits. GASB 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension establishes financial reporting standards designed to measure, recognize and display OPEB costs. OPEB costs would become measurable on an accrual basis of accounting, and contribution rates (actuarially determined) would be prescribed for funding such costs. The provisions of GASB 45 do not require governments to fund their OPEBs. The City may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however the unfunded actuarial liability is required to be amortized over future periods.

See **APPENDIX A – Notes (6) and (7)** herein for a further discussion of the City's employee retirement and other post-employment benefit obligations.

REGISTRATION, TRANSFER AND EXCHANGE

See also **APPENDIX B, BOOK-ENTRY SYSTEM** for information on registration, transfer and exchange of book-entry Bonds. The Bonds will be initially issued as book-entry Bonds.

The City shall cause books (the “Bond Register”) for the registration and for the transfer of the Bonds to be kept at the principal corporate trust office of the Registrar in Des Moines, Iowa. The City will authorize to be prepared, and the Registrar shall keep custody of, multiple Bond blanks executed by the City for use in the transfer and exchange of Bonds.

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Bond Resolution. Upon surrender for transfer or exchange of any Bond at the principal corporate trust office of the Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Registrar and duly executed by the registered owner or such owner’s attorney duly authorized in writing, the City shall execute and the Registrar shall authenticate, date and deliver in the name of the registered owner, transferee or transferees (as the case may be) a new fully registered Bond or Bonds of the same maturity and interest rate of authorized denominations, for a like aggregate principal amount.

The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond, and the Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Registrar shall not exceed the authorized principal amount of Bonds for such maturity less Bonds previously paid.

The Registrar shall not be required to transfer or exchange any Bond following the close of business on the 15th day of the month next preceding any interest payment date on such Bond, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen days next preceding mailing of a notice of redemption of any Bonds.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal or interest on any Bonds shall be made only to or upon the order of the registered owner thereof or such owner’s legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the City or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

TAX EXEMPTION AND RELATED CONSIDERATIONS

Tax Exemption

The opinion of Bond Counsel will state that under present laws and rulings, interest on the Bonds: (1) is excluded from gross income for federal income tax purposes; (2) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986 (the “Code”); and (3) will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes).

The opinions set forth in the preceding sentence will be subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

In the resolution or other governing document authorizing the issuance of the Bonds, the City will covenant to comply with all such requirements.

There may be certain other federal tax consequences to the ownership of the Bonds by certain taxpayers, including without limitation, corporations subject to the branch profit tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security and Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will express no opinion with respect to other federal tax consequences to owners of the Bonds. Prospective purchasers of the Bonds should consult with their tax advisors as to such matters.

Bank Qualification

In the resolution authorizing the issuance of the Bonds, the City will designate the Bonds as “qualified tax exempt obligations” within the meaning of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to tax-exempt obligations.

Tax Accounting Treatment of Discount and Premium on Certain Bonds

The initial public offering price of certain Bonds (the “Discount Bonds”) may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under Tax Exemption. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Bonds (the “Premium Bonds”) may be greater than the amount of such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable Bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable Bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable Bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Related Tax Matters

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

There are or may be pending in the Congress of the United States, legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to in this section or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal or state tax legislation.

CONTINUING DISCLOSURE

The City will enter into a Continuing Disclosure Undertaking (the “Undertaking”) for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (“MSRB”) pursuant to the requirements of Section (b)(5) of Rule 15c2-12, as amended, (the “Rule”) adopted by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth in **APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE**.

The City believes it has substantially complied with those undertakings previously entered into by it pursuant to the Rule. A failure by the City to comply with the Undertaking will not constitute a default under the Bond Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See **APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE**. A failure by the City to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

OPTIONAL REDEMPTION

Bonds due June 1, 2013 - 2020, inclusive, are non-callable. Bonds due June 1, 2021 - 2032, inclusive, are callable in whole or in part on any date on or after June 1, 2020, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot.

The Bond Registrar will give notice of redemption, identifying the Bonds (or portions thereof) to be redeemed, by mailing a copy of the redemption notice by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond (or portion thereof) to be redeemed at the address shown on the registration books maintained by the Bond Registrar. Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed are received by the Bond Registrar prior to the giving of such notice of redemption, such notice may, at the option of the City, state that said redemption will be conditional upon the receipt of such moneys by the Bond Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice will be of no force and effect, the City will not redeem such Bonds, and the Bond Registrar will give notice, in the same manner in which the notice of redemption has been given, that such moneys were not so received and that such Bonds will not be redeemed. Otherwise, prior to any redemption date, the City will deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on the date.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as described above and in the Bond Resolution, the Bonds or portions of Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds will be paid by the Bond Registrar at the redemption price.

LITIGATION

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the issuance or sale thereof.

LEGAL MATTERS

The Bonds are subject to approval as to certain legal matters by Dorsey & Whitney, LLP, Des Moines, Iowa, as Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement except for guidance concerning the section regarding “**TAX EXEMPTION AND RELATED CONSIDERATIONS**,” and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements, or data contained in this Official Statement, and will express no opinion with respect thereto.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

OFFICIAL STATEMENT AUTHORIZATION

This Official Statement has been authorized for distribution to prospective purchasers of the Bonds. All statements, information, and statistics herein are believed to be correct but are not guaranteed by the consultants or by the City, and all expressions of opinion, whether or not so stated, are intended only as such.

UNDERWRITING

The Bonds were offered for sale by the City at a public, competitive sale on February 4, 2013. The best bid submitted at the sale was submitted by _____ (the "Underwriter"). The City awarded the contract for sale of the Bonds to the Underwriter at a price of \$_____. The Underwriter has represented to the City that the Bonds have been subsequently re-offered to the public initially at the yields or prices set forth in the addendum to this Official Statement.

FINANCIAL ADVISOR

The City has engaged Speer Financial, Inc. as financial advisor (the "Financial Advisor") in connection with the issuance and sale of the Bonds. The Financial Advisor will not participate in the underwriting of the Bonds. The Financial Advisor is a Registered Municipal Advisor in accordance with the rules of the Municipal Securities Board (the "MSRB"). The financial information included in the Official Statement has been compiled by the Financial Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. The Financial Advisor is not a firm of certified public accountants and does not serve in that capacity or provide accounting services in connection with the Certificates. The Financial Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement, nor is the Financial Advisor obligated by the City's continuing disclosure undertaking.

CERTIFICATION

We have examined this Official Statement dated January 25, 2013, for the \$2,730,000 General Obligation Corporate Purpose and Refunding Bonds, Series 2013, believe it to be true and correct and will provide to the purchaser of the Bonds at the time of delivery a certificate confirming to the purchaser that to the best of our knowledge and belief information in the Official Statement was at the time of acceptance of the bid for the Bonds and, including any addenda thereto, was at the time of delivery of the Bonds true and correct in all material respects and does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

/s/ **DON KESSLER**
Mayor
CITY OF WEST BRANCH
Cedar County, Iowa

/s/ **MATT MUCKLER**
City Administrator/Clerk
CITY OF WEST BRANCH
Cedar County, Iowa

APPENDIX A

**CITY OF WEST BRANCH
CEDAR COUNTY, IOWA**

**EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING
JUNE 30, 2011**

City of West Branch
 Statement of Activities and Net Assets – Cash Basis
 As of and for the year ended June 30, 2011

	Program Receipts		Net (Disbursements) Receipts and Changes in Cash Basis Net Assets
	Disbursements	Charges for Service and Restricted Contributions and Interest	
Functions/Programs:			
Governmental activities:			
Public safety	\$ 553,784	32,670	(342,200)
Public works	427,260	52,703	(155,241)
Culture and recreation	397,686	27,759	(344,590)
Community and economic development	971,569	-	(971,569)
General government	183,459	3,447	(180,012)
Debt service	125,157	-	(125,157)
Capital projects	128,745	-	(128,745)
Total governmental activities	2,787,660	116,579	(2,247,514)
Business type activities:			
Water	269,834	338,071	68,237
Sewer	204,492	236,050	31,558
Total business type activities	474,326	574,121	99,795
Total	\$ 3,261,986	690,700	(2,147,719)
General Receipts:			
Property and other city tax, levied for:			
General purposes			907,969
Debt service			127,293
Tax increment financing			963,646
Unrestricted interest on investments			9,278
Loan proceeds			1,934
Miscellaneous			128,745
Total general receipts			2,178,888
Change in cash basis net assets			(70,560)
Cash basis net assets beginning of year			1,460,024
Cash basis net assets end of year			\$ 1,389,464
Cash Basis Net Assets			
Restricted:			
Nonexpendable:			
Cemetery perpetual care			\$ 98,156
Krouth/Enlow Principal Expendable:			101,422
Streets			202,173
Urban renewal purposes			20,379
Debt service			35,957
Other purposes			1,854
Unrestricted			426,431
Total cash basis net assets			\$ 1,389,464

See notes to financial statements.

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, 2011

	Special Revenue		
	General	Road Use Tax	Urban Renewal Tax Increment
Receipts:			
Property tax	\$ 712,474	-	-
Tax increment financing	-	-	963,646
Licenses and permits	51,699	-	-
Use of money and property	11,883	199	-
Intergovernmental	129,023	202,688	-
Charges for service	68,283	-	-
Miscellaneous	80,547	-	-
Total receipts	1,053,879	202,887	963,646
Disbursements:			
Operating:			
Public safety	422,833	-	-
Public works	152,375	223,164	-
Culture and recreation	330,038	-	-
Community and economic development	8,220	-	963,349
General government	166,049	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total disbursements	1,079,515	223,164	963,349
	(25,636)	(20,277)	297
Excess (deficiency) of receipts over (under) disbursements			
Other financing sources (uses):			
Loan proceeds	-	-	-
Operating transfers in	10,542	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	10,542	-	-
Net change in cash balances	(15,094)	(20,277)	297
Cash balances beginning of year, as restated	632,232	222,450	20,082
Cash balances end of year	\$ 617,138	202,173	20,379
Cash Basis Fund Balances			
Nonspendable:			
Cemetery perpetual care	\$ -	-	-
Krouth/Enlow Principal	-	-	-
Restricted for:			
Urban renewal purposes	-	-	20,379
Debt service	-	-	-
Streets	-	202,173	-
Other purposes	-	-	-
Assigned for:			
Police department	8,204	-	-
West Branch fire department	44,052	-	-
Parks	5,389	-	-
Civic center	31,711	-	-
Library	22,836	-	-
Unassigned	504,946	-	-
Total cash basis fund balances	\$ 617,138	202,173	20,379

See notes to financial statements.

	Nonmajor	Total
	322,788	1,035,262
	-	963,646
	-	51,699
	2,256	14,338
	26,236	357,947
	-	68,253
	16,663	97,210
	367,943	2,588,355
	130,951	553,784
	51,721	427,260
	67,648	397,686
	-	971,569
	17,410	183,459
	125,157	125,157
	128,745	128,745
	321,632	2,787,660
	(153,689)	(199,305)
	128,745	128,745
	(10,542)	(10,542)
	118,203	128,745
	(35,486)	(70,560)
	585,260	1,460,024
	549,774	1,389,464
	98,156	98,156
	101,422	101,422
	-	20,379
	35,957	35,957
	-	202,173
	314,239	314,239
	-	8,204
	-	44,052
	-	5,389
	-	31,711
	-	22,836
	-	504,946
	549,774	1,389,464

City of West Branch
Notes to Financial Statements
June 30, 2011

(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, in substance, are 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 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 by the Governmental Accounting Standards Board, the Friends of the West Branch Public Library 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 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 by the Governmental Accounting Standards Board, the West Branch 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 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 incurred, 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.

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

Unassigned – All amounts not included in other classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The City's deposits in banks and credit unions at June 30, 2011 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 Obligation Bonds		Water Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 80,000	41,190	41,000	22,680	121,000	63,870
2013	83,000	38,590	42,000	21,450	125,000	60,040
2014	85,000	36,300	43,000	20,190	128,000	56,490
2015	88,000	33,750	45,000	18,900	133,000	52,650
2016	90,000	31,110	46,000	17,550	136,000	48,660
2017-2021	495,000	113,250	249,000	66,360	744,000	179,610
2022-2026	452,000	34,410	290,000	26,580	742,000	60,990
Total	\$ 1,373,000	328,600	756,000	193,710	2,129,000	522,310

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 Chapters 384 and 384.244 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 Chapters 384 and 384.244 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 \$949,710. For the current year, total principal and interest paid on the water revenue bonds was \$62,850 and total customer net receipts were \$133,075.

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.

(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
2012	5.35%	\$ 26,966	3,984	30,950
2013	5.35	28,409	2,541	30,950
2014	5.35	19,142	1,021	20,163
Total		\$ 74,517	7,546	82,063

On June 15, 2007, the City entered into a loan agreement with a local bank, not to exceed \$250,000. These funds were used to finance a RISE road project. The loan, with 4.30% per annum interest, matured on November 15, 2010. The final payment of \$92,209, representing \$88,445 of principal and \$3,764 of interest, was paid November 15, 2010.

On September 18, 2007, the City entered into a loan agreement with a local bank, not to exceed \$100,000. These funds were used to pay costs associated with the 2007 RISE road project. The loan, with 4.30% per annum interest, matured on November 15, 2010. The final payment of \$36,490, representing \$35,000 of principal and \$1,490 of interest, was paid November 15, 2010.

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 the new 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
2012	4.20%	\$ 13,982	4,698	18,680
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 - 2019	4.20	35,818	2,319	38,137
Total		\$ 111,853	19,684	131,537

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
2012	4.50%	\$ 10,380	8,013	18,393
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
2017-2021	4.50	70,736	21,229	91,965
2022-2024	4.50	50,518	4,617	55,135
Total		\$ 178,018	61,047	239,065

On April 20, 2010, the City entered into a loan agreement with a local bank for \$74,000 to purchase a fire truck. The loan, with 1.87% per annum interest, matured on April 15, 2011. The final payment of \$75,380, representing \$74,000 of principal and \$1,380 of interest, was paid April 11, 2011.

On May 26, 2011, the City entered into a loan agreement with a local bank for an amount not to exceed \$376,700 for the expansion of the West Branch fire station. The loan bears 3.25% per annum interest. At June 30, 2011, the City had drawn down \$128,745. Since the City has not fully drawn the loan funds, a final repayment schedule has not yet been adopted for the debt.

(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, 2011:

Year ending June 30,	Fuel Tanks	Copiers	Amount
2012	\$ 1,069	3,708	4,777
2013	1,069	3,708	4,777
2014	1,069	3,531	4,600
2015	-	1,750	1,750
Total minimum lease payments	3,207	12,697	15,904
Less amount representing interest	-	-	2,484
Present value of net minimum lease payments	\$ 3,207	10,213	13,420

During the year ended June 30, 2011, the City made principal payments of \$2,320 and interest payments of \$708 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 4.50% of their annual covered salary and the City is required to contribute 6.95% 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, 2011, 2010 and 2009 were \$46,080, \$43,305 and \$35,077, respectively, equal to the required contributions for each year.

(7) Other Postemployment Benefits (OPEB)

Plan Description - The City operates a single-employer benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 12 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 \$418 for single coverage and \$1,045 for family coverage. The same monthly premiums would apply to retirees. For the year ended June 30, 2011, the City contributed \$65,814 and plan members eligible for benefits contributed \$13,264 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, 2011.

The City's approximate liability for earned vacation, compensatory time and sick leave payable to employees at June 30, 2011, primarily relating to the General Fund, was \$31,000. This liability has been computed based on rates of pay in effect at June 30, 2011.

(9) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Home Town Days	\$ 800
	Krouth/Enlow	9,009
	Capital Projects	274
	Permanent:	
	Krouth/Enlow Principal	459
Total		\$ 10,542

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 February 3, 2003, the City entered into a tax increment development agreement with Procter and Gamble Hair Care, L.L.C. (P & G). Under the terms of the agreement, P & G will undertake phase 1 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 five years and a percentage of

incremental property tax paid for years six 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.

On April 17, 2007, the City entered into a second 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 I
 2003

Year 1 through 5	No exemption
Year 6	75% exemption
Year 7	60% exemption
Year 8	45% exemption
Year 9	30% exemption
Year 10	15% exemption

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, 2011, rebates of \$647,762 and \$186,899 were made to P & G and Acciona, respectively. The total rebates to P & G made through the first five years of the agreements total \$3,588,017. Rebates to Acciona total \$299,566.

(12) Construction Contract

The City entered into a construction contract to build an expansion on the West Branch fire station. Unpaid contract commitments as of June 30, 2011 totaled \$250,661, which will be paid as work on the project progresses. The project was funded with a loan from a local bank, which will be repaid with future local option sales tax.

(13) Subsequent Events

In August 2011, the City entered into a construction contract totaling \$181,000 for a water tower repair and coating project.

(14) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

		Special Revenue,
		Emergency Levy
		General
Balances June 30, 2010, as previously reported	\$ 593,868	38,364
Change in fund type classification per implementation of GASB Statement No. 54	38,364	(38,364)
Balance July 1, 2010, as restated	\$ 632,232	-

APPENDIX B

DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to any Tender/Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to any Tender/Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to any Tender/Remarketing Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX C

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of West Branch, Iowa (the “Issuer”), in connection with the issuance of \$2,730,000 General Obligation Corporate Purpose and Refunding Bonds, Series 2013 (the “Bonds”), dated March 5, 2013. The Bonds are being issued pursuant to a resolution of the Issuer approved on February 18, 2013 (the “Resolution”). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12.

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean the Dissemination Agent, if any, designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Holders” shall mean the registered holders of the Bonds, as recorded in the registration books of the Registrar.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“Municipal Securities Rulemaking Board” or “MSRB” shall mean the Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, VA 22314.

“National Repository” shall mean, at any point in time, a nationally recognized municipal securities information repository which is then recognized as such by the SEC; as of the date of this Disclosure Certificate, the sole National Repository is the MSRB, which accepts filings via its Electronic Municipal Market Access (EMMA) system at <http://emma.msrb.org>.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean each National Repository and each State Repository.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of Iowa.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Certificate, there is no State Repository.

Section 3. Provision of Reports and Audited Financial Statements.

(a) To the extent such information is customarily prepared by the Issuer and is publicly available, the Issuer, as soon as available but not later than 270 days after the end of the Issuer's fiscal year (presently June 30), commencing with the report for the 2011-2012 fiscal year, shall, or shall cause the Dissemination Agent (if any) to, provide to each National Repository an electronic copy of its Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate and which Annual Report is in a format and accompanied by such identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the Issuer has designated a Dissemination Agent, then not later than fifteen (15) business days prior to the filing date in Section 3(a), the Issuer shall provide the Annual Report to the Dissemination Agent.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) the audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof.

(b) other financial information and operating data regarding the Issuer of the type presented in the final official statement distributed in connection with the primary offering of the Bonds.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's web site or are filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person;

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material; and

(b) If a Listed Event described in paragraph (2), (7), (8) (but only with respect to bond calls under (8)), (10), (13) or (14) above has occurred and the Issuer has determined that such Listed Event is material under applicable federal securities laws, the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file a notice of such occurrence with each National Repository.

(c) If a Listed Event described in paragraph (1), (3), (4), (5), (6), (8) (but only with respect to tender offers under (8)), (9), (11) or (12) above has occurred the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file a notice of such occurrence with each National Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the Issuer's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3, 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent, if any, shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: March 5, 2013.

CITY OF WEST BRANCH, IOWA

By _____
Mayor

Attest

City Clerk

APPENDIX D

[Form of Bond Counsel Opinion]

We hereby certify that we have examined certified copies of the proceedings (the “Proceedings”) of the City Council of the City of West Branch (the “Issuer”), in Cedar and Johnson Counties, State of Iowa, passed preliminary to the issue by the Issuer of its General Obligation Corporate Purpose and Refunding Bonds, Series 2013 (the “Bonds”) in the amount of \$2,730,000, dated March 5, 2013, in the denomination of \$5,000 each, or any integral multiple thereof, issued to evidence the City’s obligation under a loan agreement (the “Loan Agreement”) dated as of March 5, 2013. The Bonds mature on June 1 in each of the respective years and in the principal amounts and bear interest payable semiannually, commencing June 1, 2013, at the respective rates as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2013	\$95,000	_____ %	2023	\$180,000	_____ %
2014	\$155,000	_____ %	2024	\$185,000	_____ %
2015	\$155,000	_____ %	2025	\$190,000	_____ %
2016	\$160,000	_____ %	2026	\$80,000	_____ %
2017	\$165,000	_____ %	2027	\$80,000	_____ %
2018	\$165,000	_____ %	2028	\$80,000	_____ %
2019	\$165,000	_____ %	2029	\$85,000	_____ %
2020	\$170,000	_____ %	2030	\$85,000	_____ %
2021	\$175,000	_____ %	2031	\$90,000	_____ %
2022	\$175,000	_____ %	2032	\$95,000	_____ %

but the Bonds maturing in each of the years 2021 to 2032, inclusive, are subject to redemption prior to maturity on June 1, 2020 or any date thereafter, upon terms of par and accrued interest.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The Proceedings show lawful authority for such issue under the laws of the State of Iowa.
2. The Bonds and the Loan Agreement are valid and binding general obligations of the Issuer.
3. All taxable property within the corporate boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount.
4. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986 (the “Code”) that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.
5. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the Bonds be, or continue to be, qualified tax-exempt obligations. The Issuer has covenanted to comply with each such requirement.

We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

DORSEY & WHITNEY LLP

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OFFICIAL BID FORM

\$2,730,000 General Obligation Corporate Purpose and Refunding Bonds, Series 2013

City of West Branch
110 North Poplar Street
West Branch, IA 52358-0218

February 4, 2013
Speer Financial, Inc.
Facsimile: (319) 291-8628

Mayor & Council Members:

For the \$2,730,000 General Obligation Corporate Purpose and Refunding Bonds, Series 2013 (the "Bonds"), of the City of West Branch, Cedar County, Iowa, (the "City") as described in the annexed Official Terms of Offering, which is expressly made a part of this bid, we will pay you \$_____ (no less than \$2,708,160). The Bonds are to bear interest at the following respective rates (each rate a multiple of 1/8 or 1/100 of 1%).

MATURITIES – JUNE 1

\$ 95,000.....2013 _____%	\$170,0002020 _____%	\$80,0002027 _____%
155,0002014 _____%	175,0002021 _____%	80,0002028 _____%
155,0002015 _____%	175,0002022 _____%	85,0002029 _____%
160,0002016 _____%	180,0002023 _____%	85,0002030 _____%
165,0002017 _____%	185,0002024 _____%	90,0002031 _____%
165,0002018 _____%	190,0002025 _____%	95,0002032 _____%
165,0002019 _____%	80,0002026 _____%	

**Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.*

Maturities: _____ Term Maturity _____ Maturities: _____ Term Maturity _____
Maturities: _____ Term Maturity _____ Maturities: _____ Term Maturity _____
Maturities: _____ Term Maturity _____ Maturities: _____ Term Maturity _____

The Bonds are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Dorsey & Whitney, LLP, Des Moines, Iowa. The City will pay for the legal opinion. **The Purchaser agrees to apply for CUSIP numbers** and pay the fee charged by the CUSIP Service Bureau and will accept the Bonds with the CUSIP numbers as entered on the Bonds.

As evidence of our good faith, we have wire transferred or enclose herewith a check or Surety Bond payable to the order of the Treasurer of the City in the amount of **TWO PERCENT OF PAR** (the "Deposit") under the terms provided in your Official Terms of Offering. Attached hereto is a list of members of our account on whose behalf this bid is made.

Form of Deposit

Check One:

 Certified/Cashier's Check
 Financial Surety Bond
 Wire Transfer

 Amount: \$54,600

Account Manager Information

Name _____
 Address _____
 By _____
 City _____ State/Zip _____
 Direct Phone _____
 FAX Number _____
 Email Address _____

Bidders Option Insurance

We have purchased insurance from: <u>Name of Insurer</u> (Please fill in) _____ Premium: _____ Maturities: (Check One) _____ Years ___ All
--

The foregoing bid was accepted and the Bonds sold by resolution of the City on February 4, 2013, and receipt is hereby acknowledged of the good faith Deposit which is being held in accordance with the terms of the annexed Official Terms of Offering.

ATTEST:

CITY OF WEST BRANCH
CEDAR COUNTY, IOWA

City Administrator/ Clerk

Mayor

-----**NOT PART OF THE BID**-----
 (Calculation of true interest cost)

Gross Interest	\$
Less Premium/Plus Discount	\$
True Interest Cost	\$
True Interest Rate	%
TOTAL BOND YEARS	23,942.17
AVERAGE LIFE	8.770 years

OFFICIAL TERMS OF OFFERING

\$2,730,000
CITY OF WEST BRANCH
Cedar County, Iowa

General Obligation Corporate Purpose and Refunding Bonds, Series 2013

The City of West Branch, Cedar County, Iowa, (the “City”), will receive electronic bids on the SpeerAuction (“SpeerAuction”) website address “www.SpeerAuction.com” for its \$2,730,000 General Obligation Corporate Purpose and Refunding Bonds, Series 2013 (the “Bonds”), on an all or none basis between 11:00 A.M. and 11:30 A.M., C.S.T., Monday, February 4, 2013. To bid electronically, bidders must have: (1) completed the registration form on the SpeerAuction website, and (2) requested and received admission to the City’s sale (as described below). The City will also receive sealed bids for the Bonds, on an all or none basis, in the offices of the City Hall, 110 North Poplar Street, West Branch, Iowa 52358-0218, until 11:30 A.M., C.S.T., Monday, February 4, 2013. The City will also receive facsimile bids at (319) 291-8628 or (319) 643-2305 for the Bonds, on an all or none basis, until 11:30 A.M., C.S.T., Monday, February 4, 2013. Upon receipt, facsimile bids will be sealed and treated as a sealed bids, and along with all other sealed bids will be publicly opened and, together with any electronic bids, read.

Award will be made or all bids rejected at a meeting of the City on that date. The City reserves the right to reject all proposals, to reject any bid proposal not conforming to this Official Terms of Offering, and to waive any irregularity or informality with respect to any proposal. Additionally, the City reserves the right to modify or amend this Official Terms of Offering; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Bonds and any such modification or amendment will be announced on the Speer Financial webpage and through *Thompson Municipal News*.

The Bonds are general obligations payable as to both principal and interest from ad valorem taxes levied against all taxable property of the City without limitation as to rate or amount, all except as limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to the enforcement of creditors’ rights generally and except that enforcement by equitable and similar remedies, such as mandamus, is subject to the exercise of judicial discretion.

The Bonds will be in fully registered form in the denominations of \$5,000 and integral multiples thereof in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, to which principal and interest payments on the Bonds will be paid. Individual purchases will be in book-entry form only. Interest on each Bond shall be paid by check or draft of the Bond Registrar to the person in whose name such Bond is registered at the close of business on the fifteenth day of the month next preceding an interest payment date. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal office maintained for the purpose by the Bond Registrar in Des Moines, Iowa. Semiannual interest is due June 1 and December 1 of each year, commencing June 1, 2013 and is payable by Banker’s Trust Company, Des Moines, Iowa (the “Bond Registrar”). The Bonds are dated Date of Delivery (expected on or about March 5, 2013).

MATURITIES – JUNE 1

\$ 95,000	2013	\$170,000	2020	\$80,000	2027
155,000	2014	175,000	2021	80,000	2028
155,000	2015	175,000	2022	85,000	2029
160,000	2016	180,000	2023	85,000	2030
165,000	2017	185,000	2024	90,000	2031
165,000	2018	190,000	2025	95,000	2032
165,000	2019	80,000	2026		

**Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.*

The Bonds due June 1, 2013 - 2020, inclusive, are non-callable. Bonds due June 1, 2021 - 2032, inclusive, are callable in whole or in part and on any date on or after June 1, 2020, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in any order of maturity as determined by the City and within any maturity by lot.

Electronic Facsimile Bidding: Bids may be submitted via facsimile at (319) 291-8628 or (319) 643-2305. Electronic facsimile bids will be sealed and treated as sealed bids. Neither the City nor its agents will assume liability for the inability of the bidder to reach the above named fax numbers prior to the time of sale specified above. Transmissions received after the deadline will be rejected. Bidders electing to submit bids via facsimile transmission bear full and complete responsibility for the transmission of such bid. Neither the City nor its agents will assume responsibility for the inability of the bidder to reach the above specified fax number prior to the time of sale. Time of receipt shall be the time recorded by the facsimile operator.

Bid Parameters and Award of the Bonds

The interest rate(s) in a bid must be in multiples of one-eighth or one one-hundredth of one percent (1/8 or 1/100 of 1%). The rates shall be in non-descending order. The differential between the highest rate and the lowest rate shall not exceed five percent (5%). All bids must be for all of the Bonds, must be for not less than \$2,708,160 plus accrued interest, if any, from the dated date to the date of delivery, must be signed and made upon the Official Bid Form and delivered at the time and place set forth above.

Award of the Bonds: The Bonds will be awarded on the basis of true interest cost, determined in the following manner. True interest cost shall be computed by determining the annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the Bonds from the payment date thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Bonds shall be deemed to become due in the principal amounts and at the times set forth in the table of maturities set forth above.

The Bonds will be awarded to the purchaser complying with the terms of this Official Terms of Offering whose bid produces the lowest true interest cost rate to the City as determined by the City's Financial Advisor, which determination shall be conclusive and binding on all prospective purchasers; provided, that the City reserves the right to reject all bids or any non-conforming bid and reserves the right to waive any informality in any bid.

The winning purchaser will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-36. The winning purchaser will be required to pay the standard MSRB charge for Bonds purchased. In addition, the winning purchaser who is a member of the Securities Industry and Financial Markets Association ("SIFMA") will be required to pay SIFMA's standard charge per Bond.

Good Faith Deposit and Other Matters

Each bid shall be accompanied by a certified or cashier's check on, or a wire transfer from, a solvent bank or trust company or a Financial Surety Bond for **TWO PERCENT OF PAR** payable to the Treasurer of the City as evidence of good faith of the prospective purchaser (the "Deposit"). The Deposit of the successful purchaser will be retained by the City pending delivery of the Bonds and all others will be promptly returned. Should the successful purchaser fail to take up and pay for the Bonds when tendered in accordance with this Official Terms of Offering and said bid, said Deposit shall be retained as full and liquidated damages to the City caused by failure of the purchaser to carry out the offer of purchase. Such Deposit will otherwise be applied on the purchase price upon delivery of the Bonds. No interest on the Deposit will accrue to the purchaser.

If a wire transfer is used for the Deposit, it must be sent according to the following wire instructions:

Amalgamated Bank of Chicago
Corporate Trust
One West Monroe
Chicago, IL 60603
ABA # 071003405
Credit To: 3281 Speer Bidding Escrow
RE: [name of bidder] bid for the City of West Branch

The wire shall arrive in such account no later than 30 minutes prior to the date and time of the sale of the Bonds. Contemporaneously with such wire transfer, the prospective purchaser shall send an email to biddingscrow@aboc.com with the following information: (1) indication that a wire transfer has been made, (2) the amount of the wire transfer, (3) the issue to which it applies, and (4) the return wire instructions if such prospective purchaser is not awarded the Bonds. The City and any prospective purchaser who chooses to wire the Deposit hereby agree irrevocably that Speer Financial, Inc. ("Speer") shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: (i) if the bid is not accepted, Speer shall, at its expense, promptly return the Deposit amount to the unsuccessful prospective purchaser; (ii) if the bid is accepted, the Deposit shall be forwarded to the City, (iii) Speer shall bear all costs of maintaining the escrow account and returning the funds to the prospective purchaser; (iv) Speer shall not be an insurer of the Deposit amount and shall have no liability except if it willfully fails to perform, or recklessly disregards, its duties specified herein; and (v) income earned on the Deposit, if any, shall be retained by Speer.

If a Financial Surety Bond is used for the Deposit, it must be from an insurance company licensed to issue such a bond in the State of Iowa and such bond must be submitted to Speer prior to the opening of the bids. The Financial Surety Bond must identify each prospective purchaser whose deposit is guaranteed by such Financial Surety Bond. If the Bonds are awarded to a purchaser using a Financial Surety Bond, then that purchaser is required to submit its Deposit to the City in the form of a certified or cashier's check or wire transfer as instructed by Speer, or the City not later than 3:00 P.M. on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the City to satisfy the Deposit requirement.

The City covenants and agrees to enter into a written agreement, certificate or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about the City for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Official Statement, with such changes as may be agreed in writing by the Underwriter. The City represents that it is in substantial compliance with each and every undertaking previously entered into by it pursuant to the Rule.

The Underwriter's obligation to purchase the Bonds shall be conditioned upon the City delivering the Undertaking on or before the date of delivery of the Bonds.

The Bonds will be delivered to the successful purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be on or about March 5, 2013. Should delivery be delayed beyond sixty (60) days from the date of sale for any reason beyond the control of the City except failure of performance by the purchaser, the City may cancel the award or the purchaser may withdraw the good faith deposit and thereafter the purchaser's interest in and liability for the Bonds will cease.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the City, shall constitute a "Final Official Statement" of the City with respect to the Bonds, as that term is defined in the Rule. By awarding the Bonds to any underwriter or underwriting syndicate, the City agrees that, no more than seven (7) business days after the date of such award, it shall provide, without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded, up to 50 copies of the Final Official Statement to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The City shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the City it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

By submission of its bid, the senior managing underwriter of the successful purchaser agrees to supply all necessary pricing information and any Participating Underwriter identification necessary to complete the Official Statement within 24 hours after award of the Bonds. Additional copies of the Final Official Statement may be obtained by Participating Underwriters from the printer at cost.

The City will, at its expense, deliver the Bonds to the purchaser in New York, New York (or arrange for “FAST” delivery) through the facilities of DTC and will pay for the bond attorney’s opinion. At the time of closing, the City will also furnish to the purchaser the following documents, each dated as of the date of delivery of the Bonds: (1) the legal opinion of Dorsey & Whitney, LLP, Des Moines, Iowa, that the Bonds are lawful and enforceable obligations of the City in accordance with their terms; (2) the opinion of said attorneys that the interest on the Bonds is exempt from federal income taxes as and to the extent set forth in the Official Statement for the Bonds; and (3) a no litigation certificate by the City.

The City has authorized the printing and distribution of an Official Statement containing pertinent information relative to the City and the Bonds. Copies of such Official Statement or additional information may be obtained from Mr. Matt Muckler, City Administrator/Clerk, City of West Branch, 110 North Poplar Street, West Branch, IA 52358-0218 or an electronic copy of this Official Statement is available from the www.speerfinancial.com website under “Official Statement Sales Calendar” or from the Independent Public Finance Consultants to the City, Speer Financial, Inc., 531 Commercial Street, Suite 608, Waterloo, Iowa 50701 (telephone (319) 291-2077) and One North LaSalle Street, Suite 4100, Chicago, Illinois 60602 (telephone (312) 346-3700).

/s/ MATT MUCKLER
City Administrator/Clerk
CITY OF WEST BRANCH
Cedar County, Iowa