

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

FOR RELEASE

November 7, 2013

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released an audit report on the City of Windsor Heights, Iowa.

The City's receipts totaled \$6,373,453 for the year ended June 30, 2013, a 32% decrease from the prior year. The receipts included \$1,162,494 from charges for service, \$604,803 from operating grants, contributions and restricted interest, \$6,154 from capital grants, contributions and restricted interest, \$2,506,807 in property tax, \$1,785,128 from tax increment financing, \$1,282 from unrestricted interest on investments, \$271,513 from franchise fees, \$25,772 from other general receipts and \$9,500 from note proceeds. The decrease in receipts is primarily due to the City issuing refunding notes and receiving grant proceeds for the Hickman Road project in the prior year.

Disbursements for the year totaled \$6,079,498, a 40.7% decrease from the prior year, and included \$2,212,816 for public safety, \$1,445,175 for debt service and \$621,834 for public works. Disbursements for business type activities totaled \$531,569. The decrease in disbursements is due primarily to refunding \$1,320,000 of general obligation capital loan notes, improvements to Hickman Road and street resurfacing projects completed in the prior fiscal year.

A copy of the audit report is available for review in the City Finance Officer's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1320-0728-B00F.pdf>.

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CITY OF WINDSOR HEIGHTS
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2013

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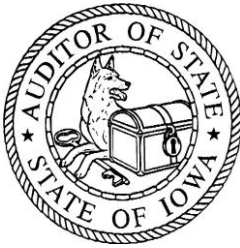
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City of Windsor Heights

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jerry Sullivan	Mayor	Jan 2014
Betty Glover	Council Member	Jan 2014
David Jenison	Council Member	Jan 2014
Diana Willits	Council Member	Jan 2014
Dave Burgess	Council Member	Jan 2016
Charlene Butz	Council Member	Jan 2016
Marketa George Oliver	City Administrator/Clerk	(Resigned July 2012)
Josh Heggen (Appointed July 2012)	Interim City Administrator	(Resigned Nov. 2012)
Jeffrey Fiegenschuh (Appointed January 2013)	City Administrator/Clerk	Indefinite
Carrie Kruse	City Treasurer	Indefinite
Matt Brick	Attorney	Indefinite

City of Windsor Heights



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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Windsor Heights, Iowa, as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Windsor Heights as of June 30, 2013, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Windsor Heights' basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The financial statements for the seven years ended June 30, 2010 (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.


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

The other information, Management's Discussion and Analysis and the budgetary comparison information on pages 7 through 12 and 30 through 32, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 21, 2013 on our consideration of the City of Windsor Heights' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Windsor Heights' internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 21, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Windsor Heights provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities decreased 34.7%, or approximately \$3,020,000, from fiscal year 2012 to fiscal year 2013. The decrease in receipts was primarily due to a decrease in note proceeds received during the fiscal year compared to the prior fiscal year, as well as a decrease in grant receipts for the Hickman Road project.
- Disbursements of the City's governmental activities decreased 42.7%, or approximately \$4,135,000, from fiscal year 2012 to fiscal year 2013. The decrease in disbursements was primarily due to refunding \$1,320,000 of general obligation capital loan notes, improvements to Hickman Road and street resurfacing projects in the prior fiscal year.
- The City's total cash basis net position increased 10.1%, or approximately \$294,000, from June 30, 2012 to June 30, 2013. Of this amount, the cash basis net position of the governmental activities increased approximately \$183,000 and the cash basis net position of the business type activities increased approximately \$111,000.

USING THIS ANNUAL REPORT

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

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide financial statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year.

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

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Cash Basis Statement of Activities and Net Position reports information which helps answer this question.

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

The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities:

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the water, sewer, storm water and solid waste collection systems. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Employee Benefits, Police Pension and Urban Renewal Tax Increment, 3) the Debt Service Fund and 4) the Capital Projects Funds, such as Tax Increment Financing Project Advance. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains separate Enterprise Funds to provide separate information for the Water, Sewer, Storm Water and Solid Waste Funds. The Enterprise, Solid Waste Fund is considered to be a major fund of the City.

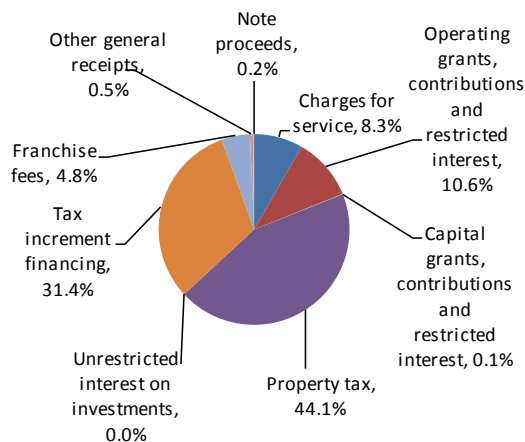
The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

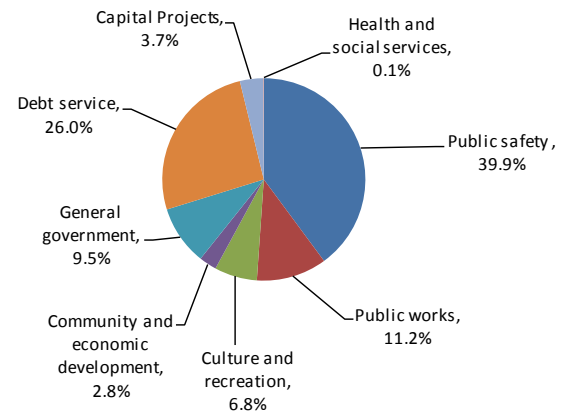
Net position may serve over time as a useful indicator of financial position. The City's cash basis net position of governmental activities increased from a year ago, increasing \$182,869 to \$3,041,874. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities		
	Year ended June 30,	
	2013	2012
Receipts:		
Program receipts:		
Charges for service	\$ 470,041	376,033
Operating grants, contributions and restricted interest	604,803	575,281
Capital grants, contributions and restricted interest	6,154	1,706,169
General receipts:		
Property tax	2,506,807	2,570,857
Tax increment financing	1,785,128	1,776,154
Franchise fees	271,513	243,900
Unrestricted interest on investments	1,080	1,493
Note proceeds	9,500	1,368,139
Other general receipts	25,772	83,100
Total receipts	5,680,798	8,701,126
Disbursements:		
Public safety	2,212,816	2,177,783
Public works	621,834	613,361
Health and social services	3,000	3,000
Culture and recreation	375,312	418,659
Community and economic development	157,090	155,196
General government	526,002	516,691
Debt service	1,445,175	2,080,081
Capital projects	206,700	2,398,341
General obligation capital loan notes refunded	-	1,320,000
Total disbursements	5,547,929	9,683,112
Change in cash basis net position before transfers	132,869	(981,986)
Transfers, net	50,000	65,000
Change in cash basis net position	182,869	(916,986)
Cash basis net position beginning of year	2,859,005	3,775,991
Cash basis net position end of year	\$ 3,041,874	\$ 2,859,005

Receipts by Source



Disbursements by Function



Total governmental activities receipts for the fiscal year were \$5,680,798 compared to \$8,701,126 last year. The cost of all governmental activities this year was \$5,547,929 compared to \$9,683,112 last year. The decrease in receipts was due to the City receiving more note proceeds, capital grant contributions and restricted interest in the prior fiscal year compared to the current fiscal year. The decrease in disbursements was primarily due to the City refunding general obligation capital loan notes and performing more Hickman Road improvement and street resurfacing projects in the prior fiscal year compared to the current fiscal year.

Changes in Cash Basis Net Position of Business Type Activities		
	Year ended June 30,	
	2013	2012
Receipts:		
Program receipts:		
Charges for service:		
Sewer	\$ 63,892	33,183
Water	-	42,417
Storm water	285,242	197,059
Solid waste	343,319	322,697
Operating grants, contributions and restricted interest:		
Save Our Sewers from Urbandale-Windsor Heights		
Sanitary Sewer District	-	75,000
General receipts:		
Unrestricted interest on investments	202	147
Total receipts	<u>692,655</u>	<u>670,503</u>
Disbursements:		
Sewer	50,937	119,782
Storm water	170,806	141,871
Solid waste	309,826	302,140
Total disbursements	<u>531,569</u>	<u>563,793</u>
Change in cash basis net position before transfers	161,086	106,710
Transfers, net	(50,000)	(65,000)
Change in cash basis net position	111,086	41,710
Cash basis net position beginning of year	38,659	(3,051)
Cash basis net position end of year	<u>\$ 149,745</u>	<u>38,659</u>

Total business type activities receipts for the fiscal year were \$692,655 compared to \$670,503 last fiscal year, an increase of \$22,152, or 3.3%. Total disbursements were \$531,569 compared to \$563,793 in the prior fiscal year, a decrease of \$32,224, or 5.7%. The increase in receipts is due to increased storm water and solid waste rates implemented for residential and commercial customers at the beginning of fiscal year 2013. The decrease in disbursements is due to a \$75,000 contribution from the Urbandale-Windsor Heights Sanitary Sewer District used to fund sewer improvements for residents in the prior fiscal year.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Windsor Heights completed the year, its governmental funds reported a combined fund balance of \$3,041,874, an increase of \$182,869 from last year's total of \$2,859,005. The following are the reasons for significant changes in cash balances of the major funds from the prior year.

- The General Fund cash balance decreased \$418,626, or 10.9%, from the prior year to \$3,420,484. Receipts increased 0.5% and disbursements increased 1.9%. The primary reason for the decrease in fund balance was due to the City transferring funds to various Capital Projects Funds to help cover project costs and capital equipment purchases and to the Special Revenue, Road Use Tax Fund for street department disbursements which exceeded the amount of road use tax receipts.

- The Special Revenue, Employee Benefits Fund cash balance increased \$173,663 over the prior year to \$248,576. Receipts increased 7% while disbursements decreased 8.8%. The increase in cash balance is due to an increase in the employee benefits levy offset by a decrease in disbursements. The City levied more based on anticipated increases in health insurance premiums. Disbursements decreased because several positions in administration were vacant for a portion of the fiscal year and health insurance premiums actually decreased from the prior year.
- The Special Revenue, Police Pension Fund cash balance decreased \$44,323, or 22.1%, from the prior year. Receipts decreased \$197 due to a decrease in interest receipts while pension payments also decreased \$315, or 0.7%. The decrease in the cash balance is due to the City using existing cash balances for payment of benefits to the two retired police officers covered under the plan.
- The Special Revenue, Urban Renewal Tax Increment Fund cash balance increased \$273,887 over the prior year. Receipts decreased \$72,778, or 3.9%, and disbursements decreased \$153,173, or 63.5%, from the prior year. The increased cash balance is due to receiving more tax increment financing than was needed to service debt and pay TIF obligations in the current year. In addition, the City received a \$25,000 deposit on a pending transaction for the sale of land which is included in the cash balance.
- The Debt Service Fund cash balance increased \$43,103 over the prior year. Receipts decreased \$41,735 due to a decrease in property tax. However, the cash balance grew primarily because of a corrective transfer the City made from the Capital Projects, Tax Increment Financing Project Advance Fund in fiscal year 2013.
- The Capital Projects, Tax Increment Financing Project Advance Fund cash balance was \$(980,454) at the end of fiscal year 2013, an increase of \$11,586 over the prior year. Disbursements decreased \$59,031 due to fewer active TIF projects being completed and paid off in the current fiscal year compared to the prior fiscal year. The increase in the balance is also due, in part, to a corrective transfer made from the General Fund in fiscal year 2013.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

The following are the reasons for the change in the cash balance of the major business type fund from the prior year.

- The Enterprise, Solid Waste Fund cash balance increased \$33,493 to \$66,801, due primarily to increases in solid waste and recycling rates during fiscal year 2013.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget three times. The amendments were approved on October 1, 2012, March 4, 2013 and May 6, 2013. The first amendment decreased receipts and disbursements, primarily due to the delay in the implementation of the Automated Traffic Enforcement program. The second amendment resulted in an increase in community and economic development and general governmental disbursements for increases in legal fees related to TIF law changes, the fiscal year 2013 payment for the Metro Home Improvement Program and rebates due under development agreements. The third amendment increased disbursements for public safety for the purchase and installation of a new generator. However, this purchase did not happen prior to year-end.

The City's total receipts were \$224,818 less than the amended budget, primarily due to anticipating the receipt of grant funds for the 73rd and Hickman project in fiscal year 2013. However, construction had not started by year-end and grant reimbursements were not received.

Total disbursements were \$811,824 less than the amended budget. Actual disbursements for the business type activities function were \$336,529 less than the amended budget due to budgeting for certain expenses which did not occur, including funding for the Save Our Sewers program, dye testing of the sewer lines and funds to implement recommendations from the City's watershed assessment plan. Actual disbursements for the public safety function were \$206,412 less than the amended budget. This was due to the City budgeting for equipment not received by year end, decreased salary costs due to vacant positions in the police and fire departments and decreased costs of benefits due to decreases in health insurance premiums and vacant positions.

DEBT ADMINISTRATION

At June 30, 2013, the City had \$10,345,000 of general obligation bonds and notes outstanding, compared to \$11,355,000 of bonds and notes outstanding at the end of last year.

During the year ended June 30, 2013, the City issued no new debt.

The constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$10,808,250, including the tax increment financing redevelopment agreement of \$463,250, is significantly below the City's constitutional debt limit of approximately \$19,220,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Windsor Heights' elected and appointed officials and citizens considered many factors when setting the fiscal year 2014 budget. We are at the General Fund statutory limit of \$8.10 per \$1,000 of taxable valuation for the fiscal year 2014 budget. With a number of capital equipment purchases which had been delayed for many years, the City Council voted to borrow funds in fiscal year 2014 to purchase one patrol vehicle, an ambulance and two dump trucks, utilizing the debt service levy. The City Council will need to review areas for potential budget reductions impacting the General Fund to help offset the future decrease in General Fund revenues related to the commercial property tax reform passed in 2013. Although the City Council chose not to levy for the police pension fund in fiscal year 2014, there is a need to levy for this fund in the future.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the City Treasurer at Windsor Heights City Hall, 1133 66th Street, Windsor Heights, Iowa, 50324 or by phone at (515) 279-3662.

Basic Financial Statements

City of Windsor Heights

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2013

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Primary Government:				
Governmental activities:				
Public safety	\$ 2,212,816	324,831	79,952	-
Public works	621,834	-	465,859	-
Health and social services	3,000	-	-	-
Culture and recreation	375,312	138,777	24,586	-
Community and economic development	157,090	-	-	-
General government	526,002	6,433	34,406	-
Debt service	1,445,175	-	-	-
Capital projects	206,700	-	-	6,154
Total governmental activities	5,547,929	470,041	604,803	6,154
Business type activities:				
Sewer	50,937	63,892	-	-
Storm water	170,806	285,242	-	-
Solid waste	309,826	343,319	-	-
Total business type activities	531,569	692,453	-	-
Total primary government	\$ 6,079,498	1,162,494	604,803	6,154
Component Unit:				
Windsor Heights Foundation	\$ 19,585	-	17,513	-
General Receipts and Transfers:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Unrestricted interest on investments				
Franchise fees				
Good faith deposit for sale of notes				
Hotel/motel tax				
Deposit held in escrow for land sale				
Transfers				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position beginning of year				
Cash basis net position end of year				
Cash Basis Net Position				
Restricted:				
Streets				
Debt service				
Other purposes				
Unrestricted				
Total cash basis net position				

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets			Component Unit
Governmental Activities	Business Type Activities	Total	Windsor Heights Foundation
(1,808,033)	-	(1,808,033)	
(155,975)	-	(155,975)	
(3,000)	-	(3,000)	
(211,949)	-	(211,949)	
(157,090)	-	(157,090)	
(485,163)	-	(485,163)	
(1,445,175)	-	(1,445,175)	
(200,546)	-	(200,546)	
(4,466,931)	-	(4,466,931)	
-	12,955	12,955	
-	114,436	114,436	
-	33,493	33,493	
-	160,884	160,884	
(4,466,931)	160,884	(4,306,047)	
			(2,072)
\$ 2,506,623	-	2,506,623	-
184	-	184	-
1,785,128	-	1,785,128	-
1,080	202	1,282	14
271,513	-	271,513	-
9,500	-	9,500	-
772	-	772	-
25,000	-	25,000	-
50,000	(50,000)	-	-
4,649,800	(49,798)	4,600,002	14
182,869	111,086	293,955	(2,058)
2,859,005	38,659	2,897,664	16,342
\$ 3,041,874	149,745	3,191,619	14,284
\$ 223,857	-	223,857	-
354,969	-	354,969	-
579,797	-	579,797	14,284
1,883,251	149,745	2,032,996	-
\$ 3,041,874	149,745	3,191,619	14,284

City of Windsor Heights

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

As of and for the year ended June 30, 2013

	Special Revenue			
	General	Employee Benefits	Police Pension	Urban Renewal Tax Increment
Receipts:				
Property tax	\$1,583,373	923,250	-	-
Tax increment financing	-	-	-	1,785,128
Other city tax	772	-	-	-
Licenses and permits	293,260	-	-	-
Use of money and property	1,080	32	176	-
Intergovernmental	15,782	-	-	-
Charges for service	271,183	-	-	-
Miscellaneous	209,690	13,937	-	-
Total receipts	2,375,140	937,219	176	1,785,128
Disbursements:				
Operating:				
Public safety	1,581,167	527,600	44,499	-
Public works	13,712	158,007	-	-
Health and social services	3,000	-	-	-
Culture and recreation	353,416	21,896	-	-
Community and economic development	31,143	-	-	88,002
General government	469,949	56,053	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	2,452,387	763,556	44,499	88,002
Excess (deficiency) of receipts over (under) disbursements	(77,247)	173,663	(44,323)	1,697,126
Other financing sources (uses):				
Good faith deposit for sale of notes	-	-	-	-
Deposit held in escrow for land sale	-	-	-	25,000
Operating transfers in	50,000	-	-	-
Operating transfers out	(391,379)	-	-	(1,448,239)
Total other financing sources (uses)	(341,379)	-	-	(1,423,239)
Change in cash balances	(418,626)	173,663	(44,323)	273,887
Cash balances beginning of year, as reclassified	3,839,110	74,913	200,228	-
Cash balances end of year	\$3,420,484	248,576	155,905	273,887
Cash Basis Fund Balances				
Restricted for:				
Streets	\$ -	-	-	-
Debt service	-	-	-	273,887
Other purposes	-	248,576	155,905	-
Unassigned	3,420,484	-	-	-
Total cash basis fund balances	\$3,420,484	248,576	155,905	273,887

See notes to financial statements.

	Capital Projects			
	Tax Increment			
Debt	Financing Project		Nonmajor	Total
Service	Advance			
184	-	-	-	2,506,807
-	-	-	-	1,785,128
-	-	-	-	772
-	-	-	-	293,260
-	-	-	111	1,399
-	-	-	471,502	487,284
-	-	-	14,990	286,173
-	-	-	61,848	285,475
184	-	-	548,451	5,646,298
-	-	-	59,550	2,212,816
-	-	-	450,115	621,834
-	-	-	-	3,000
-	-	-	-	375,312
-	37,945	-	-	157,090
-	-	-	-	526,002
1,445,175	-	-	-	1,445,175
-	57,368	149,332	-	206,700
1,445,175	95,313	658,997	-	5,547,929
(1,444,991)	(95,313)	(110,546)	-	98,369
9,500	-	-	-	9,500
-	-	-	-	25,000
1,478,594	137,254	254,125	-	1,919,973
-	(30,355)	-	-	(1,869,973)
1,488,094	106,899	254,125	-	84,500
43,103	11,586	143,579	-	182,869
-	(992,040)	(263,206)	-	2,859,005
43,103	(980,454)	(119,627)	-	3,041,874
-	-	223,857	-	223,857
43,103	-	37,979	-	354,969
-	-	175,316	-	579,797
-	(980,454)	(556,779)	-	1,883,251
43,103	(980,454)	(119,627)	-	3,041,874

City of Windsor Heights

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

As of and for the year ended June 30, 2013

	Enterprise		
	Solid Waste	Nonmajor	Total
Operating receipts:			
Charges for service	\$ 343,319	349,134	692,453
Operating disbursements:			
Business type activities	309,826	200,050	509,876
Excess of operating receipts over operating disbursements	33,493	149,084	182,577
Non-operating receipts (disbursements):			
Interest on investments	-	202	202
Capital outlay	-	(21,693)	(21,693)
Net non-operating receipts (disbursements)	-	(21,491)	(21,491)
Excess of receipts over disbursements	33,493	127,593	161,086
Operating transfers out	-	(50,000)	(50,000)
Change in cash balances	33,493	77,593	111,086
Cash balances beginning of year	33,308	5,351	38,659
Cash balances end of year	\$ 66,801	82,944	149,745
Cash Basis Fund Balances			
Unrestricted	\$ 66,801	82,944	149,745

See notes to financial statements.

City of Windsor Heights

Notes to Financial Statements

June 30, 2013

(1) Summary of Significant Accounting Policies

The City of Windsor Heights is a political subdivision of the State of Iowa located in Polk County. It was first incorporated in 1941 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 sewer, solid waste and storm water utilities for its citizens. Water service is provided to citizens by the Des Moines Water Works.

A. Reporting Entity

For financial reporting purposes, the City of Windsor Heights 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 include the City of Windsor Heights (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 Unit - The Windsor Heights Fire Fighter's Association (Association) is an entity which is legally separate from the City, but is so intertwined with the City it is, in substance, the same as the City. The Association was organized under Chapter 504A of the Code of Iowa as a non-profit corporation. The purpose of the Association is to assist the City's Fire Department in the performance of its responsibilities to the citizens of the City. The financial transactions of this component unit have been blended into the Special Revenue Funds.

Discretely Presented Component Unit - The Windsor Heights Foundation (Foundation) was organized as a non-profit entity under Chapter 504A of the Code of Iowa. The purpose of the Foundation is to solicit funds to be administered and expended solely for the charitable use and direct benefit of the City and its citizens. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented.

Jointly Governed Organizations

In 1998, the City joined with fifteen cities and counties to perpetuate the Des Moines Area Metropolitan Planning Organization (Organization) to plan and coordinate the transportation activities for the metropolitan area. The Organization's Board consists of a representative from the governing body of each member city. The members make contributions toward the budget of the Organization. During the year ended June 30, 2013, the City paid the Organization \$4,860.

In 1969, the City, in conjunction with seventeen other cities, created the Metro Waste Authority (the Authority). The Authority Board consists of an elected representative of the governing body of each participating governmental jurisdiction. The purpose of this joint governmental body is to provide for the economic disposal of all solid waste produced or generated by the jurisdictions and private contractors. During the year ended June 30, 2013, the City paid the Metro Waste Authority \$58,821 for the Curb-It Program.

In March 2002, the City, in conjunction with four other cities, created the Metro Home Improvement Program for housing rehabilitation within their respective communities. Each member has equal representation on the management committee. The cost to the City was \$25,285 during the year ended June 30, 2013.

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 or appoint representatives to the following Boards: Polk County Assessor's Conference Board, Joint County/Municipal Disaster Services and Emergency Planning Administration for Polk County, E911 Joint Service Board, Central Iowa Regional Drinking Water Commission, Des Moines Metropolitan Transit Authority and BRAVO.

B. Basis of Presentation

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

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Restricted net position results when constraints placed on the use of cash balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of cash balances not meeting the definition of the preceding category. Unrestricted net position often has constraints on cash balances imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor governmental and proprietary funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts 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 Employee Benefits Fund is used to account for the tax levy and disbursements for employee benefits, such as health insurance, pension, etc.

The Police Pension Fund is used to account for certain police department members' retirement system receipts and disbursements.

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

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

The Capital Projects, Tax Increment Financing Project Advance Fund is used to account for interfund advances made to finance certain urban renewal projects.

The City reports the following major proprietary fund:

The Enterprise, Solid Waste Fund accounts for the collection and disposal of solid waste.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances

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

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

Unassigned – All amounts not included in the preceding classification.

E. Budgets and Budgetary Accounting

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

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$500,430 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The City's investment in the Iowa Public Agency Investment Trust is unrated.

(3) Bonds and Notes Payable

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

Year Ending June 30,	Principal	Interest	Total
2014	\$ 1,160,000	406,775	1,566,775
2015	1,195,000	375,125	1,570,125
2016	1,260,000	340,863	1,600,863
2017	1,030,000	300,885	1,330,885
2018	880,000	269,270	1,149,270
2019-2023	2,745,000	918,927	3,663,927
2024-2028	2,075,000	355,945	2,430,945
Total	\$ 10,345,000	2,967,790	13,312,790

In May 2013, the City received a good faith deposit of \$9,500 on the issuance of \$950,000 of general obligation capital loan notes, Series 2013A dated July 1, 2013 (see Note (14) below). The proceeds were recorded in the Debt Service Fund.

(4) Pension and Retirement Benefits

Iowa Public Employees Retirement System

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

Most regular plan members are required to contribute 5.78% of their annual covered salary and the City is required to contribute 8.67% of annual 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, 2013, 2012 and 2011 were \$166,915, \$157,301 and \$154,989, respectively, equal to the required contributions for each year.

Chapter 410 Police Pension Plan

Chapter 410 of the Code of Iowa established a retirement system for duly appointed members of the police department whose appointment occurred before March 2, 1934 or police officers who had been making payments of membership fees and assessments prior to July 1, 1971.

The plan is administered by the City and provides retirement, disability and death benefits. The benefits are established by State statute and provide for full retirement benefits at age 50 with 22 years or more of service. Full benefits are equal to 50% of the monthly salary upon retirement or disability and 25% of the monthly salary upon death.

The City has two eligible police officers. Both are retired and are receiving benefits.

Presented below is the total pension benefit obligation of the City for this pension plan. The amount is based on a standardized measurement established by GASB Statement No. 5, which is the actuarial present value of credited projected benefits. This method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date by the plan participants and is adjusted for the effect of projected salary increases. A variety of significant actuarial assumptions are used to determine the standardized measure, including:

- (1) The present value of future pension payments was computed using a discount rate of 3.5%. This discount rate is equal to the estimated long-term rate of return on current and future investments of the pension plan.
- (2) Future pension payments reflect an assumption of 5% salary increases as a result of inflation.

The most recent actuarial valuation was made July 1, 2011. The standardized measure of the unfunded pension obligation is as follows:

Total pension obligation at July 1, 2011	\$ 494,521
Net position available for benefits as of June 30, 2013	<u>155,905</u>
Unfunded pension benefit obligation	<u>\$ 338,616</u>

The ten-year historical trend information related to this pension plan is not available.

(5) Other Postemployment Benefits (OPEB)

Plan Description - The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 27 active and no retired members in the plan.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 would pay the full premium for the medical/prescription drug benefits while employees pay a portion of the premium.

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 plan members are \$382 for single coverage, \$722 for employee-child(ren), \$781 for employee-spouse and \$1,171 for family coverage. For the year ended June 30, 2013, the City contributed \$287,763 and plan members eligible for benefits contributed \$13,917.

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and sick leave payable to employees at June 30, 2013, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 123,000
Sick leave	<u>19,000</u>
Total	<u>\$ 142,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2013.

(7) Interfund Transfers

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

Transfer to	Transfer from	Amount
General	Enterprise:	
	Sewer	\$ 25,000
	Storm Water	25,000
		<u>50,000</u>
Special Revenue:		
Road Use Tax	General	89,300
Debt Service	Special Revenue:	
	Urban Renewal	
	Tax Increment	1,448,239
	Capital Projects:	
	Tax Increment Financing	
	Project Advance	30,355
		<u>1,478,594</u>
Capital Projects:		
Tax Increment Financing		
Project Advance	General	137,254
73rd/Hickman	General	80,325
Equipment Reserve	General	84,500
		<u>302,079</u>
Total		<u>\$ 1,919,973</u>

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

(8) Tax Increment Financing Redevelopment Agreement

On December 19, 2011, the City entered into an agreement with We Can Build It, LLC (Company). Under the agreement, the Company agreed to a minimum assessment on the property located at 6500 University Avenue of \$4,090,050. The Company also agreed to provide the City with at least \$90,000 in property tax per year and the City agreed to rebate the Company any property tax paid over \$90,000 within 15 days of payment to the City through June 30, 2018. The City estimates the annual payments will be \$92,650 throughout the term of the agreement. During the year ended, June 30, 2013, the City disbursed \$93,860 under the agreement.

(9) Risk Management

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 679 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2013 were \$64,533.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$15,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location, with excess coverage reinsured by Lexington Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2013, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its casualty capital contributions. However, the refund is reduced by the amount of capital distributions previously received by the withdrawing member and an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City also carries commercial insurance purchased from other insurers for coverage associated with worker's compensation. The City assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Industrial Development Revenue Bonds

The City has issued a total of \$15,100,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the City.

In February 2013, the City issued an additional \$7,500,000 in revenue bonds under the provisions of Chapter 419 of the Code of Iowa for the ChildServe Inc. Project. The funds will be used to construct and equip a therapy and clinic addition and make other renovations and improvements at the ChildServe Inc. campus. The bonds and related interest are payable solely from the pledge of the revenues, and the bond principal and interest do not constitute liabilities of the City.

(11) Interfund Loans

The detail of interfund loans at June 30, 2013 is as follows:

Due From	Due to	Amount
Special Revenue:	Capital Projects:	
Urban Renewal Tax Increment	Tax Increment Financing Project Advance	\$ 138,750
	Hickman Road TIF	515,520
Total		<u>\$ 654,270</u>

The loans represent amounts paid from the Capital Projects, Tax Increment Financing Project Advance and Hickman Road TIF Funds for costs associated with the City’s urban renewal projects. The loans will be repaid through transfers from the Special Revenue, Urban Renewal Tax Increment Fund as receipts become available. No reimbursements occurred during the year ended June 30, 2013.

(12) Sale of Land

In May 2013, the City entered into an agreement to sell approximately 7.9 acres of land for \$2,408,868. Upon execution of the agreement, the City received a \$25,000 deposit on the sale and will receive the remaining balance on the closing date, thirty days after the buyer’s removal of contingencies. The \$25,000 deposit was placed in a trust account held in escrow by the City Attorney until the closing date. The amount held in escrow is reported in the City’s financial statements as part of the Special Revenue, Urban Renewal Tax Increment Fund.

(13) Construction Commitment

In June 2013, the City approved a contract totaling \$472,520 for a road reconstruction and intersection widening project at 73rd Street and Hickman Road. The project will be funded through a grant from the Iowa Department of Transportation and local funds. At June 30, 2013, no costs had been incurred under the contract.

(14) Subsequent Event

On July 1, 2013, the City issued \$950,000 of general obligation capital loan notes to refund \$485,000 of general obligation bonds, Series 1999A, dated September 1, 1999, equip the fire and street departments, acquire ambulances and ambulance equipment and improve and equip public buildings. The notes bear interest at .40% to 1.15% per annum. The City intends to repay a portion of the notes with tax increment financing receipts and the remainder through a direct annual tax on all taxable property in the City.

(15) Deficit Balances

The Capital Projects, Tax Increment Financing Project Advance and Hickman Road TIF Funds had deficit balances of \$980,454 and \$556,779, respectively, at June 30, 2013. The deficits will be eliminated through transfers of future tax increment financing collections.

(16) Reclassification

A portion of the beginning cash balance of the Special Revenue, Urban Renewal Tax Increment Fund was reclassified to the Capital Projects, Tax Increment Financing Project Advance Fund to more accurately report and clearly separate tax increment financing (TIF) activity from interfund advance activity in accordance with HF 2460, effective July 1, 2012.

	Special Revenue, Urban Renewal Tax Increment	Capital Projects, Tax Increment Financing Project Advance
Cash balance June 30, 2012, as previously reported	\$ (992,040)	-
To more accurately report and separate TIF activity from interfund activity	992,040	(992,040)
Cash balance July 1, 2012, as reclassified	\$ -	(992,040)

Other Information

City of Windsor Heights
 Budgetary Comparison Schedule
 of Receipts, Disbursements and Changes in Balances -
 Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds

Other Information

Year ended June 30, 2013

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds Not Required to be Budgeted	Total
Receipts:				
Property tax	\$ 2,506,807	-	-	2,506,807
Tax increment financing	1,785,128	-	-	1,785,128
Other city tax	772	-	-	772
Licenses and permits	293,260	-	-	293,260
Use of money and property	1,399	202	15	1,586
Intergovernmental	487,284	-	-	487,284
Charges for service	286,173	692,453	-	978,626
Miscellaneous	285,475	-	12,522	272,953
Total receipts	<u>5,646,298</u>	<u>692,655</u>	<u>12,537</u>	<u>6,326,416</u>
Disbursements:				
Public safety	2,212,816	-	13,363	2,199,453
Public works	621,834	-	-	621,834
Health and social services	3,000	-	-	3,000
Culture and recreation	375,312	-	-	375,312
Community and economic development	157,090	-	-	157,090
General government	526,002	-	-	526,002
Debt service	1,445,175	-	-	1,445,175
Capital projects	206,700	-	-	206,700
Business type activities	-	531,569	-	531,569
Total disbursements	<u>5,547,929</u>	<u>531,569</u>	<u>13,363</u>	<u>6,066,135</u>
Excess (deficiency) of receipts over (under) disbursements	98,369	161,086	(826)	260,281
Other financing sources (uses), net	84,500	(50,000)	-	34,500
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	182,869	111,086	(826)	294,781
Balances beginning of year	2,859,005	38,659	20,351	2,877,313
Balances end of year	<u>\$ 3,041,874</u>	<u>149,745</u>	<u>19,525</u>	<u>3,172,094</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Total Variance
Original	Final	
2,473,161	2,473,161	33,646
1,786,621	1,786,621	(1,493)
298,299	36,299	(35,527)
37,102	299,102	(5,842)
1,450	1,450	136
645,170	645,170	(157,886)
1,013,200	1,013,200	(34,574)
562,750	296,231	(23,278)
6,817,753	6,551,234	(224,818)
2,400,260	2,405,865	206,412
729,799	689,799	67,965
3,100	3,100	100
445,454	445,454	70,142
105,830	215,150	58,060
500,580	578,929	52,927
1,448,239	1,448,239	3,064
323,325	223,325	16,625
843,198	868,098	336,529
6,799,785	6,877,959	811,824
17,968	(326,725)	587,006
-	-	34,500
17,968	(326,725)	621,506
2,656,904	2,877,313	-
2,674,872	2,550,588	621,506

City of Windsor Heights

Notes to Other Information – Budgetary Reporting

June 30, 2013

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the blended and discretely presented component units. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds and the Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, three budget amendments increased budgeted disbursements by \$78,174. The budget amendments are reflected in the final budgeted amounts.

Disbursements during the year ended June 30, 2013 did not exceed the amounts budgeted.

Supplementary Information

City of Windsor Heights

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

As of and for the year ended June 30, 2013

	Special Revenue			Windsor Heights Fire Fighter's Association
	Road Use Tax	Police Trust	Police Forfeiture	
Receipts:				
Use of money and property	\$ -	7	15	15
Intergovernmental	465,422	-	-	-
Charges for service	-	11,160	3,830	-
Miscellaneous	437	40,400	8,489	12,522
Total receipts	465,859	51,567	12,334	12,537
Disbursements:				
Operating:				
Public safety	-	42,301	3,886	13,363
Public works	450,115	-	-	-
Capital projects	-	-	-	-
Total disbursements	450,115	42,301	3,886	13,363
Excess (deficiency) of receipts over (under) disbursements	15,744	9,266	8,448	(826)
Other financing sources:				
Operating transfers in	89,300	-	-	-
Change in cash balances	105,044	9,266	8,448	(826)
Cash balances beginning of year	118,813	17,133	19,257	20,351
Cash balances end of year	\$ 223,857	26,399	27,705	19,525
Cash Basis Fund Balances				
Restricted for:				
Streets	\$ 223,857	-	-	-
Debt service	-	-	-	-
Other purposes	-	26,399	27,705	19,525
Unassigned	-	-	-	-
Total cash basis fund balances	\$ 223,857	26,399	27,705	19,525

See accompanying independent auditor's report.

Capital Projects				
Colby Park TIF	Hickman Road TIF	73rd/ Hickman	Equipment Reserve	Total
-	-	-	74	111
-	6,080	-	-	471,502
-	-	-	-	14,990
-	-	-	-	61,848
-	6,080	-	74	548,451
-	-	-	-	59,550
-	-	-	-	450,115
-	47,296	49,815	52,221	149,332
-	47,296	49,815	52,221	658,997
-	(41,216)	(49,815)	(52,147)	(110,546)
-	-	80,325	84,500	254,125
-	(41,216)	30,510	32,353	143,579
37,979	(515,563)	26,501	12,323	(263,206)
37,979	(556,779)	57,011	44,676	(119,627)
-	-	-	-	223,857
37,979	-	-	-	37,979
-	-	57,011	44,676	175,316
-	(556,779)	-	-	(556,779)
37,979	(556,779)	57,011	44,676	(119,627)

City of Windsor Heights

City of Windsor Heights

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

As of and for the year ended June 30, 2013

	Enterprise			Total
	Water	Sewer	Storm Water	
Operating receipts:				
Charges for service	\$ -	63,892	285,242	349,134
Operating disbursements:				
Business type activities	-	50,937	149,113	200,050
Excess of operating receipts over operating disbursements	-	12,955	136,129	149,084
Non-operating receipts:				
Interest on investments	202	-	-	202
Capital outlay	-	-	(21,693)	(21,693)
Net non-operating receipts (disbursements)	202	-	(21,693)	(21,491)
Excess of receipts over disbursements	202	12,955	114,436	127,593
Operating transfers out	-	(25,000)	(25,000)	(50,000)
Net change in cash balances	202	(12,045)	89,436	77,593
Cash balances beginning of year	-	78,321	(72,970)	5,351
Cash balances end of year	\$ 202	66,276	16,466	82,944
Cash Basis Fund Balances				
Unrestricted	\$ 202	66,276	16,466	82,944

See accompanying independent auditor's report.

City of Windsor Heights
 Schedule of Indebtedness
 Year ended June 30, 2013

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds and notes:			
General obligation bonds, series 1999A	Sep 1, 1999	5.00-5.30%	\$ 1,580,000
Capital loan notes, series 2007A	Apr 1, 2007	3.65-3.80	1,500,000
General obligation bonds, series 2008A	Jun 1, 2008	3.65-4.20	1,980,000
General obligation bonds, series 2008B	Jun 1, 2008	4.50-6.20	3,805,000
Capital loan notes, series 2011A	Feb 1, 2011	1.00-4.15	3,360,000
Refunding capital loan notes, series 2011B	Feb 1, 2011	2.00	440,000
Refunding capital loan notes, series 2012A	May 24, 2012	0.40-1.20	1,375,000
Total			

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
630,000	-	145,000	485,000	33,242
835,000	-	155,000	680,000	31,245
1,755,000	-	80,000	1,675,000	69,215
3,340,000	-	135,000	3,205,000	193,940
3,110,000	-	300,000	2,810,000	90,435
310,000	-	75,000	235,000	6,200
1,375,000	-	120,000	1,255,000	10,898
<u>\$ 11,355,000</u>	<u>-</u>	<u>1,010,000</u>	<u>10,345,000</u>	<u>435,175</u>

City of Windsor Heights
Bond and Note Maturities
June 30, 2013

Year Ending June 30,	Series 1999A		Series 2007A		General Obligation Series 2008A	
	Issued Sept 1, 1999		Issued Apr 1, 2007		Issued Jun 1, 2008	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2014	5.25%	\$ 150,000	3.70%	\$ 160,000	3.65%	\$ 80,000
2015	5.30	155,000	3.75	165,000	3.65	85,000
2016	5.30	180,000	3.75	175,000	3.65	90,000
2017		-	3.80	180,000	3.65	90,000
2018		-		-	3.75	95,000
2019		-		-	3.80	100,000
2020		-		-	3.90	105,000
2021		-		-	4.00	110,000
2022		-		-	4.00	115,000
2023		-		-	4.05	120,000
2024		-		-	4.05	125,000
2025		-		-	4.10	130,000
2026		-		-	4.15	135,000
2027		-		-	4.20	145,000
2028		-		-	4.20	150,000
Total		<u>\$ 485,000</u>		<u>\$ 680,000</u>		<u>\$ 1,675,000</u>

Year Ending June 30,	Series 2012A		Total
	Issued May 24, 2012		
	Interest Rates	Amount	
2014	0.50%	\$ 245,000	1,160,000
2015	0.60	250,000	1,195,000
2016	0.75	250,000	1,260,000
2017	1.00	255,000	1,030,000
2018	1.20	255,000	880,000
2019		-	655,000
2020		-	685,000
2021		-	720,000
2022		-	335,000
2023		-	350,000
2024		-	370,000
2025		-	390,000
2026		-	410,000
2027		-	440,000
2028		-	465,000
Total		<u>\$ 1,255,000</u>	<u>10,345,000</u>

See accompanying independent auditor's report.

Bonds/Notes					
Series 2008B		Series 2011A		Series 2011B	
Issued Jun 1, 2008		Issued Feb 1, 2011		Issued Feb 1, 2011	
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
5.40%	\$ 140,000	1.50%	\$ 310,000	2.00%	\$ 75,000
5.40	145,000	1.85	315,000	2.00	80,000
5.40	155,000	2.65	330,000	2.00	80,000
5.40	165,000	2.95	340,000		-
5.50	175,000	3.45	355,000		-
5.60	185,000	3.60	370,000		-
5.70	195,000	3.95	385,000		-
5.80	205,000	4.15	405,000		-
5.90	220,000		-		-
6.00	230,000		-		-
6.00	245,000		-		-
6.10	260,000		-		-
6.10	275,000		-		-
6.20	295,000		-		-
6.20	315,000		-		-
	<u>\$ 3,205,000</u>		<u>\$ 2,810,000</u>		<u>\$ 235,000</u>

City of Windsor Heights

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

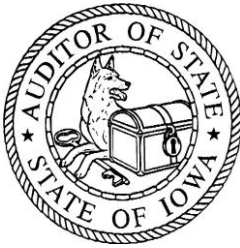
For the Last Ten Years

	2013	2012	2011	2010
Receipts:				
Property tax	\$ 2,506,807	2,570,857	2,565,082	2,703,573
Tax increment financing	1,785,128	1,776,154	1,724,469	1,809,398
Other city tax	772	1,348	3,525	209,293
Licenses and permits	293,260	276,280	292,831	40,964
Use of money and property	1,399	2,126	13,815	6,786
Intergovernmental	487,284	2,266,797	768,245	1,441,286
Charges for service	286,173	262,831	212,893	514,927
Miscellaneous	285,475	176,594	154,192	228,551
Total	\$ 5,646,298	7,332,987	5,735,052	6,954,778
Disbursements:				
Operating:				
Public safety	\$ 2,212,816	2,177,783	2,236,921	2,102,371
Public works	621,834	613,361	681,226	1,214,431
Health and social services	3,000	3,000	2,500	100
Culture and recreation	375,312	418,659	346,520	308,454
Community and economic development	157,090	155,196	37,777	12,535
General government	526,002	516,691	523,210	594,043
Debt service	1,445,175	2,080,081	2,099,516	1,891,171
Capital projects	206,700	2,398,341	1,177,079	4,861,461
Total	\$ 5,547,929	8,363,112	7,104,749	10,984,566

See accompanying independent auditor's report.

2009	2008	2007	2006	2005	2004
2,778,548	2,215,440	2,160,668	2,149,157	2,076,718	1,886,664
1,645,515	1,568,689	1,620,769	1,447,527	1,294,382	1,097,352
287,013	316,789	306,032	307,581	7,221	13,781
38,357	75,189	79,458	40,333	118,060	117,595
78,651	65,332	58,023	40,451	17,216	7,887
422,362	515,629	783,396	409,501	410,168	428,617
370,278	377,556	331,869	120,478	216,612	195,406
309,957	297,258	283,318	205,438	289,254	154,295
5,930,681	5,431,882	5,623,533	4,720,466	4,429,631	3,901,597
2,048,175	1,819,876	2,100,540	1,622,875	1,648,134	1,457,408
1,023,955	914,916	885,629	629,928	690,381	535,010
2,500	-	-	75,125	78,574	85,529
370,797	328,954	238,776	468,146	337,121	247,442
8,085	225	14,933	23,354	33,301	51,813
570,123	456,932	479,658	375,537	395,866	385,077
3,538,565	1,459,425	1,300,176	1,744,032	1,180,503	1,141,875
2,890,523	966,570	1,191,250	138,719	36,480	369,251
10,452,723	5,946,898	6,210,962	5,077,716	4,400,360	4,273,405

City of Windsor Heights



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Mary Mosiman, CPA
Auditor of State

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

To the Honorable Mayor and
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Windsor Heights, Iowa, as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 21, 2013. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (C) through (E) to be significant deficiencies.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.


The City of Windsor Heights' Responses to the Findings


The City of Windsor Heights' responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The City of Windsor Heights' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 21, 2013

City of Windsor Heights

City of Windsor Heights

Schedule of Findings

Year ended June 30, 2013

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check on those of another. One person had control over each of the following areas for the City:

- (1) Accounting and information system – performance of all general accounting functions, including recording journal entries, controlling data input and output and custody and control over assets.
- (2) Cash – preparation of bank reconciliations, signing checks and recording cash. In addition, two individuals have access to one change drawer at the City rather than each individual having a change drawer they are solely responsible for.
- (3) Investments – detailed record keeping, custody and reconciling.
- (4) Receipts – depositing, posting and reconciling.
- (5) Disbursements – purchasing, processing invoices, disbursing and recording.
- (6) Payroll – recordkeeping, preparation, distribution and custody of undistributed warrants.
- (7) Debt – recordkeeping, debt payment processing and reconciling.

Duties of accounting personnel are not rotated in their absence.

In addition, an independent person does not enter payroll rates and independent review of the rates is not performed.

For the Windsor Heights Fire Fighter's Association, one person handles and records collections, prepares deposits, prepares, signs and mails checks and reconciles the bank account. The Association does not use prenumbered receipts for the collection of donations and other receipts.

For the Windsor Heights Foundation, one person records collections, prepares, signs and mails checks and reconciles the bank account.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City, the Association and the Foundation should review their control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

City of Windsor Heights

Schedule of Findings

Year ended June 30, 2013

Responses –

City – The City will continue to review internal control procedures in an effort to obtain the maximum internal control possible given the limited number of staff and elected officials.

Windsor Heights Fire Fighter’s Association – We will review internal control procedures in an effort to obtain the maximum internal control possible. We currently have the Treasurer and another Board Member of the Association review monthly bank statements and reconciliations and have both members sign off on the bank reconciliations each month.

Windsor Heights Foundation – All incoming mail is opened by City Hall staff. They scan the checks. The Foundation President picks up the mail, records the contributions and deposits them, emails the list to the Treasurer who generates thank you letters which are then processed and mailed out by another Board member. The Treasurer prepares and signs the checks, gives them to the President who also signs them and mails them. The Treasurer reconciles the bank account. Control procedures will be reviewed to obtain the maximum internal control possible.

Conclusions – Responses accepted.

- (B) Financial Reporting – During the audit, we identified a material amount of checks written prior to June 30, 2013 and held beyond that date pending receipt of equipment. In addition, the City received a deposit pending the sale of City land which was not recorded in the City’s ledgers. Adjustments were subsequently made to properly report the amounts in the City’s financial statements.

Recommendation – The City should implement procedures to ensure checks are not written and held at June 30 and receipts are properly recorded in the City’s financial statements.

Response – The City will implement procedures to ensure checks are not held at June 30 and that receipts are properly recorded.

Conclusion – Response accepted.

- (C) Computer System – The City does not have a written disaster recovery plan for its computer system or written policies regarding password security.

Recommendation – The City should develop a written disaster recovery plan and written policies addressing password security.

Response – The City will continue to work towards implementing a formal written disaster recovery plan.

Conclusion – Response acknowledged. The City should also develop written policies addressing password security.

City of Windsor Heights

Schedule of Findings

Year ended June 30, 2013

- (D) Receipts – An independent reconciliation of recorded receipts to an initial listing of receipts is not performed. Deposit summaries do not always contain sufficient detail to trace specific receipts to supporting documentation.

Recommendation – An independent person should periodically reconcile recorded receipts to an initial listing. Deposit information should be maintained in sufficient detail to allow tracing to supporting documentation for each receipt.

Response – The City will continue to work to periodically have an independent person review and reconcile recorded receipts to the initial listing as well as maintain sufficient detail to trace receipts to supporting documentation.

Conclusion – Response accepted.

- (E) Disbursements – Certain credit card disbursements and employee reimbursements were not supported by an original vendor invoice and reimbursements for out-of-state travel were not always supported by the required pre-authorization forms. Also, certain disbursements tested included amounts paid for sales tax.

Recommendation – Credit card and travel claims submitted for payment should have original receipts attached to support the disbursement. The City should establish procedures to ensure sales tax is not paid. The required pre-authorizations for out-of-state travel should be attached to reimbursement claims.

Response – Original receipts are required for travel claim reimbursements. The City will make sure original receipts are kept with proper documentation. The City will monitor claims to ensure no sales tax is paid. The City will also attach copies of travel pre-authorizations for out-of-state travel to reimbursement claims.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Windsor Heights

Schedule of Findings

Year ended June 30, 2013

Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2013 did not exceed the amounts budgeted.
- (2) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted.
- (3) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (4) Business Transactions – No transactions between the City and City officials and employees were noted.
- (5) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) City Council Minutes – Except as noted, no transactions were found that we believe should have been approved in the City Council minutes but were not.

Certain transfers were not approved by the City Council.

Although minutes of City Council proceedings were published, the publications did not include the purpose of the claims approved for payment as required by Chapter 372.13(6) of the Code of Iowa.

Certain minutes of the City Council meetings were not signed in accordance with Chapter 380.7 of the Code of Iowa.

Recommendation – The City Council should ensure all transfers are properly approved. All minutes should be signed and the purpose of claims should be published as required.

Response – The City will acquire Council approval for all final transfers at year-end. The recommendation to publish the purpose of claims will again be discussed at the Council level. We will ensure minutes for Council meetings are signed.

Conclusion – Response acknowledged. All transfers between funds should be approved by the City Council prior to making the transfer. The City should publish the purpose of all claims, as required.

- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.

City of Windsor Heights

Schedule of Findings

Year ended June 30, 2013

- (8) Annual Urban Renewal Report – The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1. However, the following reporting exceptions were noted on the Levy Authority Summary:

The City understated the amount reported as TIF debt outstanding by \$99,782. In addition, the Levy Authority Summary included receipts, disbursements and ending cash balances for project and project advance funds in addition to the Special Revenue, Urban Renewal Tax Increment Fund.

Recommendation – The City should ensure the amounts reported on the Levy Authority Summary agree with the City’s records and represent activity reported in the Special Revenue, Urban Renewal Tax Increment Fund.

Response – The City will make corrections on the fiscal year 2013 annual urban renewal report to reflect this difference.

Conclusion – Response accepted.

- (9) Financial Condition – The City had deficit balances in the following funds at June 30, 2013:

Capital Projects:	
Tax Increment Financing Project Advance	\$ 980,454
Hickman Road TIF	556,779

Recommendation – The City should investigate alternatives to eliminate these deficits to return these funds to a sound financial position.

Response – The City will investigate alternatives to eliminate these deficits.

Conclusion – Response accepted.

City of Windsor Heights
Staff

This audit was performed by:

Marlys K. Gaston, CPA, Manager
Lesley R. Geary, CPA, Senior Auditor II
Jessica L. Barloon, Assistant Auditor
Kaylynn D. Short, Assistant Auditor

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

Andrew E. Nielsen, CPA
Deputy Auditor of State