



Financial Statements  
June 30, 2020

# City of Windsor Heights

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City of Windsor Heights  
(Unaudited) Officials  
June 30, 2020

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<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dave Burgess	Mayor	January 2022
Mike Jones	Mayor, Pro Tem	January 2022
Threase Harms	Council Member	January 2024
Joseph Jones	Council Member	January 2022
Susan Skeries	Council Member	January 2024
Michael Loffredo	Council Member	January 2022
Mark Arentston	Interim City Administrator	Ended Sept 8, 2020
Travis Cooke	City Clerk	Indefinite
Matt Brick	Attorney	Indefinite



## Independent Auditor's Report

To the Honorable Mayor and Members of the City Council  
City of Windsor Heights

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Windsor Heights, Iowa, (City) as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements as 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 as described in Note 1 to the financial statements. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Summary of Opinions**

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-Type Activities	Unmodified
General Fund	Unmodified
Employee Benefit Tax Fund	Unmodified
Urban Renewal Tax Increment Financing Fund	Unmodified
Capital Projects Fund	Unmodified
Debt Service Fund	Unmodified
Aggregate Remaining Funds	Qualified

**Basis for Qualified Opinion on the Governmental Activities and Aggregate Remaining Funds**

Management has not included the financial data for a legally separate component unit in the City’s financial statements. Accounting principles applicable to the City’s cash basis of accounting require the financial data for the component unit to be reported with the financial data for the City’s primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component unit. The amount by which this departure would affect the assets, net position, receipts, and expenditures of the governmental activities and aggregate remaining funds has not been determined.

**Qualified Opinion on the Governmental Activities and Aggregate Remaining Funds**

In our opinion, except for the effects of the matter discussed in the “Basis for Qualified Opinion on the Governmental Activities and Aggregate Remaining Funds” paragraph, the cash basis financial statements referred to above present fairly, in conformity with the basis of accounting described in Note 1, the financial position of the governmental activities and aggregate remaining funds of the City as of June 30, 2020, and the changes in financial position thereof, for the year then ended in accordance with the cash basis of accounting.

**Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the City of Windsor Heights, Iowa, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with the cash basis of accounting as described in Note 1 to the financial statements.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting used in the preparation of the financial statements. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are 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. The financial statements for the nine years ended June 30, 2019 (which are not presented herein) were audited by other auditors who expressed unmodified and qualified opinions on the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information. The supplementary information included in Schedules 4 through 9, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The other information, Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of IPERS Net Pension Liability, the Schedule of IPERS Contributions, and the Notes to Other Information – Pension Liability on pages 5 through 11 and 30 through 33, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Dubuque, Iowa  
October 30, 2020

The City of Windsor Heights, Iowa, 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, 2020. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

This discussion and analysis is intended to be an easily readable analysis of the City's financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the audited financial statements.

### **2020 Financial Highlights**

Receipts of the City's governmental activities increased \$13,400,211 from fiscal year 2019 to fiscal year 2020, primarily due to proceeds from bonds to fund capital projects related to street projects. Property tax revenue decreased \$52,301 due to a decrease in assessed valuations.

Disbursements of the City's governmental activities decreased \$329,024 from fiscal year 2019 to fiscal year 2020. The decrease in disbursements was primarily due to a decrease in spending by Public Safety. Business type expenditures decreased \$113,590 because of a decrease in spending in the Storm Water utility.

The City's total cash basis net position increased \$14,716,411 from June 2019 to June 2020. Of this amount, the assets of the governmental activities increased \$14,413,779 and the assets of the business-type activities increased \$302,632.

### **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 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.

Supplementary and Other Information further explains and supports the financial statements with a comparison of the City's budget for the year and provides detailed information about the nonmajor governmental funds.

### **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 the question.

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

Governmental funds account for most of the City's basic services and are funded primarily through tax revenues. The City's proprietary funds account for the enterprise funds. Enterprise funds are used to report business-type activities.

The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities - Governmental Activities and Business-type (Proprietary) Activities.

Governmental Activities include:

Public Safety – includes police operations, civil service, emergency management, fire protection, ambulance service and building inspections.

Public Works – includes roads, sidewalks, equipment, street lighting, traffic safety and snow removal.

Culture and Recreation – includes library services and parks and recreation.

Community and Economic Development – includes community betterment, economic development and planning and zoning.



General Government – includes mayor, city council, city administrator, city clerk, elections, legal services, city hall, insurance and general administration.

Debt Service – includes general obligation and tax increment financing debt.

Capital Projects – includes sidewalks, right of way acquisition, street improvements, community services campus, storm water, golf course and park improvement projects.

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

Business-type Activities include the sewer utility, solid waste utility, and a storm water utility.

The required financial statements for proprietary funds include a statement of cash receipts, disbursements, and changes in cash balances.

### **Governmental Activities**

For the year ended June 30, 2020, the City's governmental activities were funded as follows:

Receipts of the City's governmental activities increased to \$22,227,341 from fiscal year 2019 to fiscal year 2020. Tax increment financing increased \$375,653 for use on street construction projects. Property taxes decreased \$52,301 due to decrease in property tax valuations.

Disbursements of the City's governmental activities decreased \$329,024 from fiscal year 2019 to fiscal year 2020. Debt Service decreased \$7,015 because of reduction in debt. Capital Projects increased \$199,648. The following Capital Projects were completed; Sunset Terrace Street Project. The following Capital Projects were in process during FY 2020; University Avenue, Allison Ave, 69<sup>th</sup> Street, College Drive and the 2020 PCC Patching project.

Changes in Cash Basis Net Position of Governmental Activities

	Year Ended June 30,	
	2020	2019
Program Receipts:		
Charges for service	\$ 924,390	\$ 1,854,853
Operating grants and contributions	691,791	735,403
General Receipts:		
Property tax	3,849,642	3,901,943
Tax increment financing	2,185,734	1,810,081
Other taxes	282,778	306,218
Local option sales tax	863,920	-
Commercial/industrial tax replacement	81,548	79,730
Unrestricted interest on investments	17,538	17,213
Other general receipts	-	120,153
Bond proceeds, net	13,330,000	1,536
Total receipts	22,227,341	8,827,130
Public safety	2,927,951	3,312,738
Public works	624,210	678,988
Culture and recreation	292,587	430,289
Community and economic development	19,149	34,594
General government	792,957	721,902
Debt service	1,599,655	1,606,670
Capital projects	1,557,053	1,357,405
Total disbursements	7,813,562	8,142,586
Change in Cash Basis Net Position	14,413,779	684,544
Cash Basis Net Position Beginning of Year	9,418,927	8,734,383
Cash Basis Net Position End of Year	\$ 23,832,706	\$ 9,418,927

**Business-type Activities**

For the year ended June 30, 2020, the City's business-type activities receipts and disbursements were as follows:

Changes in Cash Basis Net Position of Business-Type Activities

	Year Ended June 30,	
	2020	2019
Receipts:		
Program receipts:		
Charges for service:		
Storm water	\$ 385,466	\$ 339,018
Solid waste	331,168	354,900
Sewer utility	87,279	62,337
General receipts:		
Unrestricted interest on investments	67	-
Miscellaneous	148	-
Total receipts	804,128	756,255
Program Disbursements:		
Storm water	137,928	200,323
Solid waste	289,845	332,694
Sewer utility	73,723	82,069
Total program disbursements	501,496	615,086
Change in Cash Basis Net Position	302,632	141,169
Cash Basis Net Position Beginning of Year	1,029,761	888,592
Cash Basis Net Position End of Year	\$ 1,332,393	\$ 1,029,761

Receipts of the City's business-type activities increased \$47,873 from fiscal year 2019 to fiscal year 2020. Charges for services increased \$47,658 for an increase in utility customer's usage from the prior year.

Disbursements for business-type activities decreased \$113,590. The decrease was due to a reduction in spending from the Storm Water Fund.

### **Individual Major Fund Analysis**

As the City of Windsor Heights completed the year, its governmental funds reported a combined fund balance of \$23,832,706, an increase of \$14,413,779. 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 \$210,457 from the prior year to \$4,037,227. The decrease is due to the funding of equipment replacement reserves and funding capital projects to fiscal year 2020.
- The Special Revenue Fund, Employee Benefits Fund cash balance increased \$111,348 from the prior year to \$966,447. This increase in cash balance is due to an increase in property tax receipts.
- The Special Revenue Fund, Road Use Tax Fund cash balance increased \$226,896 to \$998,505. This increase was due to an increase in road use tax receipts.
- The Special Revenue Fund, Local Option Sales Tax cash balance is \$863,920. This is the first fiscal year collecting this tax. The city is required to use this money for the specific purpose of fifty percent property tax relief and fifty percent other purposes as determined by the Council.
- The Special Revenue Fund, Tax Increment Financing Fund was established to account for major urban renewal projects. This fund balance is required to be used for tax increment funded projects.
- The Capital Projects Fund cash balance increased \$13,244,064 to \$15,366,110 due to bonds issued for street projects.
- The Debt Service Fund cash balance increased \$19,572 to \$ 518,238.

### **Individual Major Business Type Fund Analysis**

- The Enterprise, Storm Water Fund cash balance increased \$247,686 to \$915,802, due primarily to charges for service receipts exceeding disbursements during fiscal year 2020.

### **Budgetary Highlights**

Over the course of the year, the City amended its budget once. The amendment was to adjust for capital projects.

For the year ended June 30, 2020, total actual receipts were \$941,454 under the final budget while total actual disbursements were \$14,813,014 under the final budget. The large difference for budgeted and actual receipts and expenditures occurred because of capital projects for road improvements that were budgeted and not completed in the current fiscal year.

### **Debt Outstanding**

At June 30, 2020, the City had \$18,985,000 of general obligation bonds and capital loan notes outstanding, compared to \$7,075,000 of bonds and notes outstanding at the end of last year.

Debt increased \$15,650,000 as a result of the sale of new bonds for work on University Avenue, Allison Ave, 69<sup>th</sup> Street and College Drive.

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 \$18,985,000 is below the City's constitutional debt limit of approximately \$22,065,000.

### **Economic Factors and Next Year's Budget and Rates**

The City of Windsor Heights' elected and appointed officials considered many factors when setting the fiscal year 2021 budget, tax rates and fees charged for various City activities. One of those factors is the economy. The City's costs for services continue to rise even during times of extremely low growth. The effects of COVID 19 were a factor in determining revenue levels received from Local Option Sales Tax and Road Use Tax.

Council budget goals for fiscal year 2021 included programs to spur redevelopment and marketing the City. The City will seek to collaborate with other organizations any time the City can realize a savings while improving the effectiveness and efficiency of a particular program or service.

The City will continue to focus on capital improvements for an aging infrastructure, to analyze staff levels and labor costs and also to evaluate user rates.

### **Financial Contact**

The City's financial statements are designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the City's Administrator at 1145 66<sup>th</sup> Street Suite 1, Windsor Heights, IA 52002, or email [rswisher@windsorheights.org](mailto:rswisher@windsorheights.org).

Rachelle Swisher  
Finance Director



Basic Financial Statements  
June 30, 2020

# City of Windsor Heights

City of Windsor Heights  
Exhibit A – Statement of Activities and Net Position – Cash Basis  
As of and for the Year Ended June 30, 2020

	Program Receipts				Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Disbursements	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Functions/Programs:</b>							
<b>Governmental activities:</b>							
Public safety	\$ 2,927,951	\$ 622,331	\$ 42,362	\$ -	\$ (2,263,258)	\$ -	\$ (2,263,258)
Public works	624,210	60,980	631,364	-	68,134	-	68,134
Culture and recreation	292,587	116,442	-	-	(176,145)	-	(176,145)
Community and economic development	19,149	-	-	-	(19,149)	-	(19,149)
General government	792,957	124,637	18,065	-	(650,255)	-	(650,255)
Debt service	1,599,655	-	-	-	(1,599,655)	-	(1,599,655)
Capital projects	1,557,053	-	-	-	(1,557,053)	-	(1,557,053)
<b>Total governmental activities</b>	<b>7,813,562</b>	<b>924,390</b>	<b>691,791</b>	<b>-</b>	<b>(6,197,381)</b>	<b>-</b>	<b>(6,197,381)</b>
<b>Business-type activities:</b>							
Storm Water	137,928	385,466	-	-	-	247,538	247,538
Solid Waste	289,845	331,168	-	-	-	41,323	41,323
Sewer	73,723	87,279	-	-	-	13,556	13,556
<b>Total business-type activities</b>	<b>501,496</b>	<b>803,913</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>302,417</b>	<b>302,417</b>
<b>Total</b>	<b>\$ 8,315,058</b>	<b>\$ 1,728,303</b>	<b>\$ 691,791</b>	<b>\$ -</b>	<b>(6,197,381)</b>	<b>302,417</b>	<b>(5,894,964)</b>
<b>General Receipts and Transfers:</b>							
<b>Property tax levied for:</b>							
General purposes					3,070,607	-	3,070,607
Debt service					779,035	-	779,035
Tax increment financing					2,185,734	-	2,185,734
Other taxes					282,778	-	282,778
Local option sales tax					863,920	-	863,920
Commerical/industrial tax replacement					81,548	-	81,548
Unrestricted interest on investments					17,538	67	17,605
Bond proceeds					13,330,000	-	13,330,000
Refunding bond proceeds					2,320,000	-	2,320,000
Refunding bond payments					(2,320,000)	-	(2,320,000)
Miscellaneous					-	148	148
<b>Total general receipts and transfers</b>					<b>20,611,160</b>	<b>215</b>	<b>20,611,375</b>
Change in Cash Basis Net Position					14,413,779	302,632	14,716,411
Cash Basis Net Position Beginning of Year					9,418,927	1,029,761	10,448,688
<b>Cash Basis Net Position End of Year</b>					<b>\$ 23,832,706</b>	<b>\$ 1,332,393</b>	<b>\$ 25,165,099</b>
<b>Cash Basis Net Position</b>							
<b>Restricted:</b>							
Employee benefits					\$ 966,447	\$ -	\$ 966,447
Economic development					1,037,096	-	1,037,096
Capital projects					15,773,164	-	15,773,164
Debt service					518,238	-	518,238
Road improvements					998,505	-	998,505
Property tax relief					431,960	-	431,960
Other purposes					477,123	-	477,123
<b>Unrestricted</b>					<b>3,630,173</b>	<b>1,332,393</b>	<b>4,962,566</b>
<b>Total cash basis net position</b>					<b>\$ 23,832,706</b>	<b>\$ 1,332,393</b>	<b>\$ 25,165,099</b>

City of Windsor Heights  
 Exhibit B – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances  
 Governmental Funds  
 As of and for the Year Ended June 30, 2020

	Special Revenue				Debt Service	Other Nonmajor Governmental Funds	Total
	General	Employee Benefit Tax	Urban Renewal Tax Increment Financing	Capital Projects			
<b>Receipts:</b>							
Property tax	\$ 1,978,367	\$ 1,092,240	\$ -	\$ -	\$ 779,035	\$ -	\$ 3,849,642
Tax increment financing	-	-	2,185,734	-	-	-	2,185,734
Other City tax	265,102	11,274	-	-	6,402	863,920	1,146,698
Licenses and permits	53,670	-	-	-	-	-	53,670
Use of money and property	17,780	73	-	-	-	106	17,959
Intergovernmental	89,422	32,661	-	-	19,892	631,364	773,339
Charges for service	330,299	-	-	4,433	-	20,991	355,723
Miscellaneous	433,943	19,653	-	59,759	-	1,221	514,576
<b>Total receipts</b>	<b>3,168,583</b>	<b>1,155,901</b>	<b>2,185,734</b>	<b>64,192</b>	<b>805,329</b>	<b>1,517,602</b>	<b>8,897,341</b>
<b>Disbursements:</b>							
<b>Operating:</b>							
Public safety	2,157,192	748,292	-	-	-	22,467	2,927,951
Public works	-	218,521	-	-	-	405,689	624,210
Culture and recreation	275,710	16,877	-	-	-	-	292,587
Community and economic development	19,149	-	-	-	-	-	19,149
General government	732,094	60,863	-	-	-	-	792,957
<b>Debt service:</b>							
Principal	-	-	-	-	1,420,000	-	1,420,000
Interest and fiscal charges	-	-	-	-	179,655	-	179,655
Capital projects	-	-	-	1,557,053	-	-	1,557,053
<b>Total disbursements</b>	<b>3,184,145</b>	<b>1,044,553</b>	<b>-</b>	<b>1,557,053</b>	<b>1,599,655</b>	<b>428,156</b>	<b>7,813,562</b>
Excess (Deficiency) of Receipts over (Under) Disbursements	(15,562)	111,348	2,185,734	(1,492,861)	(794,326)	1,089,446	1,083,779
<b>Other Financing Sources (Uses):</b>							
Bond proceeds	-	-	-	13,330,000	-	-	13,330,000
Refunding bond proceeds	-	-	-	-	2,320,000	-	2,320,000
Refunding bond payments	-	-	-	-	(2,320,000)	-	(2,320,000)
Transfers in	120,266	-	-	1,406,925	813,898	-	2,341,089
Transfers out	(315,161)	-	(2,025,663)	-	-	(265)	(2,341,089)
<b>Total other financing sources (uses)</b>	<b>(194,895)</b>	<b>-</b>	<b>(2,025,663)</b>	<b>14,736,925</b>	<b>813,898</b>	<b>(265)</b>	<b>13,330,000</b>
<b>Net Change in Cash Balances</b>	<b>(210,457)</b>	<b>111,348</b>	<b>160,071</b>	<b>13,244,064</b>	<b>19,572</b>	<b>1,089,181</b>	<b>14,413,779</b>
Cash Balances Beginning of Year	4,247,684	855,099	877,025	2,122,046	498,666	818,407	9,418,927
<b>Cash Balances End of Year</b>	<b>\$ 4,037,227</b>	<b>\$ 966,447</b>	<b>\$ 1,037,096</b>	<b>\$ 15,366,110</b>	<b>\$ 518,238</b>	<b>\$ 1,907,588</b>	<b>\$ 23,832,706</b>
<b>Cash Basis Fund Balances</b>							
<b>Restricted</b>							
Employee benefits	\$ -	\$ 966,447	\$ -	\$ -	\$ -	\$ -	\$ 966,447
Economic development	-	-	1,037,096	-	-	-	1,037,096
Capital projects	-	-	-	15,773,164	-	-	15,773,164
Debt service	-	-	-	-	518,238	-	518,238
Road improvements	-	-	-	-	-	998,505	998,505
Property tax relief	-	-	-	-	-	431,960	431,960
Other purposes	-	-	-	-	-	477,123	477,123
Unassigned	4,037,227	-	-	(407,054)	-	-	3,630,173
<b>Total cash basis fund balances</b>	<b>\$ 4,037,227</b>	<b>\$ 966,447</b>	<b>\$ 1,037,096</b>	<b>\$ 15,366,110</b>	<b>\$ 518,238</b>	<b>\$ 1,907,588</b>	<b>\$ 23,832,706</b>



City of Windsor Heights  
 Exhibit C – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances  
 Proprietary Funds  
 As of and for the Year Ended June 30, 2020

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	Enterprise Funds
	Nonmajor
Operating Receipts:	
Charges for service	\$ 803,913
Use of money and property	67
Miscellaneous	148
Total operating receipts	804,128
Operating Disbursements:	
Business-type activities:	
Salaries and wages	74,259
Employee benefits and costs	16,419
Staff development	1,075
Repair, maintenance, and utilities	235
Contractual services	349,383
Commodities	5,689
Capital outlay	54,436
Total operating disbursements	501,496
Net Change in Cash Balances	302,632
Cash Balances Beginning of Year	1,029,761
Cash Balances End of Year	\$ 1,332,393
Cash Basis Fund Balances	
Unrestricted	\$ 1,332,393

## **Note 1 - Significant Accounting Policies**

The City of Windsor Heights, Iowa, 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.

### **Reporting Entity**

For financial reporting purposes, the City of Windsor Heights, Iowa, 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). The component unit discussed below is not included in the City's reporting entity.

### **Excluded 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 nonprofit 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 not been presented because the information was not made available.

### **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: 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, Metro Waste Authority, Walnut Creek Watershed Management Authority, Metropolitan Des Moines Sister Cities Commission, Metropolitan Advisory Council, BRAVO, Convention and Visitor's Bureau, Metropolitan Planning Organization, Neighborhood Finance Commission and West Des Moines School District.

## **Basis of Presentation**

### **Government-wide Financial Statement**

The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement.

Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for 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 imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of assets not meeting the definition of the preceding category. Unrestricted net position often has constraints on resources 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 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 Employee Benefits Fund is used to account for the tax levy and disbursement for employee benefits.

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

### **Capital Project**

The Capital Projects Fund is utilized in the acquisition and construction of capital facilities with the exception of those that are financed through enterprise funds.

### **Debt Service**

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

The City reports all of its proprietary funds in one nonmajor fund. It accounts for the receipts and disbursements of storm water, solid waste, and sewer activity.

### **Measurement Focus and Basis of Accounting**

The City maintains its financial records on the cash basis of accounting, 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.

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.

When both restricted or unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

### **Budgets and Budgetary Accounting**

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

### **Property Tax Receipts**

Property taxes are levied as of July 1 on property values assessed as of January 1 of the previous year. The tax levy is divided into two billings. The first billing is mailed on July 1 and the second billing is mailed on January 1. The billings are considered due upon receipt by the taxpayer; however, the actual due date is based on a period ending three months after the tax bill mailing. On these dates (September 30 and March 31), the bill becomes delinquent, and penalties and interest may be assessed by the government.

## **Fund Equity**

The City classifies fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances for the governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the government honors constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable - The non-spendable classification contains amounts legally or contractually required to be maintained intact.

Restricted - Restricted amounts contain restraints on their use externally imposed by creditors, grantors, contributors, or laws or regulation of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed - Committed amounts can only be used for specific purposes imposed by formal action of the government's highest level of decision-making authority. The highest level of decision-making authority is the City Council and it takes an ordinance to establish a fund balance commitment.

Assigned - Amounts intended to be used for specific purposes are assigned as needed by the City Administrator. Assignments should not cause deficits in the unassigned fund balance.

Unassigned - Unassigned fund balance is the residual classification for the general fund.

When committed, assigned, and unassigned resources are available for use, it is the government's policy to use committed resources first, then assigned resources, and then unassigned resources as they are needed.

## **Note 2 - Cash and Investments**

The City's deposits in banks at June 30, 2020, 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 \$22,857,530 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The City's investment in the Iowa Public Agency Investment Trust is unrated.

**Interest Rate Risk**

The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

**Note 3 - Bonds and Notes Payable**

A summary of changes in general obligation bonds and notes for the year ended June 30, 2020, are as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Governmental activities					
Publicly placed:					
General obligation bonds and notes	\$ 7,000,000	\$ -	\$ 3,665,000	\$ 3,335,000	\$ 745,000
Direct borrowings:					
General obligation bonds and notes	75,000	15,650,000	75,000	15,650,000	1,985,000
<b>Total</b>	<u>\$ 7,075,000</u>	<u>\$ 15,650,000</u>	<u>\$ 3,740,000</u>	<u>\$ 18,985,000</u>	<u>\$ 2,730,000</u>

Annual debt service requirements to maturity for general obligation bonds and direct borrowings and placements are as follows:

Years Ending June 30,	Governmental activities General Obligation Bonds and Notes	
	Principal	Interest
2021	\$ 2,730,000	\$ 474,610
2022	2,770,000	381,593
2023	2,825,000	318,118
2024	1,270,000	252,708
2025	1,305,000	223,344
2026-2030	6,170,000	645,941
2031-2035	1,915,000	121,937
	<u>\$ 18,985,000</u>	<u>\$ 2,418,251</u>

#### **Note 4 - Pension and Retirement Benefits**

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

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

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

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

Protection occupation members may retire at normal retirement age, which is generally at age 55, and may retire any time after reaching age 50 with 22 or more years of covered employment. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

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

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

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

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

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS’ Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.61% of covered payroll and the City contributed 9.91% of covered payroll, for a total rate of 16.52%.

The City’s contributions to IPERS for the year ended June 30, 2020 were \$197,652.

Net Pension Liability - At June 30, 2020, the City reported a liability for its proportionate share of the collective net pension liability totaled \$440,325. The collective net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the collective net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2019 the City’s proportion was 0.007604%, which was a decrease of 0.001780% from its proportion measured as of June 30, 2018.

Actuarial Assumptions - The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60 percent per annum
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00 percent compounded annually, net of investment expense including inflation.
Wage growth (effective June 30, 2017)	3.25 percent per annum, based on 2.60 percent inflation and 0.65 percent real wage inflation.



The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real rate of Return</u>
Core Plus Fixed Income	27.00%	1.71%
Domestic Equity	22.00%	5.60%
International Equity	15.00%	6.08%
Private Equity/Debt	11.00%	10.13%
Private Real Assets	7.50%	4.76%
Public Real Assets	7.00%	2.81%
Public Credit	3.50%	3.32%
Private Credit	3.00%	3.01%
Global smart beta equity	3.00%	5.82%
Cash	1.00%	-0.21%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00% percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent lower (6.00%) or 1-percent higher (8.00%) than the current rate.

	<u>1% Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
City's proportionate share of the net pension liability (asset)	\$ 1,705,798	\$ 440,325	\$ (619,989)

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

**Note 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 29 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. At June 30, 2020, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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 \$511 for single coverage, \$967 for employee-child(ren), \$1,046 for employee-spouse and \$1,568 for family coverage. For the year ended June 30, 2020, the City contributed \$450,123 and plan members eligible for benefits contributed \$54,112.

**Note 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.

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 194,271
Sick leave	70,480
	\$ 264,751

This liability has been computed based on the rates of pay in effect as of June 30, 2020.

**Note 7 - Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2020, is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: TIF Nonmajor governmental	\$ 120,001 265 <hr style="width: 100%;"/>
		<hr style="width: 100%;"/> 120,266
Capital Projects	General Fund Special Revenue: TIF	315,161 <hr style="width: 100%;"/> 1,091,764
		<hr style="width: 100%;"/> 1,406,925
Debt Service	Special Revenue: TIF	<hr style="width: 100%;"/> 813,898
		<hr style="width: 100%;"/> \$ 2,341,089

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

**Note 8 - 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 779 members include various governmental entities through 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 casualty 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 estimated for the fiscal 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 basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal 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, 2020 were \$57,080.

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 \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss, or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, the payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

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. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The City also carries commercial insurance purchased from other insurers for coverage associated with workers' compensation in the amount of \$1,000,000. 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.

**Note 9 - Industrial Development Revenue Bonds**

The City issued the following educational facility revenue bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely by the borrower to the lender. The bond principal and interest do not constitute liabilities of the City of Windsor Heights.

On March 4, 2013 the City has also issued \$7,500,000 in revenue bonds, Series 2013 Project fund 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. \$6,290,988 in principal remains outstanding at June 30, 2020.

On April 24, 2015, the City also issued \$7,795,000 in revenue and refunding bonds, Series 2015A, under the provisions of Chapter 419 of the Code of Iowa for the ChildServe Inc. Project. The funds will be used to refund series 2006 bonds and to renovate and make improvements to two existing facilities and construction of a connecting building. 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. \$5,030,000 in principal remains outstanding at June 30, 2020.

On May 23, 2019, the City also issued \$4,000,000 in revenue bonds, Series 2019 (taxable) under the provisions of Chapter 419 of the Code of Iowa for the ChildServe Inc. Project. The bonds and related interest are payable from the pledge of the revenues, and the bond principal and interest do not constitute liabilities of the City. Loan advances of \$1,866,973 represents the principal outstanding at June 30, 2020.

**Note 10 - Commitments**

The City had active construction projects at June 30, 2020. At year end the City's commitments with contractors are as follows:

Project	Total Contract	Payments-to-Date	Remaining Commitment
University Avenue	\$ 6,749,494	\$ 404,155	\$ 6,345,339
2020 Street Improvements	2,634,370	468,260	2,166,110
College Drive Improvements	1,984,250	327,204	1,657,046
2020 PCC Patching	502,595	-	502,595

#### **Note 11 - Deficit Balance**

The Enterprise Water Fund had a deficit balance of \$930 at June 30, 2020. The deficit was carried over from prior years. The deficit will be eliminated in future transfers.

#### **Note 12 - Litigation**

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

#### **Note 13 - Subsequent Events**

Management has evaluated subsequent events through October 30, 2020, the date on which the financial statements were available to be issued.

#### **Note 14 - Prospective Accounting Changes**

The Governmental Accounting Standards Board (GASB) has issued the following statements not yet implemented by the City. The statements which might impact the City are as follows:

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, will be effective for the City beginning with its fiscal year ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the City beginning with its fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

GASB Statement No. 89, *Accounting for Interest Cost before the End of a Construction Period*, issued June 2018, will be effective for the City beginning with its fiscal year ending June 30, 2022. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

GASB Statement No. 90, *Majority Equity Interest-An Amendment of GASB Statement No. 14 and No. 61*, issued August 2018, will be effective for the City beginning with its fiscal year ending June 30, 2021. The primary objectives of this Statement are to improve consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019, will be effective for the City beginning with its fiscal year ending June 30, 2023. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

GASB Statement No. 92, *Omnibus 2020*, issued January 2020, will be effective for the City beginning with its fiscal year ending June 30, 2022, except for the requirements related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, issued March 2020, will be effective for the City beginning with its fiscal year ending June 2022. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued March 2020, will be effective for the City beginning with its fiscal year ending June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued in May 2020, will be effective for fiscal year ending June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

The City's management has not yet determined the effect these statements will have on the City's financial statements.

### **Note 15 - Contingency**

The COVID-19 outbreak is disrupting business across a range of industries in the United States and financial markets have experienced a significant decline. As a result, local, regional and national economies, including that of the City, may be adversely impacted. The extent of the financial impact of COVID-19 will depend on future developments, including the duration and spread, which are uncertain and cannot be predicted. Due to the uncertainties surrounding the outbreak, management cannot presently estimate the potential impact to the City's operations and finances.



Other Information  
June 30, 2020

# City of Windsor Heights



City of Windsor Heights

Schedule 1 – Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Cash Balances –  
Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds

Other Information

Year Ended June 30, 2020

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
				Original	Final	
<b>Receipts:</b>						
Property tax	\$ 3,849,642	\$ -	\$ 3,849,642	\$ 3,819,780	\$ 3,819,780	\$ 29,862
Tax increment financing	2,185,734	-	2,185,734	3,142,387	3,142,387	(956,653)
Other City tax	1,146,698	-	1,146,698	297,800	297,800	848,898
Licenses and permits	53,670	-	53,670	71,900	71,900	(18,230)
Use of money and property	17,959	67	18,026	10,000	10,000	8,026
Intergovernmental	773,339	-	773,339	767,249	1,667,449	(894,110)
Charges for service	355,723	803,913	1,159,636	1,201,459	1,201,959	(42,323)
Miscellaneous	514,576	148	514,724	419,048	431,648	83,076
<b>Total receipts</b>	<b>8,897,341</b>	<b>804,128</b>	<b>9,701,469</b>	<b>9,729,623</b>	<b>10,642,923</b>	<b>(941,454)</b>
<b>Disbursements:</b>						
Public safety	2,927,951	-	2,927,951	3,069,120	3,208,120	280,169
Public works	624,210	-	624,210	831,713	831,713	207,503
Health and social services	-	-	-	3,000	3,000	3,000
Culture and recreation	292,587	-	292,587	348,584	383,584	90,997
Community and economic development	19,149	-	19,149	7,737	52,866	33,717
General government	792,957	-	792,957	746,371	886,771	93,814
Debt service	1,599,655	-	1,599,655	1,600,156	1,600,156	501
Capital projects	1,557,053	-	1,557,053	-	15,359,965	13,802,912
Business-type activities	-	501,496	501,496	785,897	801,897	300,401
<b>Total disbursements</b>	<b>7,813,562</b>	<b>501,496</b>	<b>8,315,058</b>	<b>7,392,578</b>	<b>23,128,072</b>	<b>14,813,014</b>
Excess (Deficiency) of Receipts over (Under) Disbursements	1,083,779	302,632	1,386,411	2,337,045	(12,485,149)	13,871,560
Other Financing Sources, Net	13,330,000	-	13,330,000	-	13,294,000	36,000
Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disbursements and Other Financing Uses	14,413,779	302,632	14,716,411	2,337,045	808,851	13,907,560
Balances Beginning of Year	9,418,927	1,029,761	10,448,688	9,736,470	9,736,470	712,218
Balances End of Year	<u>\$ 23,832,706</u>	<u>\$ 1,332,393</u>	<u>\$ 25,165,099</u>	<u>\$ 12,073,515</u>	<u>\$ 10,545,321</u>	<u>\$ 14,619,778</u>

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. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon eight major classes of disbursements known as functions, not by fund. These eight functions are: public safety, public works, culture and recreation, community and economic development, general government, debt service, capital projects and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, 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, one budget amendment increased budgeted disbursements by \$15,735,494. The budget amendments are reflected in the final budgeted amounts.

Disbursements at June 30, 2020 did not exceed the amended budget amounts.

City of Windsor Heights  
Schedule 2 - City's Proportionate Share of IPERS Net Pension Liability  
Schedule 3 - IPERS Contributions  
June 30, 2020

Fiscal Year Ended	City's Proportion of the Net Pension Liability	City's Proportionate Share of the net Pension Liability	City's Covered-Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.007604%	\$ 440,325	\$ 2,092,654	21.04%	85.45%
2019	0.009384%	593,854	1,976,327	30.05%	83.62%
2018	0.010344%	689,039	1,945,606	35.42%	82.21%
2017	0.011386%	716,583	2,053,293	34.90%	81.82%
2016	0.006576%	324,880	1,885,191	17.23%	85.19%
2015	0.003399%	134,802	1,974,123	6.83%	87.61%

In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered-Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 197,652	\$ 197,652	\$ -	\$ 1,982,664	9.97%
2019	208,053	208,053	-	2,092,654	9.94%
2018	187,983	187,983	-	1,976,327	9.51%
2017	185,075	185,075	-	1,945,606	9.51%
2016	195,228	195,228	-	2,053,293	9.51%
2015	182,997	182,997	-	1,885,191	9.71%
2014	169,654	169,654	-	1,974,123	8.59%
2013	167,321	167,321	-	1,879,654	8.90%
2012	157,987	157,987	-	1,860,987	8.49%
2011	155,456	155,456	-	1,930,321	8.05%

Changes of Benefit Terms:

There are no significant changes in benefit terms.

Changes of Assumptions:

The 2018 valuation, which is used to determine the contribution rates effective July 1, 2019, incorporated the following refinements after a demographic assumption study:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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

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



Supplementary Information  
June 30, 2020

# City of Windsor Heights

City of Windsor Heights  
Schedule 4 – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances  
Nonmajor Governmental Funds  
As of and for the Year Ended June 30, 2020

	Special Revenue						Total
	Road Use Tax	Local Option Sales Tax	Police Pension	Police Trust	Police Forfeiture	Miscellaneous Fines ATE	
<b>Receipts:</b>							
Other City tax	\$ -	\$ 863,920	\$ -	\$ -	\$ -	\$ -	\$ 863,920
Use of money and property	-	-	92	10	4	-	106
Intergovernmental	631,364	-	-	-	-	-	631,364
Charges for services	-	-	-	20,991	-	-	20,991
Miscellaneous	1,221	-	-	-	-	-	1,221
<b>Total receipts</b>	<b>632,585</b>	<b>863,920</b>	<b>92</b>	<b>21,001</b>	<b>4</b>	<b>-</b>	<b>1,517,602</b>
<b>Disbursements:</b>							
<b>Current:</b>							
<b>Operating:</b>							
Public safety	-	-	12,815	9,652	-	-	22,467
Public works	405,689	-	-	-	-	-	405,689
<b>Total disbursements</b>	<b>405,689</b>	<b>-</b>	<b>12,815</b>	<b>9,652</b>	<b>-</b>	<b>-</b>	<b>428,156</b>
<b>Excess (Deficiency) of Receipts over (Under) Disbursements</b>	<b>226,896</b>	<b>863,920</b>	<b>(12,723)</b>	<b>11,349</b>	<b>4</b>	<b>-</b>	<b>1,089,446</b>
<b>Other Financing Sources (Uses):</b>							
Transfers out	-	-	-	-	-	(265)	(265)
<b>Net Change in Cash Balances</b>	<b>226,896</b>	<b>863,920</b>	<b>(12,723)</b>	<b>11,349</b>	<b>4</b>	<b>(265)</b>	<b>1,089,181</b>
Cash Balances Beginning of Year	771,609	-	34,047	11,944	542	265	818,407
<b>Cash Balances End of Year</b>	<b>\$ 998,505</b>	<b>\$ 863,920</b>	<b>\$ 21,324</b>	<b>\$ 23,293</b>	<b>\$ 546</b>	<b>\$ -</b>	<b>\$ 1,907,588</b>
<b>Cash Basis Fund Balances</b>							
<b>Restricted</b>							
Road improvements	\$ 998,505	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 998,505
Property tax relief	-	431,960	-	-	-	-	431,960
Other	-	431,960	21,324	23,293	546	-	477,123
<b>Total cash basis fund balances</b>	<b>\$ 998,505</b>	<b>\$ 863,920</b>	<b>\$ 21,324</b>	<b>\$ 23,293</b>	<b>\$ 546</b>	<b>\$ -</b>	<b>\$ 1,907,588</b>

City of Windsor Heights

Schedule 5 – Statement of Cash Receipts, Disbursements, and Changes in Cash Balances

Nonmajor Enterprise Funds

As of and for the Year Ended June 30, 2020

	Enterprise Funds				
	Storm Water	Solid Waste	Water	Sewer	Total
Operating Receipts:					
Charges for service	\$ 385,466	\$ 331,168	\$ -	\$ 87,279	\$ 803,913
Use of money and property	-	-	67	-	67
Miscellaneous	148	-	-	-	148
Total operating receipts	<u>385,614</u>	<u>331,168</u>	<u>67</u>	<u>87,279</u>	<u>804,128</u>
Operating Disbursements:					
Salaries and wages	49,504	729	-	24,026	74,259
Employee benefits and costs	12,084	61	-	4,274	16,419
Staff development	1,075	-	-	-	1,075
Repair, maintenance, and utilities	-	-	-	235	235
Contractual services	40,908	289,055	-	19,420	349,383
Commodities	3,287	-	-	2,402	5,689
Capital outlay	31,070	-	-	23,366	54,436
Total operating disbursements	<u>137,928</u>	<u>289,845</u>	<u>-</u>	<u>73,723</u>	<u>501,496</u>
Net Change in Cash Balances	247,686	41,323	67	13,556	302,632
Cash Balances Beginning of Year	<u>668,116</u>	<u>349,811</u>	<u>(997)</u>	<u>12,831</u>	<u>1,029,761</u>
Cash Balances End of Year	<u>\$ 915,802</u>	<u>\$ 391,134</u>	<u>\$ (930)</u>	<u>\$ 26,387</u>	<u>\$ 1,332,393</u>
Cash Basis Fund Balances					
Unrestricted	<u>\$ 915,802</u>	<u>\$ 391,134</u>	<u>\$ (930)</u>	<u>\$ 26,387</u>	<u>\$ 1,332,393</u>

City of Windsor Heights

Schedule 6 – Statement of Cash Receipts, Disbursements and Changes in Cash Balances

Capital Project Funds

June 30, 2020

	Colby Park	Trail Connection	2014A Street Project	2017/18 Street Projects	University Avenue Redesign	2018 HMA Project	2018 PCC Patching Project	TIF Project Advance
Receipts:								
Charges for service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	-
Disbursements:								
Capital projects	-	13,792	26,731	144,221	350,562	31,492	400	40,749
Excess (Deficiency) of Receipts over (Under) Disbursements	-	(13,792)	(26,731)	(144,221)	(350,562)	(31,492)	(400)	(40,749)
Other Financing Sources (Uses):								
Bond proceeds	-	-	-	-	7,500,000	-	-	-
Transfers in	-	-	-	-	-	-	-	50,000
Total other financing sources (uses)	-	-	-	-	7,500,000	-	-	50,000
Net Change in Cash Balances	-	(13,792)	(26,731)	(144,221)	7,149,438	(31,492)	(400)	9,251
Cash Balances Beginning of Year	37,979	160,000	510,208	(262,833)	17,151	137,591	139,824	269,785
Cash Balances End of Year	\$ 37,979	\$ 146,208	\$ 483,477	\$ (407,054)	\$ 7,166,589	\$ 106,099	\$ 139,424	\$ 279,036



City of Windsor Heights  
Schedule 6 – Statement of Cash Receipts, Disbursements and Changes in Cash Balances  
Capital Project Funds  
June 30, 2020

	Equipment Reserve	2020 Street Projects	2020 Patching Projects	Walnut Creek Stream	73rd Street	Capital Equipment	Total
Receipts:							
Charges for service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,433	\$ 4,433
Miscellaneous	-	52,089	-	7,670	-	-	59,759
Total receipts	-	52,089	-	7,670	-	4,433	64,192
Disbursements:							
Capital projects	-	840,877	-	932	44,863	62,434	1,557,053
Excess (Deficiency) of Receipts over (Under) Disbursements	-	(788,788)	-	6,738	(44,863)	(58,001)	(1,492,861)
Other Financing Sources (Uses):							
Bond proceeds	-	5,830,000	-	-	-	-	13,330,000
Transfers in	161,026	-	502,595	-	539,170	154,134	1,406,925
Total other financing sources (uses)	161,026	5,830,000	502,595	-	539,170	154,134	14,736,925
Net Change in Cash Balances	161,026	5,041,212	502,595	6,738	494,307	96,133	13,244,064
Cash Balances Beginning of Year	(161,026)	-	-	-	-	1,273,367	2,122,046
Cash Balances End of Year	\$ -	\$ 5,041,212	\$ 502,595	\$ 6,738	\$ 494,307	\$ 1,369,500	\$ 15,366,110

City of Windsor Heights  
Schedule 7 – Schedule of Indebtedness  
June 30, 2020

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
General Obligation Bonds and Notes:									
Capital loan notes, Series 2014	5/15/2014	2.50%	\$ 325,000	\$ 75,000	\$ -	\$ 75,000	\$ -	\$ 938	\$ -
Capital loan notes, Series 2014A	1/6/2014	2.00 - 2.50%	3,090,000	2,460,000	-	2,460,000	-	79,220	-
Refunding general obligation bonds, series 2016A	7/6/2016	2.00 - 2.50%	1,405,000	1,085,000	-	110,000	975,000	24,525	-
Refunding general obligation bonds, Series 2016B	7/6/2016	1.85 - 2.70%	2,815,000	2,185,000	-	225,000	1,960,000	48,048	-
General obligation bonds, series 2017A	6/20/2017	2.00%	1,210,000	480,000	-	480,000	-	9,600	-
Refunding general obligation bonds, Series 2017B	6/20/2017	2.00%	1,550,000	790,000	-	390,000	400,000	14,825	-
General obligation bonds, series 2020A	4/30/2020	2.37%	8,150,000	-	8,150,000	-	8,150,000	-	-
General obligation bonds, series 2020B	4/30/2020	2.34%	7,500,000	-	7,500,000	-	7,500,000	-	-
Total General Obligation Bonds and Notes				<u>\$ 7,075,000</u>	<u>\$ 15,650,000</u>	<u>\$ 3,740,000</u>	<u>\$ 18,985,000</u>	<u>\$ 177,156</u>	<u>\$ -</u>

City of Windsor Heights  
Schedule 8 – Bond and Note Maturities  
June 30, 2020

Year Ending June 30,	General Obligation Bonds					
	Refunding General Obligation Bonds Series 2016A		Refunding General Obligation Bonds Series 2016B		Refunding General Obligation Bonds Series 2017B	
	Issued July 6, 2016		Issued July 6, 2016		Issued June 20, 2017	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2021	2.00	\$ 115,000	1.85	\$ 230,000	2.00	\$ 400,000
2022	2.00	115,000	1.85	235,000	-	-
2023	2.25	115,000	2.00	235,000	-	-
2024	2.25	120,000	2.15	240,000	-	-
2025	2.25	125,000	2.25	245,000	-	-
2026	2.50	125,000	2.45	250,000	-	-
2027	2.50	130,000	2.55	260,000	-	-
2028	2.50	130,000	2.70	265,000	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
		<u>\$ 975,000</u>		<u>\$ 1,960,000</u>		<u>\$ 400,000</u>

Year Ending June 30,	General Obligation Bonds				
	General Obligation Bonds Series 2020A		General Obligation Bonds Series 2020B		Totals
	Issued April 20, 2020		Issued April 20, 2020		
	Interest Rates	Amount	Interest Rates	Amount	
2021	2.37	\$ 895,000	2.34	\$ 1,090,000	\$ 2,730,000
2022	2.37	665,000	2.34	1,755,000	2,770,000
2023	2.37	690,000	2.34	1,785,000	2,825,000
2024	2.37	700,000	2.34	210,000	1,270,000
2025	2.37	720,000	2.34	215,000	1,305,000
2026	2.37	735,000	2.34	220,000	1,330,000
2027	2.37	755,000	2.34	225,000	1,370,000
2028	2.37	770,000	2.34	230,000	1,395,000
2029	2.37	790,000	2.34	235,000	1,025,000
2030	2.37	810,000	2.34	240,000	1,050,000
2031	2.37	200,000	2.34	245,000	445,000
2032	2.37	210,000	2.34	255,000	465,000
2033	2.37	210,000	2.34	260,000	470,000
2034	-	-	2.34	265,000	265,000
2035	-	-	2.34	270,000	270,000
		<u>\$ 8,150,000</u>		<u>\$ 7,500,000</u>	<u>\$ 18,985,000</u>

City of Windsor Heights  
 Schedule 9 – Schedule of Receipts by Source and Disbursements by Function  
 All Governmental Funds  
 For the Last Ten Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Receipts:</b>										
Property tax	\$ 3,849,642	\$ 3,901,943	\$ 3,594,045	\$ 3,197,421	\$ 2,962,772	\$ 3,038,004	\$ 2,726,951	\$ 2,506,807	\$ 2,570,857	\$ 2,565,082
Tax increment financing	2,185,734	1,810,081	1,860,987	1,796,370	1,718,679	1,748,793	1,732,283	1,785,128	1,776,154	1,724,469
Other City tax	1,146,698	306,218	314,193	301,496	293,174	62	472	772	1,348	3,525
Licenses and permits	53,670	46,992	73,268	96,844	64,216	343,088	336,307	293,260	276,280	292,831
Use of money and property	17,959	17,468	10,787	6,369	3,656	3,422	2,120	1,399	2,126	13,815
Intergovernmental	773,339	782,456	758,588	741,352	963,701	669,535	909,330	487,284	2,266,797	768,245
Charges for service	355,723	285,381	318,337	284,307	293,125	276,886	316,160	286,173	262,831	212,893
Miscellaneous	514,576	1,675,054	2,727,089	1,220,959	455,949	474,178	494,830	285,475	176,594	154,192
<b>Total receipts</b>	<b><u>\$ 8,897,341</u></b>	<b><u>\$ 8,825,593</u></b>	<b><u>\$ 9,657,294</u></b>	<b><u>\$ 7,645,118</u></b>	<b><u>\$ 6,755,272</u></b>	<b><u>\$ 6,553,968</u></b>	<b><u>\$ 6,518,453</u></b>	<b><u>\$ 5,646,298</u></b>	<b><u>\$ 7,332,987</u></b>	<b><u>\$ 5,735,052</u></b>
<b>Disbursements:</b>										
<b>Operating:</b>										
Public safety	\$ 2,927,951	\$ 3,312,738	\$ 3,422,336	\$ 2,836,785	\$ 2,669,403	\$ 2,477,262	\$ 2,454,983	\$ 2,212,816	\$ 2,177,783	\$ 2,236,921
Public works	624,210	678,988	629,805	602,489	585,306	553,845	679,175	621,834	613,361	681,226
Health and social services	-	-	3,000	3,000	3,000	3,000	3,000	3,000	3,000	2,500
Culture and recreation	292,587	430,289	444,058	416,245	434,507	360,225	379,790	375,312	418,659	346,520
Community and economic development	19,149	34,594	7,294	146,556	84,471	53,035	51,022	157,090	155,196	37,777
General government	792,957	721,902	681,356	625,730	675,891	580,879	555,344	526,002	516,691	523,210
Debt service	1,599,655	1,606,670	3,328,472	5,843,987	1,960,398	1,878,699	1,643,286	1,445,175	2,080,081	2,099,516
Capital projects	1,557,053	1,357,405	2,593,964	746,292	768,828	2,368,916	1,537,829	206,700	2,398,341	1,177,079
<b>Total disbursements</b>	<b><u>\$ 7,813,562</u></b>	<b><u>\$ 8,142,586</u></b>	<b><u>\$ 11,110,285</u></b>	<b><u>\$ 11,221,084</u></b>	<b><u>\$ 7,181,804</u></b>	<b><u>\$ 8,275,861</u></b>	<b><u>\$ 7,304,429</u></b>	<b><u>\$ 5,547,929</u></b>	<b><u>\$ 8,363,112</u></b>	<b><u>\$ 7,104,749</u></b>



**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  
City of Windsor Heights, Iowa

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Windsor Heights, Iowa (City), as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated October 30, 2020. In our report, we issued a qualified opinion on the governmental activities and aggregate remaining funds because the statements did not include a blended component unit of the City. The statements were prepared on the basis of cash receipts and disbursements, a basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the City’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001, 2020-002, and 2020-003 that we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2020, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part III of the accompanying Schedule of Findings and Responses. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **City of Windsor Heights' Responses to Findings**

The City of Windsor Heights' responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dubuque, Iowa  
October 30, 2020

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

**Material Weaknesses**

**2020-001 Preparation of Financial Statements**

**Criteria:** A properly designed system of internal control over financial reporting includes the preparation of an entity's financial statements and accompanying notes to the financial statements by internal personnel of the entity.

**Condition:** As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

**Cause:** We recognize that with a limited number of office employees, preparation of the financial statements is difficult.

**Effect:** The effect of this condition is that the year-end financial reporting is prepared by a party outside of the City. The outside party does not have the constant contact with ongoing financial transactions that internal staff have.

**Recommendation:** We recommend that City officials continue reviewing operating procedures in order to obtain the maximum internal control possible under the circumstances to enable staff to draft the financial statements internally.

**Views of Responsible Officials:** The City agrees with the finding.

**2020-002 Segregation of Duties**

**Criteria:** Properly designed segregation of duties allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

**Condition:** The City is unable to fully segregate receipt and posting functions, disbursement preparation and posting functions and reconciliation functions from receipt and disbursement functions.

**Cause:** The City has limited time and staffing constraints.

**Effect:** Since job functions were not properly segregated, misstatements may not have been prevented or detected on a timely basis in the normal course of operations.

**Recommendation:** We recommend that City staff review operating procedures in order to obtain the maximum internal controls possible.

**Views of Responsible Officials:** The City agrees with the finding.

#### **2020-003 Tax Increment Financing**

**Criteria:** A properly designed system of internal control over Tax Increment Financing (TIF) allows entities to properly prepare and review required TIF reporting.

**Condition:** Errors were noted during the review of the annual TIF certification.

**Cause:** Complexities surrounding the nature of TIF have caused errors in TIF reporting.

**Effect:** The effect of this condition is that the City may have received TIF Funding before proper controls were in place to ensure legal debt instruments were filed.

**Recommendation:** The Finance Director along with the City Administrator should implement a comprehensive review of the TIF fund to ensure proper documentation exists for all TIF funds received.

**Views of Responsible Officials:** The City agrees with the finding.

#### **Part II: Findings and Questioned Costs for Federal Awards**

Single audit did not apply for fiscal year 2020.

#### **Part III: Other Findings Related to Statutory Reporting:**

**2020-IA-A Certified Budget** – Disbursements during year ended June 30, 2020 did not exceed the amounts budgeted.

**2020-IA-B Questionable Disbursements** – We noted no disbursements that fail to meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

**2020-IA-C Travel Expense** – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

**2020-IA-D Business Transactions** – No business transactions between the City and City officials or employees were noted.



**2020-IA-E Restricted Donor Activity** – No transactions were noted between the City, City officials, City employees, and restricted donors in compliance with Chapter 68B of the Code of Iowa.

**2020-IA-F 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 that the coverage is adequate for current operations.

**2020-IA-G Council Minutes** – No transactions were found that we believe should have been approved in the Council minutes but were not.

**2020-IA-H Deposits and Investments** – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.

**2020-IA-I Revenue Bonds and Notes** – No instances of noncompliance with the revenue bond and note resolutions were noted.

**2020-IA-J Annual Urban Renewal Report** – The annual urban renewal report was approved and certified to the Iowa Department of Management on or before December 1, 2019. However, the City did not include all Tax Increment Financing (TIF) obligations.

**Recommendation** – The City should implement additional preparation and review procedures relating to the annual urban renewal report.

**Views of Responsible Officials** – The City agrees with the finding.

**2020-IA-K Tax Increment Financing** – Chapter 403.19 of the Code of Iowa provides a municipality shall certify indebtedness to the County Auditor. While performing audit procedures, we noted some amounts certified without proper documentation.

**Recommendation** –The City should consult legal counsel.

**Views of Responsible Officials** – The City agrees with the finding.

**2020-IA-L Depository Resolution** – Chapter 12C.2 of the Code of Iowa requires City approval by resolution of all depositories used by the City. The City approved depositories through Resolution 2020-1. However, deposits during the year were in excess of amounts listed on Resolution 2020-1.

**Recommendation** –The City should consider updating its Depository Resolution.

**Views of Responsible Officials** – The City agrees with the finding.

**2020-IA-M Notice of Public Hearing for Public Improvements** – The City did not publish a notice to bidders and a notice of public hearing for the PCC Patching Project in accordance with Chapter 26.12 and 362.3 of the Code of Iowa.

**Recommendation** –Before entering into a contract for a public improvement with an estimated total cost in excess of \$135,000, the Council should hold a public hearing and give notice at least four but not more than twenty days prior to the hearing.

**Views of Responsible Officials** – The City agrees with the finding.