



Financial Statements
June 30, 2021

City of Windsor Heights

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City of Windsor Heights
(Unaudited) Officials
June 30, 2021

| <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 |
| Dennis Durham | City Administrator | Indefinite |
| 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, Iowa

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, 2021, 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 |
| Storm Water | 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, 2021, 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, 2021, 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. We previously audited the financial statements for the year ended June 30, 2020 (which are not presented herein) and expressed unmodified and qualified opinions on those financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information. The financial statements for the eight 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 September 27, 2021 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
September 27, 2021

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, 2021. 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.

2021 Financial Highlights

Receipts of the City's governmental activities decreased \$13,532,096 from fiscal year 2020 to fiscal year 2021, due to not receiving bond proceeds. Property tax revenue decreased \$303,684 due to a decrease in assessed valuations.

Disbursements of the City's governmental activities increased \$7,728,119 from fiscal year 2020 to fiscal year 2021. The increase in disbursements was primarily due to an increase in spending on Capital Projects – Street projects. Business type expenditures increased \$60,230 because of an increase in spending in the Solid Waste utility due to the Derecho.

The City's total cash basis net position decreased \$6,470,084 from June 2020 to June 2021. Of this amount, the assets of the governmental activities decreased \$6,754,445 and the assets of the business-type activities increased \$284,361.

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, 2021, the City's governmental activities were funded as follows:

Receipts of the City's governmental activities decreased to \$8,695,245 from fiscal year 2020 to fiscal year 2021. Tax increment financing decreased \$3,202. Property taxes decreased \$303,684 due to a decrease in property tax valuations.

Disbursements of the City's governmental activities increased \$7,728,119 from fiscal year 2020 to fiscal year 2021. Debt Service increased \$1,631,656 due to an increase in debt payments. Capital Projects increased \$5,949,490. The following Capital Projects were completed; 2020 PCC Patching. The following Capital Projects were in process during fiscal year 2021; University Avenue, Allison Ave, 69th Street, College Drive, and the 2020 PCC Patching project.

| Changes in Cash Basis Net Position of Governmental Activities | | |
|---|---------------------|---------------|
| | Year Ended June 30, | |
| | 2021 | 2020 |
| Program Receipts: | | |
| Charges for service | \$ 934,806 | \$ 924,390 |
| Operating grants and contributions | 856,778 | 691,791 |
| General Receipts: | | |
| Property tax | 3,545,958 | 3,849,642 |
| Tax increment financing | 2,182,532 | 2,185,734 |
| Other taxes | 301,547 | 282,778 |
| Local option sales tax | 772,933 | 863,920 |
| Commercial/industrial tax replacement | 97,330 | 81,548 |
| Unrestricted interest on investments | 3,361 | 17,538 |
| Bond proceeds, net | - | 13,330,000 |
| Total receipts | 8,695,245 | 22,227,341 |
| Public safety | 2,951,209 | 2,927,951 |
| Public works | 651,918 | 624,210 |
| Culture and recreation | 335,435 | 292,587 |
| Community and economic development | 40,469 | 19,149 |
| General government | 824,796 | 792,957 |
| Debt service | 3,231,311 | 1,599,655 |
| Capital projects | 7,506,543 | 1,557,053 |
| Total disbursements | 15,541,681 | 7,813,562 |
| Change in Cash Basis Net Position Before Transfers | (6,846,436) | 14,413,779 |
| Transfers, Net | 91,991 | - |
| Change in Cash Basis Net Position | (6,754,445) | 14,413,779 |
| Cash Basis Net Position Beginning of Year | 23,832,706 | 9,418,927 |
| Cash Basis Net Position End of Year | \$ 17,078,261 | \$ 23,832,706 |

Business-type Activities

For the year ended June 30, 2021, 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, | |
|---|---------------------|--------------|
| | 2021 | 2020 |
| Receipts: | | |
| Program receipts: | | |
| Charges for service: | | |
| Storm water | \$ 385,411 | \$ 385,466 |
| Solid waste | 329,031 | 331,168 |
| Sewer utility | 46,324 | 87,279 |
| Operating grants and contributions | 110,098 | - |
| Capital grants and contributions | 62,137 | - |
| General receipts: | | |
| Unrestricted interest on investments | 5,077 | 67 |
| Miscellaneous | - | 148 |
| | 938,078 | 804,128 |
| Total receipts | | |
| Program Disbursements: | | |
| Storm water | 107,928 | 137,928 |
| Solid waste | 409,509 | 289,845 |
| Sewer utility | 44,289 | 73,723 |
| | 561,726 | 501,496 |
| Total program disbursements | | |
| Transfers, Net | (91,991) | - |
| Change in Cash Basis Net Position | 284,361 | 302,632 |
| Cash Basis Net Position Beginning of Year | 1,332,393 | 1,029,761 |
| Cash Basis Net Position End of Year | \$ 1,616,754 | \$ 1,332,393 |

Receipts of the City's business-type activities increased \$133,950 from fiscal year 2020 to fiscal year 2021. Charges for services decreased \$43,147 due to a decrease in utility customer's usage from the prior year.

Disbursements for business-type activities increased \$60,230. The increase was due to an increase in spending from the Solid Waste Fund due to the Derecho.

Individual Major Fund Analysis

As the City of Windsor Heights completed the year, its governmental funds reported a combined fund balance of \$17,078,261, a decrease of \$6,754,445. The following are the reasons for significant changes in cash balances of the major funds from the prior year.

- The General Fund cash balance increased \$95,383 from the prior year to \$4,132,610. This was due to increased revenue from Licenses & Permits, Intergovernmental and Charges for Service.
- The Special Revenue Fund, Employee Benefits Fund cash balance increased \$155,940 from the prior year to \$1,122,387. 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 \$187,381 to \$1,185,886. This was due to an increase in road use tax receipts.
- The Special Revenue Fund, Local Option Sales Tax cash balance is \$128,568. 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 increased \$80,708 from the prior year to \$1,117,804. This fund balance is required to be used for tax increment funded projects.
- The Capital Projects Fund cash balance decreased \$6,577,607 to \$8,788,503 due to expenses related to street projects.
- The Debt Service Fund cash balance increased \$21,636 to \$539,874.

Individual Major Business Type Fund Analysis

- The Enterprise, Storm Water Fund cash balance increased \$247,629 to \$1,163,431, due primarily to charges for service receipts exceeding disbursements during fiscal year 2021.

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, 2021, total actual receipts were \$537,574 under the final budget while total actual disbursements were \$7,867,655 over the final budget.

Debt Outstanding

On June 30, 2021, the City had \$16,255,000 of general obligation bonds and capital loan notes outstanding, compared to \$18,985,000 of bonds and notes outstanding at the end of last year.

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 \$16,255,000 is below the City's constitutional debt limit of approximately \$47,667,159.

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 2022 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 2022 included seeking 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 Finance Director at 1145 66th Street Suite 1, Windsor Heights, IA 50324, or email rswisher@windsorheights.org.

Rachelle Swisher
Finance Director



Basic Financial Statements
June 30, 2021

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, 2021

| Functions/Programs: | 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 |
| Governmental activities: | | | | | | | |
| Public safety | \$ 2,951,209 | \$ 399,146 | \$ 128,419 | \$ - | \$ (2,423,644) | \$ - | \$ (2,423,644) |
| Public works | 651,918 | 251,077 | 727,359 | - | 326,518 | - | 326,518 |
| Culture and recreation | 335,435 | 129,599 | - | - | (205,836) | - | (205,836) |
| Community and economic development | 40,469 | - | - | - | (40,469) | - | (40,469) |
| General government | 824,796 | 154,984 | 1,000 | - | (668,812) | - | (668,812) |
| Debt service | 3,231,311 | - | - | - | (3,231,311) | - | (3,231,311) |
| Capital projects | 7,506,543 | - | - | - | (7,506,543) | - | (7,506,543) |
| Total governmental activities | 15,541,681 | 934,806 | 856,778 | - | (13,750,097) | - | (13,750,097) |
| Business-type activities: | | | | | | | |
| Storm Water | 107,928 | 385,411 | - | 62,137 | - | 339,620 | 339,620 |
| Solid Waste | 409,509 | 329,031 | 110,098 | - | - | 29,620 | 29,620 |
| Sewer | 44,289 | 46,324 | - | - | - | 2,035 | 2,035 |
| Total business-type activities | 561,726 | 760,766 | 110,098 | 62,137 | - | 371,275 | 371,275 |
| Total | \$ 16,103,407 | \$ 1,695,572 | \$ 966,876 | \$ 62,137 | (13,750,097) | 371,275 | (13,378,822) |
| General Receipts and Transfers: | | | | | | | |
| Property tax levied for: | | | | | | | |
| General purposes | | | | | 2,863,321 | - | 2,863,321 |
| Debt service | | | | | 682,637 | - | 682,637 |
| Tax increment financing | | | | | 2,182,532 | - | 2,182,532 |
| Other taxes | | | | | 301,547 | - | 301,547 |
| Local option sales tax | | | | | 772,933 | - | 772,933 |
| Commerical/industrial tax replacement | | | | | 97,330 | - | 97,330 |
| Unrestricted interest on investments | | | | | 3,361 | 5,077 | 8,438 |
| Transfers, net | | | | | 91,991 | (91,991) | - |
| Total general receipts and transfers | | | | | 6,995,652 | (86,914) | 6,908,738 |
| Change in Cash Basis Net Position | | | | | (6,754,445) | 284,361 | (6,470,084) |
| Cash Basis Net Position Beginning of Year | | | | | 23,832,706 | 1,332,393 | 25,165,099 |
| Cash Basis Net Position End of Year | | | | | \$ 17,078,261 | \$ 1,616,754 | \$ 18,695,015 |
| Cash Basis Net Position | | | | | | | |
| Restricted: | | | | | | | |
| Employee benefits | | | | | \$ 1,122,387 | \$ - | \$ 1,122,387 |
| Economic development | | | | | 1,117,804 | - | 1,117,804 |
| Capital projects | | | | | 9,236,024 | - | 9,236,024 |
| Debt service | | | | | 539,874 | - | 539,874 |
| Road improvements | | | | | 1,185,886 | - | 1,185,886 |
| Property tax relief | | | | | 64,284 | - | 64,284 |
| Other purposes | | | | | 126,913 | - | 126,913 |
| Unrestricted | | | | | 3,685,089 | 1,616,754 | 5,301,843 |
| Total cash basis net position | | | | | \$ 17,078,261 | \$ 1,616,754 | \$ 18,695,015 |

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, 2021

| | Special Revenue | | | | Debt Service | Other Nonmajor Governmental Funds | Total |
|--|---------------------|----------------------|---------------------------------------|---------------------|-------------------|-----------------------------------|----------------------|
| | General | Employee Benefit Tax | Urban Renewal Tax Increment Financing | Capital Projects | | | |
| Receipts: | | | | | | | |
| Property tax | \$ 1,907,316 | \$ 956,005 | \$ - | \$ - | \$ 682,637 | \$ - | \$ 3,545,958 |
| Tax increment financing | - | - | 2,182,532 | - | - | - | 2,182,532 |
| Other City tax | 287,503 | 8,942 | - | - | 5,102 | 772,933 | 1,074,480 |
| Licenses and permits | 44,607 | - | - | - | - | - | 44,607 |
| Use of money and property | 4,050 | - | - | - | - | (689) | 3,361 |
| Intergovernmental | 183,198 | 26,956 | - | - | 16,595 | 727,359 | 954,108 |
| Charges for service | 371,041 | - | - | 12,147 | - | 18,836 | 402,024 |
| Miscellaneous | 143,760 | 85,338 | - | 257,302 | - | 1,775 | 488,175 |
| Total receipts | 2,941,475 | 1,077,241 | 2,182,532 | 269,449 | 704,334 | 1,520,214 | 8,695,245 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Public safety | 2,294,575 | 640,236 | - | - | - | 16,398 | 2,951,209 |
| Public works | - | 140,165 | - | - | - | 511,753 | 651,918 |
| Culture and recreation | 323,210 | 12,225 | - | - | - | - | 335,435 |
| Community and economic development | 40,469 | - | - | - | - | - | 40,469 |
| General government | 709,121 | 115,675 | - | - | - | - | 824,796 |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | 2,730,000 | - | 2,730,000 |
| Interest and fiscal charges | - | - | - | 24,000 | 477,311 | - | 501,311 |
| Capital projects | - | - | - | 7,506,543 | - | - | 7,506,543 |
| Total disbursements | 3,367,375 | 908,301 | - | 7,530,543 | 3,207,311 | 528,151 | 15,541,681 |
| Excess (Deficiency) of Receipts Over (Under) Disbursements | (425,900) | 168,940 | 2,182,532 | (7,261,094) | (2,502,977) | 992,063 | (6,846,436) |
| Other Financing Sources (Uses): | | | | | | | |
| Transfers in | 524,000 | - | - | 683,487 | 2,524,613 | 15,717 | 3,747,817 |
| Transfers out | (2,717) | (13,000) | (2,101,824) | - | - | (1,538,285) | (3,655,826) |
| Total other financing sources (uses) | 521,283 | (13,000) | (2,101,824) | 683,487 | 2,524,613 | (1,522,568) | 91,991 |
| Net Change in Cash Balances | 95,383 | 155,940 | 80,708 | (6,577,607) | 21,636 | (530,505) | (6,754,445) |
| Cash Balances Beginning of Year | 4,037,227 | 966,447 | 1,037,096 | 15,366,110 | 518,238 | 1,907,588 | 23,832,706 |
| Cash Balances End of Year | \$ 4,132,610 | \$ 1,122,387 | \$ 1,117,804 | \$ 8,788,503 | \$ 539,874 | \$ 1,377,083 | \$ 17,078,261 |
| Cash Basis Fund Balances | | | | | | | |
| Restricted | | | | | | | |
| Employee benefits | \$ - | \$ 1,122,387 | \$ - | \$ - | \$ - | \$ - | \$ 1,122,387 |
| Economic development | - | - | 1,117,804 | - | - | - | 1,117,804 |
| Capital projects | - | - | - | 9,236,024 | - | - | 9,236,024 |
| Debt service | - | - | - | - | 539,874 | - | 539,874 |
| Road improvements | - | - | - | - | - | 1,185,886 | 1,185,886 |
| Property tax relief | - | - | - | - | - | 64,284 | 64,284 |
| Other purposes | - | - | - | - | - | 126,913 | 126,913 |
| Unassigned | 4,132,610 | - | - | (447,521) | - | - | 3,685,089 |
| Total cash basis fund balances | \$ 4,132,610 | \$ 1,122,387 | \$ 1,117,804 | \$ 8,788,503 | \$ 539,874 | \$ 1,377,083 | \$ 17,078,261 |

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, 2021

| | Enterprise Funds | | |
|---|------------------|------------|--------------|
| | Storm Water | Nonmajor | Total |
| Operating Receipts: | | | |
| Charges for service | \$ 385,411 | \$ 375,355 | \$ 760,766 |
| Operating Disbursements: | | | |
| Business-type activities: | | | |
| Salaries and wages | 33,240 | 20,934 | 54,174 |
| Employee benefits and costs | 4,877 | 2,756 | 7,633 |
| Staff development | 480 | - | 480 |
| Repair, maintenance, and utilities | - | 8 | 8 |
| Contractual services | 53,644 | 290,512 | 344,156 |
| Commodities | 3,450 | 2,424 | 5,874 |
| Total operating disbursements | 95,691 | 316,634 | 412,325 |
| Excess of Operating Receipts Over (under) Operating Disbursements | 289,720 | 58,721 | 348,441 |
| Non-Operating Receipts (Disbursements): | | | |
| Use of money and property | - | 5,077 | 5,077 |
| Intergovernmental grants | 62,137 | 110,098 | 172,235 |
| Capital outlay | (12,237) | (137,164) | (149,401) |
| Net non-operating receipts (disbursements) | 49,900 | (21,989) | 27,911 |
| Excess of Receipts Over (Under) Disbursements | 339,620 | 36,732 | 376,352 |
| Transfers Out | (91,991) | - | (91,991) |
| Net Change in Cash Balances | 247,629 | 36,732 | 284,361 |
| Cash Balances Beginning of Year | 915,802 | 416,591 | 1,332,393 |
| Cash Balances End of Year | \$ 1,163,431 | \$ 453,323 | \$ 1,616,754 |
| Cash Basis Fund Balances | | | |
| Unrestricted | \$ 1,163,431 | \$ 453,323 | \$ 1,616,754 |

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 Benefit Tax 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 the following major proprietary fund:

The Enterprise, Storm Sewer Fund accounts for the operation and maintenance of the City's storm sewer system.

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, 2021, 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 \$16,145,900 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 Payable

A summary of changes in general obligation bonds for the year ended June 30, 2021, are as follows:

| | Balance Beginning of Year | Increases | Decreases | Balance End of Year | Due Within One Year |
|--------------------------|---------------------------------|-------------|---------------------|------------------------|------------------------|
| Governmental activities | | | | | |
| Publicly placed: | | | | | |
| General obligation bonds | \$ 3,335,000 | \$ - | \$ 745,000 | \$ 2,590,000 | \$ 350,000 |
| Direct borrowings: | | | | | |
| General obligation bonds | 15,650,000 | - | 1,985,000 | 13,665,000 | 2,420,000 |
| Total | \$ 18,985,000 | \$ - | \$ 2,730,000 | \$ 16,255,000 | \$ 2,770,000 |

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 | |
|--------------------------|--|---------------------|
| | Principal | Interest |
| 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 | 1,330,000 | 192,924 |
| 2027-2031 | 5,285,000 | 498,014 |
| 2032-2036 | 1,470,000 | 76,940 |
| | \$ 16,255,000 | \$ 1,943,641 |

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.

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 2021, 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 6.41% of covered payroll and the City contributed 9.61% of covered payroll, for a total rate of 16.02%.

The City’s contributions to IPERS for the year ended June 30, 2021 were \$203,725.

Net Pension Liability - At June 30, 2021, the City reported a liability for its proportionate share of the collective net pension liability totaled \$669,203. The collective net pension liability was measured as of June 30, 2020, 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, 2020 the City’s proportion was 0.009526%, which was an increase of 0.001922% from its proportion measured as of June 30, 2019.

Actuarial Assumptions - The total pension liability in the June 30, 2020 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, 2020 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 2020 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 | 28.00% | -0.29% |
| Domestic Equity | 22.00% | 4.43% |
| International Equity | 17.50% | 5.15% |
| Private Equity/Debt | 11.00% | 6.54% |
| Private Real Assets | 7.50% | 4.48% |
| Global smart beta equity | 6.00% | 4.87% |
| Public Credit | 4.00% | 2.29% |
| Private Credit | 3.00% | 3.11% |
| Cash | 1.00% | -0.78% |
| | <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.

| | 1% Decrease (6.0%) | Discount Rate (7.0%) | 1% Increase (8.0%) |
|---|--------------------------|----------------------------|--------------------------|
| City's proportionate share of the net pension liability (asset) | \$ 1,895,526 | \$ 669,203 | \$ (358,039) |

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.

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 28 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, 2021, 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 \$582 for single coverage, \$1,101 for employee-child(ren), \$1,191 for employee-spouse and \$1,785 for family coverage. For the year ended June 30, 2021, the City contributed \$424,859 and plan members eligible for benefits contributed \$56,111.

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.

| Type of Benefit | Amount |
|-----------------|------------|
| Vacation | \$ 153,236 |
| Sick leave | 67,302 |
| | \$ 220,538 |

This liability has been computed based on the rates of pay in effect as of June 30, 2021.

Note 7 - Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2021, is as follows:

| Transfer to | Transfer from | Amount |
|-----------------------|--|------------------------------------|
| General | Nonmajor governmental | <u>\$ 524,000</u> |
| Capital Projects | Nonmajor governmental Storm Water | <u>591,496</u> <u>91,991</u> |
| | | <u>683,487</u> |
| Debt Service | Special Revenue: Tax Increment Financing Nonmajor governmental | <u>2,101,824</u> <u>422,789</u> |
| | | <u>2,524,613</u> |
| Nonmajor Governmental | Special Revenue: Employee benefit tax General Fund | <u>13,000</u> <u>2,717</u> |
| | | <u>15,717</u> |
| | | <u><u>\$ 3,747,817</u></u> |

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, 2021 were \$55,041.

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 through reinsurance 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. As of June 30, 2021, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. 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. \$6,025,992 in principal remains outstanding at June 30, 2021.

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. \$4,420,000 in principal remains outstanding at June 30, 2021.

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. \$3,026,427 in principal remains outstanding at June 30, 2021.

Note 10 - Commitments

The City had active construction projects at June 30, 2021. At year end the City’s commitments with contractors are as follows:

| Project | Total Contract | Payments-to-Date | Remaining Commitment |
|----------------------------|----------------|------------------|----------------------|
| University Avenue | \$ 6,682,753 | \$ 3,088,868 | \$ 3,593,885 |
| 2020 Street Improvements | 2,634,370 | 2,146,972 | 487,398 |
| College Drive Improvements | 1,984,250 | 1,496,009 | 488,241 |

Note 11 - 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 12 - Subsequent Events

Management has evaluated subsequent events through September 27, 2021, the date on which the financial statements were available to be issued.

Note 13 - 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. 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. 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 30, 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).

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, issued in June 2020, will be effective for fiscal year ending June 30, 2022. The primary objective of this statement is to increase consistency in reporting of defined contribution pension plans, defined contribution OPEB plans, employee benefit plans, and Section 457 plans that meet the definition of a pension plan.

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

Note 14 - Contingency

On March 11, 2020, the World Health Organization proclaimed the Coronavirus (COVID-19) to be a pandemic. In an effort to lessen the risk of transmission of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19, affecting business activities and impacting global, state and local commerce and financial markets, including that of the City of Windsor Heights. 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. Management believes the City is taking appropriate actions to mitigate any negative impact on its projected operations and financial results. However, due to the uncertainties surrounding the pandemic, the City is not able to predict and makes no representations as to the economic impact of the COVID-19 pandemic on the City or its financial position.



Other Information
June 30, 2021

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, 2021

| | Governmental Funds Actual | Proprietary Funds Actual | Total Actual | Budgeted Amounts | | Final to Actual Variance- Positive (Negative) |
|---|---------------------------------|--------------------------------|-------------------|-------------------|-------------------|--|
| | | | | Original | Final | |
| Receipts: | | | | | | |
| Property tax | \$ 3,545,958 | \$ - | \$ 3,545,958 | \$ 3,516,205 | \$ 3,516,205 | \$ 29,753 |
| Tax increment financing | 2,182,532 | - | 2,182,532 | 2,252,808 | 2,252,808 | (70,276) |
| Other City tax | 1,074,480 | - | 1,074,480 | 1,353,733 | 1,353,733 | (279,253) |
| Licenses and permits | 44,607 | - | 44,607 | 65,400 | 65,400 | (20,793) |
| Use of money and property | 3,361 | 5,077 | 8,438 | 150,000 | 150,000 | (141,562) |
| Intergovernmental | 954,108 | 172,235 | 1,126,343 | 734,525 | 1,024,654 | 101,689 |
| Charges for service | 402,024 | 760,766 | 1,162,790 | 1,166,490 | 1,219,990 | (57,200) |
| Miscellaneous | 488,175 | - | 488,175 | 226,000 | 588,107 | (99,932) |
| Total receipts | 8,695,245 | 938,078 | 9,633,323 | 9,465,161 | 10,170,897 | (537,574) |
| Disbursements: | | | | | | |
| Public safety | 2,951,209 | - | 2,951,209 | 3,035,010 | 3,361,010 | 409,801 |
| Public works | 651,918 | - | 651,918 | 899,772 | 899,772 | 247,854 |
| Health and social services | - | - | - | 3,000 | 3,000 | 3,000 |
| Culture and recreation | 335,435 | - | 335,435 | 508,851 | 559,751 | 224,316 |
| Community and economic development | 40,469 | - | 40,469 | 7,737 | 40,469 | - |
| General government | 824,796 | - | 824,796 | 788,802 | 864,052 | 39,256 |
| Debt service | 3,231,311 | - | 3,231,311 | 3,196,945 | 3,207,145 | (24,166) |
| Capital projects | 7,506,543 | - | 7,506,543 | 14,140,000 | 14,165,163 | 6,658,620 |
| Business-type activities | - | 561,726 | 561,726 | 733,536 | 870,700 | 308,974 |
| Total disbursements | 15,541,681 | 561,726 | 16,103,407 | 23,313,653 | 23,971,062 | 7,867,655 |
| Excess (Deficiency) of Receipts over (Under) Disbursements | (6,846,436) | 376,352 | (6,470,084) | (13,848,492) | (13,800,165) | 7,330,081 |
| Other Financing Sources, Net | 91,991 | (91,991) | - | 13,375,000 | 13,375,000 | (13,375,000) |
| Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disbursements and Other Financing Uses | (6,754,445) | 284,361 | (6,470,084) | (473,492) | (425,165) | (6,044,919) |
| Balances Beginning of Year | 23,832,706 | 1,332,393 | 25,165,099 | 12,026,776 | 12,026,776 | 13,138,323 |
| Balances End of Year | \$ 17,078,261 | \$ 1,616,754 | \$ 18,695,015 | \$ 11,553,284 | \$ 11,601,611 | \$ 7,093,404 |

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 nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, 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 \$657,409. The budget amendments are reflected in the final budgeted amounts.

Disbursements at June 30, 2021 exceeded the amended budget in the Debt Service function.

City of Windsor Heights
 Schedule 2 - City's Proportionate Share of IPERS Net Pension Liability
 Schedule 3 - IPERS Contributions
 June 30, 2021

| 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 |
|-------------------|--|---|------------------------|--|--|
| 2021 | 0.009526% | \$ 669,203 | \$ 1,982,664 | 33.75% | 82.90% |
| 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 |
|-------------------|-----------------------------------|--|----------------------------------|------------------------|--|
| 2021 | \$ 203,725 | \$ 203,725 | \$ - | \$ 2,131,611 | 9.56% |
| 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% |

Changes of Benefit Terms:

There are no significant changes in benefit terms.

Changes of Assumptions:

The 2018 valuation implemented the following refinements after a demographic assumption study dated June 28, 2018.

- 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, 2021

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, 2021

| | Special Revenue | | | | | Total |
|---|---------------------|---------------------------|-------------------|------------------|----------------------|---------------------|
| | Road Use Tax | Local Option Sales Tax | Police Pension | Police Trust | Police Forfeiture | |
| Receipts: | | | | | | |
| Other City tax | \$ - | \$ 772,933 | \$ - | \$ - | \$ - | \$ 772,933 |
| Use of money and property | - | - | - | (690) | 1 | (689) |
| Intergovernmental | 727,359 | - | - | - | - | 727,359 |
| Charges for services | - | - | - | 18,836 | - | 18,836 |
| Miscellaneous | 1,775 | - | - | - | - | 1,775 |
| Total receipts | <u>729,134</u> | <u>772,933</u> | <u>-</u> | <u>18,146</u> | <u>1</u> | <u>1,520,214</u> |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Public safety | - | - | 12,131 | 4,267 | - | 16,398 |
| Public works | 511,753 | - | - | - | - | 511,753 |
| Total disbursements | <u>511,753</u> | <u>-</u> | <u>12,131</u> | <u>4,267</u> | <u>-</u> | <u>528,151</u> |
| Excess (Deficiency) of Receipts over (Under) Disbursements | <u>217,381</u> | <u>772,933</u> | <u>(12,131)</u> | <u>13,879</u> | <u>1</u> | <u>992,063</u> |
| Other Financing Sources (Uses): | | | | | | |
| Transfers in | - | - | 13,000 | - | 2,717 | 15,717 |
| Transfers out | (30,000) | (1,508,285) | - | - | - | (1,538,285) |
| Net Change in Cash Balances | 187,381 | (735,352) | 869 | 13,879 | 2,718 | (530,505) |
| Cash Balances Beginning of Year | <u>998,505</u> | <u>863,920</u> | <u>21,324</u> | <u>23,293</u> | <u>546</u> | <u>1,907,588</u> |
| Cash Balances End of Year | <u>\$ 1,185,886</u> | <u>\$ 128,568</u> | <u>\$ 22,193</u> | <u>\$ 37,172</u> | <u>\$ 3,264</u> | <u>\$ 1,377,083</u> |
| Cash Basis Fund Balances | | | | | | |
| Restricted | | | | | | |
| Road improvements | \$ 1,185,886 | \$ - | \$ - | \$ - | \$ - | \$ 1,185,886 |
| Property tax relief | - | 64,284 | - | - | - | 64,284 |
| Other | - | 64,284 | 22,193 | 37,172 | 3,264 | 126,913 |
| Total cash basis fund balances | <u>\$ 1,185,886</u> | <u>\$ 128,568</u> | <u>\$ 22,193</u> | <u>\$ 37,172</u> | <u>\$ 3,264</u> | <u>\$ 1,377,083</u> |

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, 2021

| | Non-major Enterprise Funds | | | Total |
|--|----------------------------|----------|-----------|------------|
| | Solid Waste | Water | Sewer | |
| Operating Receipts: | | | | |
| Charges for service | \$ 329,031 | \$ - | \$ 46,324 | \$ 375,355 |
| Operating Disbursements: | | | | |
| Salaries and wages | - | - | 20,934 | 20,934 |
| Employee benefits and costs | - | - | 2,756 | 2,756 |
| Repair, maintenance, and utilities | - | - | 8 | 8 |
| Contractual services | 272,345 | - | 18,167 | 290,512 |
| Commodities | - | - | 2,424 | 2,424 |
| Total operating disbursements | 272,345 | - | 44,289 | 316,634 |
| Excess of Operating Receipts over Operating Disbursements | 56,686 | - | 2,035 | 58,721 |
| Non-Operating Receipts (Disbursements): | | | | |
| Use of money and property | - | 5,077 | - | 5,077 |
| Intergovernmental grants | 110,098 | - | - | 110,098 |
| Capital outlay | (137,164) | - | - | (137,164) |
| Net non-operating receipts (disbursements) | (27,066) | 5,077 | - | (21,989) |
| Net Change in Cash Balances | 29,620 | 5,077 | 2,035 | 36,732 |
| Cash Balances Beginning of Year | 391,134 | (930) | 26,387 | 416,591 |
| Cash Balances End of Year | \$ 420,754 | \$ 4,147 | \$ 28,422 | \$ 453,323 |
| Cash Basis Fund Balances | | | | |
| Unrestricted | \$ 420,754 | \$ 4,147 | \$ 28,422 | \$ 453,323 |

City of Windsor Heights
Schedule 6 – Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Capital Project Funds
As of and for the Year Ended June 30, 2021

| | 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: | | | | | | | | |
| Debt service: | | | | | | | | |
| Interest and fiscal charges | - | - | - | - | 12,000 | - | - | - |
| Capital projects | - | 1,359 | - | 40,467 | 3,030,571 | - | - | 12,663 |
| Total disbursements | | | | 40,467 | 3,042,571 | - | - | 12,663 |
| Excess (Deficiency) of Receipts over (Under) Disbursements | - | (1,359) | - | (40,467) | (3,042,571) | - | - | (12,663) |
| Other Financing Sources (Uses): | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - |
| Net Change in Cash Balances | - | (1,359) | - | (40,467) | (3,042,571) | - | - | (12,663) |
| Cash Balances Beginning of Year | 37,979 | 146,208 | 483,477 | (407,054) | 7,166,589 | 106,099 | 139,424 | 279,036 |
| Cash Balances End of Year | \$ 37,979 | \$ 144,849 | \$ 483,477 | \$ (447,521) | \$ 4,124,018 | \$ 106,099 | \$ 139,424 | \$ 266,373 |

City of Windsor Heights
Schedule 6 – Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Capital Project Funds
As of and for the Year Ended June 30, 2021

| | 2020 Street Projects | 2020 Patching Projects | Walnut Creek Stream | 73rd Street | Capital Equipment | Future Street Projects | Total |
|---|----------------------------|------------------------------|---------------------------|-------------------|----------------------|---------------------------|---------------------|
| Receipts: | | | | | | | |
| Charges for service | \$ - | \$ - | \$ - | \$ - | \$ 12,147 | \$ - | \$ 12,147 |
| Miscellaneous | 249,302 | - | - | - | 8,000 | - | 257,302 |
| Total receipts | <u>249,302</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>20,147</u> | <u>-</u> | <u>269,449</u> |
| Disbursements: | | | | | | | |
| Debt service: | | | | | | | |
| Interest and fiscal charges | 12,000 | - | - | - | - | - | 24,000 |
| Capital projects | 3,540,444 | 443,526 | 96,455 | 168,224 | 172,834 | - | 7,506,543 |
| | 3,552,444 | 443,526 | 96,455 | 168,224 | 172,834 | - | 7,530,543 |
| Excess (Deficiency) of Receipts over (Under) Disbursements | <u>(3,303,142)</u> | <u>(443,526)</u> | <u>(96,455)</u> | <u>(168,224)</u> | <u>(152,687)</u> | <u>-</u> | <u>(7,261,094)</u> |
| Other Financing Sources (Uses): | | | | | | | |
| Transfers in | - | - | 91,992 | - | 591,495 | - | 683,487 |
| Net Change in Cash Balances | (3,303,142) | (443,526) | (4,463) | (168,224) | 438,808 | - | (6,577,607) |
| Cash Balances Beginning of Year | <u>5,041,212</u> | <u>502,595</u> | <u>6,738</u> | <u>494,307</u> | <u>369,500</u> | <u>1,000,000</u> | <u>15,366,110</u> |
| Cash Balances End of Year | <u>\$ 1,738,070</u> | <u>\$ 59,069</u> | <u>\$ 2,275</u> | <u>\$ 326,083</u> | <u>\$ 808,308</u> | <u>\$ 1,000,000</u> | <u>\$ 8,788,503</u> |

City of Windsor Heights
 Schedule 7 – Schedule of Indebtedness
 Year Ended June 30, 2021

| 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: | | | | | | | | | |
| Refunding general obligation bonds, series 2016A | 7/6/2016 | 2.00 - 2.50% | \$ 1,405,000 | \$ 975,000 | \$ - | \$ 115,000 | \$ 860,000 | \$ 22,325 | \$ - |
| Refunding general obligation bonds, Series 2016B | 7/6/2016 | 1.85 - 2.70% | 2,815,000 | 1,960,000 | - | 230,000 | 1,730,000 | 43,885 | - |
| Refunding general obligation bonds, Series 2017B | 6/20/2017 | 2.00% | 1,550,000 | 400,000 | - | 400,000 | - | 8,000 | - |
| General obligation bonds, series 2020A | 4/30/2020 | 2.37% | 8,150,000 | 8,150,000 | - | 895,000 | 7,255,000 | 209,788 | - |
| General obligation bonds, series 2020B | 4/30/2020 | 2.34% | 7,500,000 | 7,500,000 | - | 1,090,000 | 6,410,000 | 190,613 | - |
| Total General Obligation Bonds | | | | <u>\$ 18,985,000</u> | <u>\$ -</u> | <u>\$ 2,730,000</u> | <u>\$ 16,255,000</u> | <u>\$ 474,611</u> | <u>\$ -</u> |

City of Windsor Heights
Schedule 8 – Bond and Note Maturities
June 30, 2021

| Year Ending June 30, | General Obligation Bonds | | | |
|----------------------------|---|-------------------|---|---------------------|
| | Refunding General Obligation Bonds Series 2016A | | Refunding General Obligation Bonds Series 2016B | |
| | Issued July 6, 2016 | | Issued July 6, 2016 | |
| | Interest Rates | Amount | Interest Rates | Amount |
| 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>\$ 860,000</u> | | <u>\$ 1,730,000</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 | |
| 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>\$ 7,255,000</u> | | <u>\$ 6,410,000</u> | <u>\$ 16,255,000</u> |

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

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|------------------------------------|-----------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Receipts: | | | | | | | | | | |
| Property tax | \$ 3,545,958 | \$ 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 |
| Tax increment financing | 2,182,532 | 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 |
| Other City tax | 1,074,480 | 1,146,698 | 306,218 | 314,193 | 301,496 | 293,174 | 62 | 472 | 772 | 1,348 |
| Licenses and permits | 44,607 | 53,670 | 46,992 | 73,268 | 96,844 | 64,216 | 343,088 | 336,307 | 293,260 | 276,280 |
| Use of money and property | 3,361 | 17,959 | 17,468 | 10,787 | 6,369 | 3,656 | 3,422 | 2,120 | 1,399 | 2,126 |
| Intergovernmental | 954,108 | 773,339 | 782,456 | 758,588 | 741,352 | 963,701 | 669,535 | 909,330 | 487,284 | 2,266,797 |
| Charges for service | 402,024 | 355,723 | 285,381 | 318,337 | 284,307 | 293,125 | 276,886 | 316,160 | 286,173 | 262,831 |
| Miscellaneous | 488,175 | 514,576 | 1,675,054 | 2,727,089 | 1,220,959 | 455,949 | 474,178 | 494,830 | 285,475 | 176,594 |
| Total receipts | <u>\$ 8,695,245</u> | <u>\$ 8,897,341</u> | <u>\$ 8,825,593</u> | <u>\$ 9,657,294</u> | <u>\$ 7,645,118</u> | <u>\$ 6,755,272</u> | <u>\$ 6,553,968</u> | <u>\$ 6,518,453</u> | <u>\$ 5,646,298</u> | <u>\$ 7,332,987</u> |
| Disbursements: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Public safety | \$ 2,951,209 | \$ 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 |
| Public works | 651,918 | 624,210 | 678,988 | 629,805 | 602,489 | 585,306 | 553,845 | 679,175 | 621,834 | 613,361 |
| Health and social services | - | - | - | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Culture and recreation | 335,435 | 292,587 | 430,289 | 444,058 | 416,245 | 434,507 | 360,225 | 379,790 | 375,312 | 418,659 |
| Community and economic development | 40,469 | 19,149 | 34,594 | 7,294 | 146,556 | 84,471 | 53,035 | 51,022 | 157,090 | 155,196 |
| General government | 824,796 | 792,957 | 721,902 | 681,356 | 625,730 | 675,891 | 580,879 | 555,344 | 526,002 | 516,691 |
| Debt service | 3,231,311 | 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 |
| Capital projects | 7,506,543 | 1,557,053 | 1,357,405 | 2,593,964 | 746,292 | 768,828 | 2,368,916 | 1,537,829 | 206,700 | 2,398,341 |
| Total disbursements | <u>\$ 15,541,681</u> | <u>\$ 7,813,562</u> | <u>\$ 8,142,586</u> | <u>\$ 11,110,285</u> | <u>\$ 11,221,084</u> | <u>\$ 7,181,804</u> | <u>\$ 8,275,861</u> | <u>\$ 7,304,429</u> | <u>\$ 5,547,929</u> | <u>\$ 8,363,112</u> |



**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, 2021, and the related notes to financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated September 27, 2021. 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.

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. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2021-001 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2021-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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*. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part III of the accompanying Schedule of Findings and Responses.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2021, 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's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the 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
September 27, 2021

Part I: Findings Related to the Financial Statements:

Material Weakness

2021-001 Preparation of Financial Statements and Adjusting Entries

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. Also, we proposed material entries as part of our audit procedures.

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. In addition, adjustments were posted to the City's general ledger as part of the audit process.

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: All regular financial reports are handled by the Finance Director, but the Auditor handles the year-end reporting during the audit process. The two adjusting entries that were part of the audit have been processed.

Significant Deficiency

2021-002 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's ability to approve journal entries prior to posting is not an available function of our accounting software. All correcting journal entries are approved by the City Administrator after being processed.

Part II: Findings and Questioned Costs for Federal Awards

Single audit did not apply for fiscal year 2021.

Part III: Other Findings Related to Statutory Reporting:

2021-IA-A Certified Budget – Disbursements during year ended June 30, 2021 exceeded the amounts budgeted in the Debt Service function during the year and at year end. Disbursements exceeded the amounts budgeted in the Community and Economic Development function during the fiscal year. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Views of Responsible Officials – The fund in question was exceeded due to the Economic Development grants provided to businesses during the COVID pandemic. The budget will be amended in the future, if applicable.

2021-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.

2021-IA-C Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

2021-IA-D Business Transactions – No business transactions between the City and City officials or employees were noted.

2021-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.

2021-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.

2021-IA-G Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

2021-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.

2021-IA-I Revenue Bonds and Notes – No instances of noncompliance with the revenue bond and note resolutions were noted.

2021-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, 2020.

2021-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 amount of the 2020 PCC Patching project was not certified correctly. The Finance Director has consulted with legal counsel and the error has been corrected.

2021-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 2021-04. However, deposits during the year were in excess of amounts listed on Resolution 2021-04.

Recommendation –The City should consider updating its Depository Resolution.

Views of Responsible Officials – A new Depository Resolution, 2021-33, was done on 9/7/2021.